

**FACTORS AFFECTING SUCCESSFUL IMPLEMENTATION OF AUDITOR
GENERAL'S RECOMMENDATIONS IN LOCAL GOVERNMENTS IN EASTERN
UGANDA: A CASE STUDY OF SOROTI DISTRICT**

BY

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DECLARATION

I, Gad Atuhumuza, declare to the best of my knowledge that this dissertation is as a result of my own efforts and has never been submitted for any academic award to this university and any other university or institution.

Signature:

Date:

APPROVAL

This is to certify that this work has been done under my supervision and submitted for examination with my approval.

Signature

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Date:

DEDICATION

I dedicate this dissertation to my beloved wife, Pamela Atuhumuza, my son, Graham Atuhumuza, and the entire family. I also dedicate this dissertation to my Supervisor and classmates in Public Administration at UTAMU for the knowledge and experience we shared during the course.

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LIST OF ABBREVIATIONS

ACFE	Association of Certified Fraud Examiners
ADB	African Development Bank
AICPA	American Institute of Certified Public Accountants
COSASE	Committee on Statutory Authority and State Enterprises
ICAEW	Institute of Chartered Accountants in England and Wales
LGPAC	Local Government Public Accounts Committee
MoES	Ministry of Education and Sports
NGOs	Non-Government Organizations
OAG	Office of Auditor General
PAC	Public Accounts Committee
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PNFP	Private Not for Profit
PPDA	Public Procurement and Disposal of Assets
RRH	Regional Referral Hospital
SAI	Supreme Audit Institution
SPSS	Statistical Package for Social Sciences
VFM	Value for Money

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ABSTRACT

The study examined the factors affecting successful implementation of the Auditor General's recommendations in Soroti District. The objectives of the study were to examine how organizational and individual factors affected the successful implementation of the Auditor General's recommendations, as well as show how the nature of findings affected successful implementation of the Auditor General's recommendations. A descriptive survey research design was adopted using both quantitative and qualitative methods. The study targeted 100 respondents but 65 returned the survey questionnaire, indicating a response rate of 65 per cent. Purposive and non-probabilistic sampling techniques were used to select respondents. Data analysis involved descriptive statistics such as frequencies and percentages as well as inferential statistics such as correlations and regression analysis. Findings revealed a positive relationship ($r=0.278$, $\text{sig}=0.011$) between organizational factors and implementation of the Auditor General's recommendations. There was no direct relationship between the individual factors and how they affected implementation of the recommendations ($r=0.138$, $\text{sig}=0.102$), and there was a significant relationship between the nature of findings and how they affected implementation of the Auditor General's recommendations ($r=0.143$, $\text{sig}=0.111$). The findings confirmed that organizational factors like restrictive budgets affected implementation of the Auditor General's recommendations in Soroti District, while the majority of respondents strongly agreed to the statements that organizational factors (funding constraints, accounting and financial regulations, auditing processes and procedures) affected the implementation of the Auditor General's recommendations. The study recommends that timely implementation of the Auditor General's

recommendations in order to increase accountability, improved health, and better quality education in Soroti District.

CHAPTER ONE

INTRODUCTION

1.1 Introduction

This study examined the factors affecting successful implementation of the Auditor General's recommendations in local governments of Uganda. The factors in this study conceived as the independent variables included of institutional, individual factors and nature of findings, while successful implementation as the dependent variable was measured in terms of increased accountability, improved health and better quality education as supported by Pierce (2011: 449). This chapter includes background to the study, problem statement, purpose of the study, objectives of the study, research questions, research hypothesis, scope of the study (including content scope, geographical scope and time scope). The chapter also looks at the justification of the study and, finally, the significance of the study.

1.2 Background to the study

1.2.1 Historical background

Mathews (2000:165) reports how auditing procedures have been relied upon for many years, though the formal practice of auditing has been in existence for a relatively short period. Emphasis in auditing has historically been placed on a periodic, backward-looking approach whereby key events and activities are often identified long after their occurrence or simply undetected. Globally, the Industrial Revolution and the resulting explosion in the growth of business activity led to widespread adoption of auditing methods. As Chandler (1977:11) reports,

the railroads, in their efforts to report and control costs, production, and operating ratios, were major catalysts in the development of the accounting profession within the United States.

The demand for both external and internal auditing is sourced in the need to have some means of independent verification to reduce record-keeping errors, asset misappropriation, and fraud within business and non-business organizations. The roots of auditing, in general, are intuitively described by accounting historian Richard Brown in 1905 (Mautz and Sharaf, 1961:3) as follows: “The origin of auditing goes back to times scarcely less remote than that of accounting, Whenever the advance of civilization brought about the necessity of one man being entrusted to some extent with the property of another, the advisability of some kind of check upon the fidelity of the former would become apparent.”

Cangemi and Singleton (2003:1) suggest that notwithstanding the progression toward computerized accounting, many auditors continued to audit around the computer and the minority who elected to audit through the computer relied on an array of proprietary programs that were expensive, cumbersome, inefficient, and in need of constant reprogramming. Auditing supports the future audit, it is estimated that total global fraud losses were more than \$2.9 trillion in 2009 (Association of Certified Fraud Examiners, 2010:3). More important, this figure continues to rise. Although some aspects of the traditional audit will continue to hold value, the audit of the future provides opportunities to increase the use of automated tools and remains a key for offering improved assurances relative to the responsible management and utilization of stakeholder assets.

Sian (2006:23) informs us that in the African context, accounting professionalization processes appear dependent upon a diverse and complex set of political, economic, and social contexts in

which they take place. This process has been examined in different settings from the functionalist, interactionism and critical perspectives. The functionalist view argues that the crux of professionalization rests on the profession's ability to produce professionals with esoteric knowledge and skills, who are to serve society in an altruistic fashion. On the other hand, the interactionism view maintains that professions are interest groups that attempt to persuade society to seek their services to defend and further the interests of their members.

According to this perspective, professions define and defend the interests of their members by creating professional monopoly through a process of closure and exclusion to prevent non-members from accessing professional practice (Uche, 2002:21). The formation of a professional association was an important point in the professionalization process and highlighted the pre- and post-association formation 'signheals of movement' that help establish and then maintain closure. The professionalization literature also shows that the development of the accounting profession, as viewed in a Western context, is closely tied to the rise and development of industrial society compared to the African context that is politically influenced (Carnegie and Edwards, 2001:10).

The Office of the Auditor General is the Supreme Audit Institution in any country, Uganda inclusive. Its history can be traced back to the 1900s, when it was an extension of the Directorate of the Colonial Audit Office based in the United Kingdom. In 1929, the Office was established in Uganda and headed by an Auditor. During the last two decades, Uganda has experienced significant changes that have had a profound impact on all spheres of human endeavor. Some of the new developments which have taken place during this period include the enactment of the 1995 Constitution and related financial legislation, significant economic growth and

development, and a noticeable drive for the improvement of service delivery by Government (Muwanga, 2015: 21).

The 1995 Constitution established the Office of the Auditor General as a public office and outlined the mandate of the Auditor General. This mandate entails the need to provide the necessary fiduciary assurance to Parliament, on the stewardship by Government in its management of public funds and resources of Uganda. Change has been a predominate feature in the reforms which have taken place (Ugandan Constitution, 1995:111).

The Auditor General, also known as Supreme Audit Institution (SAI), is established under the constitution of 1995. Head of State nominates the head of the SAI and Parliament vets and appoints him/her with the President having final say on who is appointed by Parliament to head the Supreme Audit Institution. The Head of the SAI can be removed by the President on account of inability to perform the functions of the office, misbehavior or misconduct and incompetence. The Head of SAI should be a professional accountant with fifteen years of experience (National Audit Act, 2008: 4).

There are extensive powers that the committees of Parliament should exercise in order to ensure ministries, public enterprises and local authorities implement the Auditor General's recommendations. They should demand status reports on the implementation of recommendations because the rules empower them to make such demands. The Public Accounts Committee (PAC) is the parliamentary committee with a statutory mandate to review the Auditor General's reports and report to Parliament. The committee must therefore take a more leadership role in the enforcement of the Auditor General's recommendations (Nandala, 2010:4).

1.2.2 Theoretical background

French philosophy has been extremely diverse and has influenced Western philosophy as a whole for centuries, right from the medieval scholasticism of Peter Abelard, through the founding of modern philosophy by René Descartes, to 20th century existentialism and phenomenology. These philosophers came to have a deep influence on the politics and ideologies of France and America as argued by Balibar and Rajchman (2011: 23).

Charles de Secondat, baron de Montesquieu (1689–1755) were social commentators and political philosophers whose theories deeply influenced the founders of America. Their belief that the state powers be separated into legislative, executive, and judicial branches formed the basis for separation of powers under the United States Constitution. In *The Spirit of the Laws*, Montesquieu outlined the view that man and societies are influenced by climate. He believed that hotter climates create hot-tempered people and colder climates aloof people, whereas the mild climate of France was ideal for political systems. This theory is believed to have led to adoption of separation of powers between the three arms of Government in Uganda during the amendment of Ugandan constitution in 1995 as discussed by Opiyo, Bainomugisha and Ntambirweki (2013:58).

The phrase '*separation of powers*' is 'one of the most confusing in the vocabulary of political and constitutional thought'. Accordingly the phrase has been used '*with varying implication*' by historians and political scientists, this is because the concept manifests itself in so many ways. In understanding the concept of 'separation of powers' one has to take on board the three approaches that is traditional (classical), modern (contemporary) and Marxist-Leninist

approaches. These approaches will link the study with the Ugandan situation about the three arms of Government as suggested by Marshall (1971:97).

According to Montesquieu's strict doctrine (tripartite system), in every government there are three sorts of power *i.e.* legislature, executive and judiciary. The executive, makes peace or war, sends or receives embassies, establishes the public security and provides against invasions. The legislature, prince and magistrate enact temporary or perpetual laws and amend or abrogate those that have been already enacted. The judiciary punishes criminals, or determines the disputes that arise between individuals as discussed by Carney (1993:3).

The Doctrine of Separation of powers includes following distinct but overlapping aspects; Institutional separation of powers: (a tripartite separation of powers) – the need to have three major institutions or organs in a state, *i.e.*, Legislature, Executive and Judiciary as stated by Ruppel (2008:206). Functional separation of powers: state power/functions must be vested and exercised by three separate institutions or organs, *i.e.*, law making, enforcement and interpretation. Separation of personnel: (each organ with own personnel) – no person should be a member of more than one organ. Limitation of appointing powers: state organs should not appoint or elect members for each other according to Carney (1993:5).

Montesquieu's strict doctrine presents problems of a complete separation of the three organs that may lead to constitutional deadlock (disunity of powers). Thus, a complete separation of powers is neither possible nor desirable. Partial separation of powers is required to achieve a mixed and balanced constitutional structure which would be impractical to expect each branch of government to raise its own finances. The theory is based on the assumption that all the three organs of the government are equality important, but in reality it is not so. In most cases, the

executive is the most powerful of the three branches of government as discussed by (Mojapelo2013:4).

Magna Carta (1215), the ‘Great Charter of the Liberties of England’ established the principle that our rulers, at that time the king, could not do whatever they liked, but were subject to the law as agreed with the barons they governed. This simple concept laid the foundations for constitutional government and freedom under the law. Insofar as the Magna Carta was ‘the first great public act of the nation’, it also established the direction of travel for our political system towards representative institutions and, much later, democracy itself (Blackburn, 2012:6).

The other principal-agent relationship dealt with by corporate governance guidelines is that of the corporate with its auditors. The audit is seen as a key component of corporate governance, providing an independent review of the financial position of the organization as put forward by Solomon (2007:27). Auditors act as agents to principals (shareholders) when performing an audit and this relationship brings similar concerns with regard to trust and confidence with regard to the director-shareholder relationship. Auditor independence from the board of directors is of great importance to shareholders and is seen as a key factor in helping to deliver audit quality. However, an audit necessitates a close working relationship with the board of directors of a company as argued by McConnell (2012:128). This close relationship has led (and continues to lead) shareholders to question the perceived and actual independence of auditors so tougher controls and standards have been introduced to protect them (Julkaisuja, 2010:15).

Agency theory can help to explain the actions of the various interest groups in the corporate governance debate. Examination of theories behind corporate governance provides a foundation for understanding the issue in greater depth and a link between an historical perspective and its

application in modern governance standards. Historically, companies were owned and managed by the same people. For economies to grow it was necessary to find a larger number of investors to provide finance to assist in corporate expansion as discussed by Hill and Jones (1992:6).

The policeman theory claims that the auditor is responsible for searching, discovering and preventing fraud. In the early 20th century, this was certainly the case. However, more recently the main focus of auditors has been to provide reasonable assurance and verify the truth and fairness of the financial statements. The detection of fraud is, however, still a hot topic in the debate on the auditor's responsibilities, and typically after events where financial statement frauds have been revealed, the pressure increases on strengthening the responsibilities of auditors in detecting fraud (Hayes, 2005:19).

The study was driven by the Principal-Agency theory because of the relationship that it creates between the Auditees (Local Governments) and Principals (funders) in delivering services to the people of Uganda by increasingly demanding for proper accountability and transparency as urged by Luo (2005:19). Accountability is a cornerstone of modern democracy. Accordingly, accountability is the fundamental principle of a transparent society.

Accountability is the rational principle in dealing with systems of administration and economy in democratic societies. Only by insisting on accountability, public servants are constantly reminded that they are servants and maintain some confidence that merchants are not cheating the public or that factories are not poisoning the water as stated by Brin (1998:12). The study therefore measured factors affecting successful implementation of the Auditor General's recommendations in relation to accountability of funds in local governments.

1.2.3 Conceptual background

Public audits provide key mechanisms through which financial accountability is enforced within government ministries and state bodies. Across the world, public audits have been institutionalized through the creation of Offices of the Comptroller and Auditor General which act as supreme audit institutions. They prevent “dishonesty and abuses” by instilling “fear of detection” and also enhance institutional financial accountability by providing an expert, independent and unbiased opinion on specified issues relating to the activities of an organization (Rutherford, 1983:91).

Public audits also enhance legislative oversight by ensuring that appropriated expenditures are spent as espoused by legislation governing them. They also promote excellence in fiscal management providing reform measures that should be adopted to correct identified faults in systems and procedures. Review of contemporary audit practices and academic discourse suggest a paradigmatic shift from traditional fixation was with compliance to broader issues of value-for-money audits and governance (Tawanda, 2012:2).

Zhou and Tawanda (2012:219) see the scope and horizon of public sector auditing going beyond this as it strives to cope with e-governance reforms. Audits are essentially evaluations or reviews of the activities and operations of entities to ensure that they are being performed in compliance with set objectives, budgets, rules and standards. This conceptualization is echoed by (Mathison, 2005:23) who defines audits as “procedures in which independent third parties systematically examine the evidence of adherence of some practice to a set of norms or standards”. It also resonates with definitions by (Elder, 2010:4) where auditing is presented as the “accumulation and evaluation of evidence about information to determine and report on the degree of

correspondence between the information and established criteria”. Emerging from these definitional perspectives is that audits are a way of checking the effectiveness of the internal control systems of the organization. Audits are thus watchdogs against corruption, resource wastage and inefficient decision making.

The Public Accounts Committee is provided for under Rule No.148 of the Rules of Procedure and is mandated to examine the audited accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure of government. PAC is one of the accountability committees that, without prejudice to sub-rule (6) of Rule No.134, should be chaired and deputized by Members of Parliament designated by the Official Opposition Party or Organization. In its line of work, PAC's role is to scrutinize central government accounts and if it finds faults in them, it makes recommendations in a report, which is later forwarded to Parliament for debate. However, some members of the public are concerned that PAC's work has not been fully manifested in terms of publicizing their findings, or holding those implicated in misappropriating funds to account (*Daily Monitor*, 2014). But there is belief that PAC has done its best in ensuring proper accountability in government as the committee has not only prosecuted corrupt officials but also followed up on the recommendations to be implemented on these officials (Ssebuliba, 2014:33).

Traditionally, in most countries there has been limited interaction between the PAC and other committees. Some recommend that sectoral committees should scrutinize audit reports that directly relate to their portfolios, and in particular value-for-money reports. This would, it is argued, inject subject-relevant expertise into the audit process in parliament, which the PAC is often lacking. In turn, sectoral committees might benefit from more intimate knowledge of the

audit outcomes with regard to their respective departments, especially when they are also involved in the ex-ante consideration of spending proposals (Krafchik and Wehner, 1998: 523). Proponents also argue that scrutiny can be enhanced by involving sectoral committees, as audit reports would get more attention than the PAC, by itself, can give them.

Brown and Hunter (2004:15) argue that this may include ensuring that a broad segment of society benefits from public spending on basic services like primary education and basic health service. Ross (2006:6) argues that democratically elected governments have a stronger incentive than their authoritarian counterparts to provide basic services more generally. Such governments may also be more responsive to other basic citizen interests, such as eliminating famine. Others have argued that policies of African governments have been more specifically targeted at benefiting members of the state elite itself. When it comes to public spending on education, African rural voters are likely to be particularly concerned about provision of primary education, both because levels of primary enrolment in rural areas lag below those in urban areas, and because primary education is most frequently the only level of formal education that rural dwellers receive as put forward by Walle (2001:23).

The potential problem with applying such optimistic predictions to African governments is that observers of African democracies have devoted considerable energy to arguing that the (re)establishment of contested elections since 1989 has not triggered a dramatic change in terms of economic policy as summed up by Poulton (2012:21). There are arguments that relative convergence around good governance criteria is higher in good governments than in more poorly run governments and that many observations fall far short in providing rigorous evidence otherwise. Pre-empting such challenges, this argument analyses key characteristics of PFM

systems in good governments, testing the implicit “good governance” idea that good governments look the same. This kind of focus is also sanctioned by institutional theory, which emphasizes that research in “organizational fields” is defined as the set of “organizations that, in aggregate, constitute a recognized area in institutional life” (DiMaggio and Powell, 1983:148).

This study focussed on the specific PFM field because this stands at the heart of resource management in all governments and has broad influence on the ability of governments to provide services, manage transparently, and ensure stability. Kettl underscores the centrality of PFM in the context of American government, describing it as the place where “everything of importance comes together,” because “nearly everything we want government to do requires money” (Kettl, 1992:1).

The increasing use of the Public Expenditure and Financial Accountability (PEFA) instrument allows developing country governments to compare their system quality with good practice with regard to elements of both the applicability of a standard model to all countries and the existence of good practice in the world's good governments. Blöndal (2003:3) identifies institutional features of strong PFM systems, which play a key role in order to effectively control public expenditures. These key institutional characteristics are reflected both directly and indirectly in the PEFA measures.

1.2.4 Contextual Background

The Parliament of Uganda is a unicameral parliament, with 375 members and 28 parliamentary committees. Of these committees, three deal with public accounts. One committee deals with local government accounts, one deals with statutory enterprises and state authorities and one is a

proper Public Accounts Committee. The Ugandan PAC, with its 28 members, is the largest PAC in East Africa, chaired by a member of the opposition, and is characterized by a fairly balanced representation of political forces: 17 members belong to the ruling party, 8 belong to the opposition, 2 are independent and 1 represents the army. A quorum is needed only when the PAC has to take vote, otherwise the committee can perform all its other activities even in the absence of a quorum.

In line with the provisions in the constitution that mandate the Parliament to take action in ensuring the Auditor General's report recommendations are implemented, the Local governments have continued to receive the same audit opinions with similar findings despite the advice given by the Auditor General on improvement of weak controls and systems. This is evidenced in the table below showing the trend of qualified audit opinions from financial years 2010/2011 to 2012/2013.

Table 1. 1: Showing Audit opinions of Local Governments for three Financial Years

Opinion	FY 2010/2011		FY 2011/2012		FY 2012/2013	
	Local Governments	%age	Local Governments	%age	Local Governments	%age
Un qualified	135	45%	98	32%	116	37.4 %
Except for (Qualified)	152	50%	191	62%	183	60%
Disclaimer	11	4%	15	5%	7	2.3%
Adverse	3	1%	3	1%	1	0.3%
TOTAL	301	100 %	307	100 %	307	100%

Source: OAG Volume 3 Local Authorities Report 2012-13.

With regard to the relationship with the Auditor General, the PAC has the right to examine the Auditor General's compliance and performance reports and to refer matters to the AG for investigation. PAC reports are directly presented to the Speaker of Parliament, where the recommendations are tabled and discussed for further action by the responsible Government Agencies. (The African Parliamentary Index 2012:27).

The Office of the Auditor General undertook a value-for-money audit of the operations of Regional Referral Hospitals (RRHs) to assess their efficiency in the delivery of healthcare services at the regional level in Uganda. The overall objective of the audit was to assess whether there was efficient allocation and utilization of resources in RRHs with specific focus on utilization of medicines, health workers and infrastructure.

Based on the results of this audit, the average inefficiency scores were 6%, 13% and 9% in the financial years (FY) 2011/12, 2012/13 and 2013/14, respectively. This implies that, for instance, in 2013/14, all the inefficient hospitals had the potential to reduce their inputs by 9% in total, while continuing to produce the same level of output. Approximately, 50% of the RRHs exhibited this potential for improvement (input saving potential). Although there was an improvement in efficiency between 2012/13 and 2013/2014, there was still a considerable variation in the inefficiency levels of individual hospitals, ranging from 1% to 33% (OAG Value for Money Report, 2014:33)

Uganda has been implementing PFM reforms since the early 1990s, achieving the maintenance of robust and stable fiscal and macro-economic policies and fundamentals, more accurate planning and budgeting, enhanced control and management of public funds and higher standards of scrutiny and oversight of collection and utilization of public resources. Nonetheless, several

challenges remain, particularly in the areas of budget credibility, enforcement of laws and regulations (compliance), combating corruption and insufficient domestic revenues to finance the budget according to national priorities, as argued by Nosworthy (1990:4).

KfW as former chair of the PFM working group has been leading the support effort towards the Ugandan Government in the update of the PFM Reform Strategy 2014/15-2017/18 and assisted to design the new phase of FINMAP (FINMAP III 2014-2018). The programme aims at achieving a more efficient, effective and accountable use of public resources, leading to improved service delivery, according to a GIZ report (2014:33).

Despite the enactment of a number of public finance management reforms since the 1990s, misappropriation of public funds in Uganda remains a challenge. For example, scandals in the Office of the Prime Minister where UGX 60 billion was stolen and the Ministry of Public Services where UGX 340 billion was lost to ghost pensioners prompted several donor governments to suspend budget support to Uganda in 2012, according to Munyambonera and Lwanga (2015:1). It was on this background that the research intended to study the factors that have continuously hindered the successful implementation of the Auditor General's recommendations in local governments, particularly Soroti District.

1.3 Statement of the Problem

Globally through the mandate enshrined in the Constitution and via the process of auditing, the Office of the Auditor-General (OAG) plays a critical role in facilitating the accountability cycle and so promotes democratic governance worldwide. In most democratic countries world over, citizens elect legislatures, which enact laws. The implementation of these laws is supported by business plans, which are quantified into budgets. These budgets that are implemented by

accounting authorities at various sectors of government remain the fiduciary responsibility of these officials as put forward by McGlashan (2015:2). The Auditor-General conducts financial and compliance audits to provide assurance to the legislatures that the various sectors of government have managed their financial affairs according to sound financial principles; managed their financial affairs in accordance with the legal framework; and achieved their financial objectives, as stated by Nitasha (2004:1).

The Auditor General's report, however, revealed that most of the entities were not taking corrective action on the issues of irregularities raised in prior year audits, hence some of the weaknesses remained unresolved or were recurring yearly, according to the Auditor General's Report (2014:10). This research therefore intended to examine the factors that have continuously hindered the successful implementation of the Auditor General's recommendations in local governments, particularly Soroti District.

1.4 Purpose of the Study

The purpose of this study was to examine factors that affect successful implementation of the Auditor General's recommendations in local governments, particularly Soroti District Administration.

1.5 Objectives of the Study

- i. To examine what organizational factors affect the successful implementation of the Auditor General's recommendations in Soroti District;
- ii. To assess what individual factors affect successful implementation of the Auditor General's recommendations in Soroti District;

- iii. To establish how nature of findings affects successful implementation of the Auditor General's recommendations in Soroti District.

1.6 Research Questions

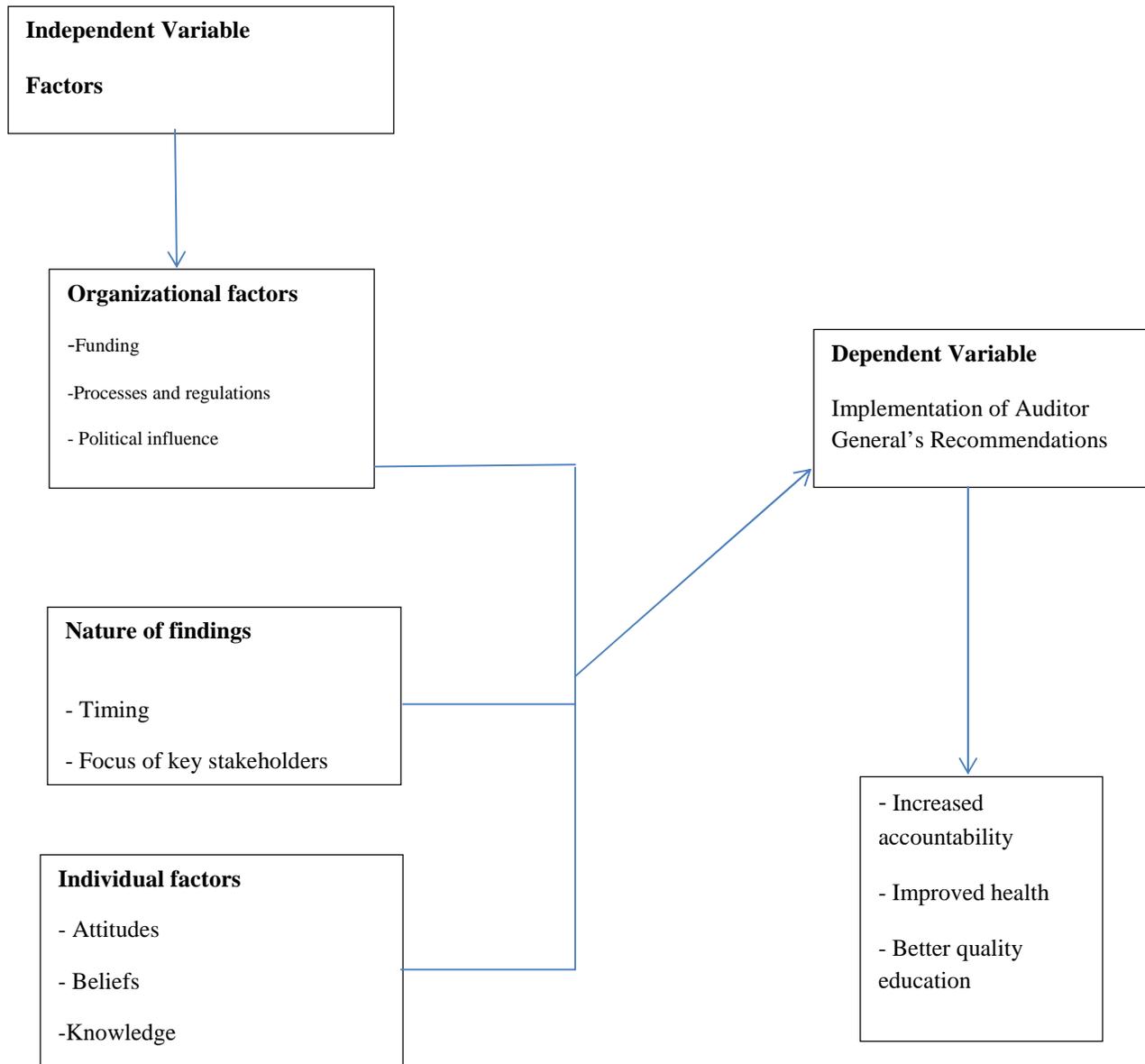
- i. Which organizational factors affect the successful implementation of the Auditor General's recommendations?
- ii. Which individual factors affect successful implementation of the Auditor General's recommendations?
- iii. How does nature of findings affect successful implementation of the Auditor General's recommendations?

1.7 Research Hypotheses

- i. Organizational factors affect the implementation of the Auditor General's recommendations in Soroti District Administration.
- ii. Individual factors affect implementation of the Auditor General's recommendations in Soroti District Administration.
- iii. Nature of findings affects implementation of the Auditor General's recommendations in Soroti District Administration.

1.8 Conceptual Framework

The study focused on how organizational factors, nature of findings and individual factors affected the implementation of the Auditor General's recommendations.



Source: Adopted from Cheah (2010) and modified by the Researcher.

Fawcett (1997) suggests that conceptual frameworks can be used for four purposes to guide practice; as a basis for research projects; for pedagogic purposes; and in administrative situations. The study therefore used this conceptual framework as a basis for research by linking the relationship between dependent variable and independent variable.

Further, Nye and Berardo (1966:13) discuss the following advantages of conceptual frameworks. First, the development of a conceptual framework should provide adequate definitions of concepts, and thereby provide adequate measurement. Second, conceptual frameworks facilitate the researcher by providing an array of ideas. Third, it is important that not only are the substantive results of research understood, but also that the essential concepts used are understood by those who are using the results. Fourth, the development of a conceptual framework allows effective communication between academics, who often speak different languages and make implicit assumptions and concepts unconsciously without consideration of other readers. Lastly, conceptual frameworks allow the clarification of assumptions, frames of reference, and implied variables (Solomon and Solomon, 2005:4).

The conceptual framework depicts the factors that affect successful implementation of the Auditor General's recommendations. The factors are independent variables categorized as Organizational, Individual and Nature of findings. Organizational factors that affected implementation of Audit recommendations were ranging from funding constraints, Political influence and Processes and regulations with in which the organization operates. Nature of findings affected implementation of Audit recommendations, whereas Individual factors affected the implementation of audit recommendations in terms of staff attitudes, beliefs and knowledge capacity in executing their duties.

In the conceptual framework above, it is hypothesized that once the independent variables and their indicators are addressed by Soroti District, it will achieve success in implementing the Auditor General's recommendations, thus attaining increased accountability, improved health and better quality education which citizens deserve, as reported in Parliament Watch Report (2015:6).

1.9 Justification of the Study

For the last three financial years (FY 2010/11 to 2012/13) Soroti District Administration Financial statements have received qualified opinions by the Auditor General, an indication that the Financial Statements do not present a true and fair view of the entity. Therefore the study examined the factors behind this trend of opinions and why the district failed to put into action the Auditor General's recommendations for the past three years.

1.10 Significance of the Study

This study was considered beneficial to policy makers specifically the local government of Soroti District Administration because it would help them improve on their internal control systems for better audit opinions whereby valuable information on the extent to which organizational factors such as organizational culture, organizational communication and organizational commitment affected the performance of employees working at the local government.

Secondly, the study would benefit the Soroti District Local Government by helping them to formulate ways on how to improve on the implementation of the Auditor General recommendations to reduce on wastage of public funds of Uganda.

Finally, the study would benefit and help future researchers as their guide and also hopefully bridge some gaps that the previous researchers left as far as factors affecting the implementation of the Auditor General's recommendations.

1.11.0 Scope of the Study

1.11.1 Geographical Scope

The research was carried out in Soroti District, Eastern Uganda because for the last three years the district had not successfully implemented the Auditor General's recommendations.

1.11.2 Time Scope

The period from FY 2010/11 to FY 2013/14 was considered by the study as the one when the Auditor General's recommendations for the three financial years were not implemented.

1.11.3 Content Scope

In terms of content scope, this study was to specifically examine the factors that affect implementation of the Auditor General recommendations that range from Organizational factors, Individual factors and Nature of findings.

1.12 Operational definitions of key terms and concepts

For the purpose of this study, the following terms were defined as follows:

Recommendation referred to an opinion given by an auditor to his/her auditees about the audit findings of the financial year under audit.

Implementation referred to the process of putting recommendations made by the Auditor General's office into action by responsible officers.

Auditor General refers to a person who heads the National Audit Office and reports back to Parliament on the audit of government departments and agencies.

Accountability refers to an obligation for individuals to account for their activities, accept responsibility and disclose the results in a transparent manner.

Individual factors refer to a collection of traditions, values, beliefs, skills, and attitudes that create a persistent environment for everything one does and thinks in an organization.

Validity refers to the appropriateness of an instrument in measuring whatever it is intended to measure.

Reliability refers to the level of internal consistency or stability of the measuring device over time.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature arranged according to theories, concepts and actual literature as put forward by different scholars around the globe. The Audit process is examined at a global level, African level as well as the situation here in Uganda.

2.2 Theoretical review

Audits provide a significant purpose in encouraging confidence and reinforcing trust in financial information. Several theories have emerged to explain the demand and supply of audit services in increasing accountabilities in government agencies. Agency theory appears to be the crucial economic theory of accountability to explain the development of audit and its vital role in today's economy as stated by Carmona (2008:7).

2.2.1 The policeman theory

The policeman theory argues that the auditor is accountable for searching, disclosing and preventing fraud. In this sense, the auditor must act as a policeman and focus mainly on arithmetical accuracy, with the aim of detecting fraud. Hayes (1999:31) states that the focus of auditors has shifted since then to provide reasonable assurance, verification of truth as well as correctness of the financial statements. The detection of fraud still mobilizes concerns about the auditor's responsibilities but does not embody the major purpose.

The policeman theory regards the auditor as a policeman whose role is to check the accuracy of financial standings, for preventing and detecting frauds in an entity, as stated by Hayes (2005:12). The ‘policeman theory’ narrows auditors’ responsibilities to prevention and detection of fraud by describing the expectations the stakeholders have of the auditors, including protection against fraud, warning of future insolvency, general re-assurance of financial well-being, safeguards for auditor independence and understanding of audit reports states Volosin (2007:1). The auditor is therefore needed as an independent third party to “establish a degree of correspondence between assertions made by management and user criteria” Soltani (2007:17).

2.2.2 The lending credibility

The lending credibility theory advances that audit’s primary function is an additional credibility to the financial statements provided by an entity. In this sense, the service the auditor sells to the customer is credibility, Audited financial statements could then be considered to have supplementary elements which enlarge the users’ confidence in the figures presented. According to this theory, the users gain benefits from the increased credibility, which has a direct impact on the quality of investment decisions as they are based on reliable information as argued by Carmichael (2004:12).

Conforming to Hayes et al (1999), financial statements are frequently viewed as having a function of authenticating messages which were previously issued. However, several authors have concluded that investors do not consider audited information as their principal support for investment.

2.2.3 Quasi-judicial theory

Under this theory, the auditor is considered as a judge in the financial distribution process. The auditor's independence cannot be considered as equal to a judge's independence as a different reward system is involved (Salehi, 2011:31).

However, the auditor's independence is nowadays guaranteed by an elaborated legal framework which gives the auditor a certain degree of authority.

2.2.4 The theory of inspired confidence

Humphrey (1997:31) provides the most notable distinctions between views of auditing: as a socially oriented function, in which "the auditors are portrayed as ethical, socially responsible individuals", and auditing as a monopolistic business.

Limperg (1985:16) describes the auditor's function / responsibility as follows: "The auditor-confidential agent derives his general function in society from the need for expert and independent examination and the need for an expert and independent opinion based on that examination. The function is rooted in the confidence that society places in the effectiveness of the audit and in the opinion of the accountant. This confidence is consequently a condition for the existence of that function; if the confidence is betrayed, the function, too, is destroyed, since it becomes useless."

"The normative core of the *Theory of Inspired Confidence* is this: the accountant is obliged to carry out his work in such way that he does not betray the expectations which he evokes in the sensible layman; and, conversely, the accountant may not arouse greater expectations than can be justified by the work done" Carmichael (2004:129).

2.2.5 The agency theory

Agency theory addresses a relationship where one party (the principal) delegates work to another party (the agent). An agency relationship therefore occurs when one or more principals such as the owner engages another person as their agent to complete a task on their behalf. In order to be effective, this task implies the delegation of some decision-making authority to the agent. This appointment of responsibility by the principal and the resulting division of labour contribute to a proficient and productive economy. They might be impacted by other factors such as financial rewards or labour market opportunities that are not directly congruent, as argued by Donaldson and Davis (1991:50).

Tanzi (2000: 445) states that “Between their creation and their final implementation, fiscal decisions go through many stages at which mistakes, indifference, passive resistance, implicit opposition, and various forms of principal agent problems may distort the final outcome.” The problems occurring in formulating policies because the behaviour prescribed by the ideal role of the state may not be in the interest of the individuals who constitute the government and problems arising between the government (as principal) and top bureaucrats (as agents).

Deegan and Unerman (2006:215) notice that within the agency theory the firm itself is considered to be a ‘nexus of contracts’. These contracts are used with the intention of ensuring that all parties, acting in their own self-interest, are at the same time motivated towards maximizing the value of the organization. This study was guided by Agency theory as it gives more direction to the relation between Auditors and the Government.

2.3 The concept of accountability

Accountability derives from the practical need to delegate certain tasks to others so as to distribute delivery of large and complex workloads. In turn, those entrusted with these delegated duties must be required after the fact to *render an account* of their actions. This idea of accountability can be divided into two stages. First there is *calling to account*, that is being required to provide an explanation of what has been done, or not done, and why. Then there is *holding to account*, or being sanctioned and required to put into effect remedial measures if something has gone wrong. In addition the concept of accountability may embrace lesson learning and recognition that sanctions may not be appropriate where public officials have sought to innovate and have tried to manage the associated risks and effectively as possible.

The constitution provides that the Auditor General shall audit and report on the public accounts of Uganda and of all public offices, including the courts, the central and local government administrations, universities and public institutions of like nature, and any public corporation or other bodies or organisations established by an Act of Parliament; and shall conduct financial and value for money audits in respect of any project involving public funds as stated in the National Audit Act (2008:8).

The same findings recur every year basically meaning that Parliament is not doing the job that it is mandated by the Constitution as per section 299 that requires it to monitor and oversee expenditure by the State and all commissions and institutions and agencies of government at every level, including statutory bodies, government-controlled entities, and local authorities. Such monitoring must ensure that all revenue is accounted for, all expenditure has been properly

incurred and any limits and conditions on appropriations have been observed (Auditor General Report 2014:7)

Accountability may result in the allocation of praise or blame as suggested by Jones and Stewart (2008:45). Accountability involves someone being held responsible for something by somebody or something, in a particular prescribed way. It may be horizontal, that is between parallel groups (such as the executive and the legislature) or vertical (for instance between the electorate and the legislature). Problems such as asymmetries of information between the two parties mean it is not possible for these or any other forms of accountability to entail constant and perfectly-informed oversight of all activities of those agents entrusted with certain responsibilities. Accountability therefore means the *potential* of being held to account.

Horizontal accountability relates generally to the checks and balances between the executive, legislature and judiciary, and between different tiers of government and administrative entities within the public sector as argued by Stapenhurst and O'Brien (2007:87).

Horizontal accountability relates to the capacity of state institutions to check abuses by other public institutions and branches of government. "The agencies account for their behaviour towards accountees that are not their hierarchical superiors: clients, stakeholders or peers." (Schillemans, 2008:14).

Among these notions of accountability, PACs and SAIs are concerned principally with horizontal financial accountability between the executive and the legislature. In its representative function as a committee of an elected legislature, the PAC also fulfils an indirect vertical accountability function, but the main interest in *ex post* financial scrutiny is horizontal accountability between the legislature and the executive as suggested by Blick and Hedger (2008:31).

2.4 Public audit and parliamentary accountability: locating public financial accountability

Within the framework of intra-governmental horizontal accountability in most Commonwealth countries, responsibility for scrutinising public expenditure and for calling and holding government to account for that expenditure rests with the Supreme Audit Institution (SAI) and the Public Accounts Committee (PAC). Public financial accountability is thus a triangular arrangement involving the Executive arm of government, the Parliament and the Supreme Audit Institution (headed by the Auditor-General). However, Parliamentary Public Accounts Committees also play a wider role in the context of accountability as suggested by Sabourin (2002:7).

According to Parliament Watch (2015:4) one of the core functions of parliament is to ensure transparency and accountability in the application of public funds, through the work of accountability committees such as the Public Accounts Committee (PAC), Local Government Accounts Committee (LGAC), and Committee on Statutory Authority and State Enterprises (COSASE). These committees are mandated to examine the audited accounts of the Auditor General showing the appropriation of the funds granted by Parliament to meet the public expenditure of government.

Public audit and parliamentary accountability are thus two dimensions of the process of public financial accountability as stated by Gay and Winetrobe (2003:34). The first of the two, public audit, involves the scrutiny of expenditure by the Auditor-General supported by a Supreme Audit Institution. It is usually retrospective, dealing with expenditure that has taken place, although it may comprise a forward-looking dimension. Public audit need not involve the legislature, but in the Commonwealth there is an established principle of a link between the SAI and the

Parliament, within which the PAC generally has the primary role on the parliamentary side, as put forward by Gay and Winetrobe (2003:38).

The second dimension of public financial accountability, parliamentary accountability, involves representatives (often elected) holding government to account for its actions and intentions. A central element within parliamentary accountability involves the granting of funds to the government in the form of a finance bill; and then ensuring that those funds have been used efficiently and effectively in the intended fashion. PACs are primarily concerned with this latter form of financial accountability, as suggested by Gay and Winetrobe (2003:34).

Their combined objective is to ensure that public money voted by Parliament is spent in accordance with legal and other norms, and is spent efficiently and in a way that provides value for money. But the two dimensions are neither the same nor subsidiary to one another.

The need for accountability and probity in public sector is the order of the day in every society. According to Oshisami (2004:23) the drive for accountability often begins with an enthusiastic pursuit for probity and integrity on the part of public administrators. In recent times, the public sector, especially the local government system that is meant to draw attention of the government close to its citizens has suffered a lot of setbacks due to improper use of public funds. This practice has eaten deep into the local government system that public funds meant for development of the councils are diverted to private use. This lack of transparency and accountability of funds in the third tier of government can be minimized through effective and efficient auditing of local government accounts.

Adeniji (2004), Appah (2008) and Akinbuli (2010) argue that good accounting and financial reporting aid organizations and society in allocating their resources in the most efficient manner.

The goal is to allocate limited financial resources to production of goods and services for which demand is greatest.

The Ministry of Education and Sports (MoES) highly prioritizes gender mainstreaming as key to the success of achieving equality in the education sector. Citing the MDG goals 2 and 3 as well as Education for All commitments, MoES underlines gender parity as one of the priority aspects to achieve. In the revised Education Sector Strategic Plan (2010-2015), the ministry re-echoes the need to deal with gender inequalities, particularly girls' education. The ministry further developed its own specific Gender in Education Sector Policy (2009) and has put in place numerous legal and policy initiatives to promote not only increased access for all but also completion of school while ensuring quality education (MoES report, 2013:37).

Globally financial audits usually include recommendations that direct audited entities to positive changes they can make for the most serious deficiencies reported. Recommendations address areas where there are significant risks to the entity if deficiencies remain uncorrected. Recommendations should be fully supported by and flow from the associated findings and conclusions, aimed at correcting the underlying causes of deficiencies, and directed specifically at the entities responsible for acting on them (OAG Canada, 2015:21).

According to Minsky (2013:31) during the examination phase of a regulatory audit, the audit team periodically offers to brief entity officials on emerging findings. The team also encourages discussion of proposed recommendations as they are developed and seeks views on actions needed to correct problems. At the end of the examination phase, the audit team seeks the views of entity officials to enable the development of clearly stated and action-oriented

recommendations. This gives the audited entity time to prepare responses and develop an action plan. The team asks the senior management to provide input to ensure that recommendations are practical and feasible to implement.

On the African context, particularly in South Africa, regulatory audits are conducted in accordance with the *audit manual* of 2008, which contains the policies, standards and guidelines for the planning, execution, reporting and follow-up of audits conducted in the public sector. In view of the complexity of the environment to be audited, each financial audit focuses on a segment of the activities of a particular institution depending on funds allocated to that entity and the likely risks of funds abuse. Preference is therefore given to the more risky institutions, whose finances are more prone to abuse, according to Makwetu (2014:11).

In Uganda the Auditor General delivers his mandate from the Constitution of 1995 as well as the National Audit Act of 2008. The Auditor General makes recommendations in his report to Parliament with an aim of minimising the unproductive expenditure of public moneys, maximising the collection of public revenues and averting loss by negligence, carelessness, theft, dishonesty or otherwise of public moneys. Recommendations made to Parliament by the Auditor General are considered necessary for the better management of public finances, and the Public Accounts Committee of Parliament follows them up to check whether they have been implemented to achieve value for money spent (National Audit Act 2008:26).

2.5 Empirical studies

Globally, empirical studies indicate that the factors that affect successful implementation of Audit recommendations in Malaysia included the auditor type, audit opinion and firm performance in terms of financing, according to Shukeria (2011:1). However, no evidence was

found to support the effect of board independence, audit committee size, audit committee meetings and audit committee qualifications on the implementation of the Auditor General's recommendations.

A study conducted by Shamsuddin (2014:34) on factors that determine the effectiveness of audit and their recommendations in the Malaysian public sectors examined the government hierarchy with three levels: federal, state and local. This included 27 Federal Ministries and 86 Departments, 13 State Governments, 112 Federal Government Agencies, 139 State Government Agencies, 144 Local Authorities and 15 Islamic Religious Councils.

In this study, it was found out that for audit of any kind to be successful in achieving its potential, it needs to operate in an environment where transparency and public accountability are normal occurrences. In the Malaysian public sector, transparency and accountability plays an important role in ensuring a good and successful audit. However, Malaysia is still far away from achieving transparency and accountability in its public sector management.

On the African context, studies show that failure to implement the Auditor General's recommendations is a result of political, economic and business environment, legal framework, education background, culture, and perceptions of audit, as put forward by ICAEW (2010:7).

In Ethiopia, Mihret and Yismaw (2007:13) conducted a study on the Auditing effectiveness on the Ethiopian public sector whose purpose was to identify factors impacting the effectiveness of auditing services. The research design was based upon a case study of a large public sector higher educational institution in Ethiopia, the study examined how audit quality, management support, organizational setting, auditee attributes, and the interplay among these factors, influence audit effectiveness in implementing the audit recommendations made. The findings of the study highlighted that audit effectiveness is strongly influenced by internal audit quality and

management support, whereas organizational setting and auditee attributes do not have a strong impact on audit effectiveness.

Uganda, like many countries in Sub-Saharan Africa, continues to lag behind in poverty reduction, good governance and service delivery. Studies indicate that the Auditor General's recommendations continue not to be implemented as a result of corruption, poor financial management and governance challenges, which consequently decapitate their ability to ensure effective and efficient service delivery to the masses according to Wamajji (2015:2).

In a recent report to parliament, factors behind unsuccessful implementation of the Auditor General's recommendations include backlog on reports of accountability committees that spans over five years, inadequacy of laws, abuse of office, leadership, technical and financial support as stated by Wamajji (2015:6). The researcher examined the above factors that affected implementation of the Auditor General's recommendations in Soroti District.

2.5 Synthesis and summary of the literature

Despite the considerable amount of money spent on audit public institutions little attention has been paid to ensuring that the findings and recommendations of audit are implemented in routine practice, as observed by Letza (1995:5). The main aim of auditing is to improve organizational efficiency and effectiveness through constructive criticism. Audit recommendations are based on four main components: verification of written records; analysis of policy; evaluation of the logic and completeness of procedures, internal services and staffing to assure they are efficient and appropriate for the organization's policies; and reporting recommendations for improvements to management, as argued by Eden and Moriah (1996:11).

From the literature reviewed, therefore, the researcher identified major gaps from the studies that showed a few authors have had little studies in this area of factors (Individual, Organizational and Nature of findings) and implementation of the Auditor General's recommendations in local governments although a few were conducted in central government, commissions, and authorities. It is against this background that the current researcher found it suitable to investigate these factors; and their correlation with implementation of the Auditor General's recommendations in Soroti District was not exceptional.

Building on these studies, the current researcher wished to bridge the gaps identified in these studies by putting more emphasis and focus on the critical role these factors play towards the implementation of the Auditor General's recommendations in Soroti District.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter presents a description of research design, study population, determination of the sample size, sampling techniques and procedure, data collection methods, data collection instruments, pre-testing, procedure of data collection and measurement of variables, as guided by Collis and Hussey (2009:55).

3.2 Research Design

Burns and Grove (2003:195) define a research design as “a blueprint for conducting a study with maximum control over factors that may interfere with the validity of the findings”. Parahoo (1997:142) describes a research design as “a plan that describes how, when and where data are to be collected and analysed”. A descriptive survey research design was adopted in this study. This was because people’s views and opinions were sought, described accordingly and established how individual, organizational factors and nature of audit findings affected implementation of the Auditor General’s recommendations. Both qualitative and quantitative methods were used because they supplement each other. The qualitative approach was mainly used to describe subjective assessments, analyses and interpretation of attitudes, opinions, and behaviours of the respondents as expressed verbatim from interviews and focus group discussions (Mugenda and Mugenda, 1999). The quantitative methods helped in generating numerical data, which was statistically manipulated to meet required objectives through descriptive statistics (frequencies and percentages) and inferential statistics, which tested hypotheses using correlations and coefficients of determination (Amin, 2005:24). This was because there was need to outlay some information statistically in order to bring out the statistical aspects of the study clearly. Using a

combination of qualitative and quantitative data allows triangulation by ensuring that the limitations of one type of data are balanced by the strengths of another.

3.3 Study Population

Parahoo (1997:218) defines population as “the total number of units from which data can be collected”, such as individuals, events or organizations. Burns and Grove (2003:213) describe population as all the elements that meet the criteria for inclusion in a study.

Burns and Grove (2003: 234) define eligibility criteria as “a list of characteristics that are required for the membership in the target population” .The study population included employees of the District, members of Executive Council and learned residents of Soroti District.

3.4 Determination of the Sample size

Polit (2001:234) defines a sample as “a proportion of a population”. The sample was chosen from staff employed by Soroti District. A sample size of 97 respondents was determined using statistical tables of Krejcie and Morgan (1970), as cited by Amin (2005). These included various categories as specified in Table 1 below:

Table 3. 1: Research respondents by category and sample

No.	Category of respondents	(N)	(S)	Sampling technique
1	Top Management	25	17	Simple random sampling
2	Finance and Accounts Staff	51	40	Purposive sampling
3	Executive council members	40	30	Purposive sampling
4	DPAC	14	10	Simple random sampling
		130	97	

Key: N – Population Size, S – Recommended Sample Population (Krejcie& Morgan, 1970).

3.5 Sampling techniques and procedure

Burns and Grove (2003:31) refer to sampling as a process of selecting a group of people, events or behaviour with which to conduct a study. Polit (2001:234) confirms that in sampling a portion that represents the whole population is selected. Sampling is closely related to generalizability of the findings. In this study the sampling was non-probable and purposive.

According to Parahoo (1997:223), in non-probability sampling researchers' use their judgment to select the subjects to be included in the study based on their knowledge of the phenomenon.

Purposive sampling was used in this study. Parahoo (1997:232) describes purposive sampling as "a method of sampling where the researcher deliberately chooses who to include in the study based on their ability to provide necessary data".

The rationale for choosing this approach was that the researcher would seek knowledge about the respondents' opinion of on the factors that affect successful implementation of the Auditor General's recommendations in the district. In this case study, staff, members of Executive Council and District Public Accounts Committee (DPAC) members were eligible and purposively chosen to participate in this study.

3.6 Data Collection Methods

This study used both quantitative and qualitative data collection methods. Quantitative data was collected using questionnaires that were filled by the staff and members of executive council, while qualitative data was obtained from focus group discussions with the top management of the district.

3.6.1 Focus Group Discussions

The researcher held focus group discussions with staff, members of Executive Council and District Public Accounts Committee (DPAC) members in order to share their views, experiences and attitudes towards the recommendations by the Auditor General's Office. They were grouped according to gender for them to air out their views freely. According to Parahoo (1997:296), a focus group discussion is an interaction between one or more researchers and more than one participant for the purpose of collecting data. Holloway and Wheeler (2012:110) state that in focus group discussion researchers interview participants with common characteristics or experience for the purpose of eliciting ideas, thoughts and perceptions about specific topics or certain issues linked to an area of interest. According to Parahoo (1997:298), a focus group discussion has the advantages of being cheaper and quicker way of obtaining valuable data, Colleagues and friends are more comfortable in voicing opinions in each other's company than on their own with the researcher and participants are provided an opportunity to reflect or react to the opinion of others with which they may disagree or of which they are unaware.

Holloway and Wheeler (2002:117) list the strengths of focus group discussion as: the dynamic interaction among participants stimulates their thoughts and reminds them of their own feelings about the research topic; all participants including the researcher have an opportunity to ask questions, and these will produce more information than individual interviews.

3.7 Data collection instruments

According to Parahoo (2007:325) a research instrument is "a tool used to collect data. An instrument is a tool designed to measure knowledge attitude and skills."

3.7.1 Questionnaires

Johnson and Turner (2003:16) define a questionnaire as a set of questions for gathering information from individuals. Questionnaires were filled by the staff and members of executive council, while qualitative data was obtained from focus group discussions with the top management.

The first section of the instrument addressed issues of demographic data, section two addressed organizational factors, section three addressed individual factors, section four addressed nature of audit findings, and section five addressed outcomes of implementing the Auditor General's recommendations. In each section, the respondents were given clear instructions on how to complete the item.

3.7.1 Interview guide

An interview guide is a set of questions that the researcher asks during the interview (McNamara, 2009). The researcher designed an interview guide which was used during the interview of the key respondents who included the District top management. The researcher posed questions intended to lead the respondents towards giving data to meet the study objectives and also probed the respondents in order to seek clarification about responses provided. A structured interview guide was used to stimulate respondents into detailed discussion of factors that affect successful implementation of the Auditor General's recommendations.

Structured interviews were useful not only because they showed excellent validity in meta-analytic research (Hunter and Schmitt, 1996), but also because structured interviews provided a chance to probe the answers of the management and understand precisely what they meant.

Interviewing was a very useful approach for data collection because it allowed the researcher to have control over the construction of the data and it had the flexibility to allow issues that emerged during dialogue and discussion pursued (Charmaz, 2002).

3.8 Pre-testing (Validity and reliability)

Key indicators of the quality of a measuring instrument are the reliability and validity of the measures. The process of developing and validating an instrument is in large part focused on reducing error in the measurement process. Reliability estimates evaluate the stability of measures, internal consistency of measurement instruments, and interrater reliability of instrument scores. Validity is the extent to which the interpretations of the results of a test are warranted, which depends on the particular use the test is intended to serve. Several issues may affect the accuracy of data collected, such as those related to self-report and secondary data sources. Data that were originally gathered for a different purpose are often used to answer a research question, which can affect the applicability to the study at hand, as argued by Kimberlin(2008:65). This study utilized triangulation to ensure validity of research findings prior to the administration of the research instruments. This instrument was checked by experts including the supervisors of the researcher. Content validity ratio was used to calculate the Content Validity Index, using the formula below:

$$CVI = \frac{\text{Total Number of items rated by all respondents (61 items)}}{\text{Total Number of items in the Instrument (82 items)}}$$

$$\text{Total Number of items in the Instrument (82 items)}$$

$$CVI=61/82$$

$$CVI = 0.74$$

A content validity index of 0.7 and above, according to Amin (2005), qualified the instrument for the study as per the findings below:

Table 3. 2: Reliability of Statistics

Variable	No. of Items	Alpha
Institutional factors	25	0.84
Individual factors	10	0.59
Nature of findings	15	0.77
Successful implementation	15	0.77
OVERALL	65	0.684

Sources: Survey data, SPSS output

From Table 3.2 above, the value for Cronbach's Alpha () was 0.684 for all variables. When these calculated reliability values are close to 0.7000, and compared with the minimum value of Alpha 0.600 advocated by Cronbach (1951), then the responses generated for all of the variables' used in this research were reliable enough for data analysis.

3.9 Procedure of Data Collection

The researcher sought approval from the School of Business and Management of Uganda Technology and Management University (UTAMU) to ensure that the ethical guidelines are followed throughout the data collection process. At the onset of data collection, the researcher sought guidance from the Human Resource Department in Soroti District Local Government on how to access the employees at their place of work. Each questionnaire contained an opening introductory letter requesting for the respondent's cooperation in providing the required information for the study. The respondents were further assured of confidentiality of the

information provided and that the study findings were to be used for academic purposes only and necessary corrective measures in the department of finance.

3.10 Data analysis

Data analysis occurs simultaneously with data collection as argued by Holloway and Wheeler (2002:235). The researcher did both quantitative and qualitative data analysis. It involved uncovering structures, extracting important variables, detecting any irregularity and testing any assumptions (Kombo and Tromp, 2006). Triangulation method of analysis was used to enable the researcher come up with appropriate conclusions and recommendations.

Data collected was processed and analysed using Statistical Package for Social Sciences (SPSS) in order to come up with frequencies and percentages. The relationship between the variables was established and tested using Pearson correlation. Microsoft word and Excel were used in drawing tables, charts and graphs so as to clearly present the research findings. According to Picciano, (2004:18) Statistical Package for Social Sciences (SPSS) provides a number of statistical procedural programmes for doing a wide variety of analyses. A partial list of the most commonly used programmes included: ANOVA - Analysis of Variance; CORRELATION - Correlational Analysis (Pearson's Product Moment Coefficient); FREQUENCIES - Frequency Distributions, Graphs, Charts; MEANS - Measures of Central Tendency, among others.

3.11 Measurement of variables

The variables were measured using a 5-point Likert scale to quantitatively measure the variables which factors were affecting successful implementation of the Auditor General's recommendations and come up with reliable findings. This ranged from strongly agree to

strongly disagree (viz, strongly agree, agree, not sure, disagree, and strongly disagree). According to Bertram (2007:2), Likert scale is a psychometric response scale primarily used in questionnaires to obtain participant's preferences or degree of agreement with a statement or set of statements. Likert scales are a non-comparative scaling technique and are uni-dimensional (only measure a single trait) in nature. Respondents are asked to indicate their level of agreement with a given statement by way of an ordinal scale.

The numbers in the ordinal scale represented relative position or order among the variables (Mugenda and Mugenda, 1999; Amin, 2005). The nominal scale of measurement was applied to cases which had some common characteristics such as sex, age, and employment title, among others. In nominal measurement of variables, numbers were assigned only for the purposes of identification, but were not allowed for comparison of the variables to be measured. On the other hand, interval scales of measurement were used to capture personal data of respondents.

CHAPTER FOUR

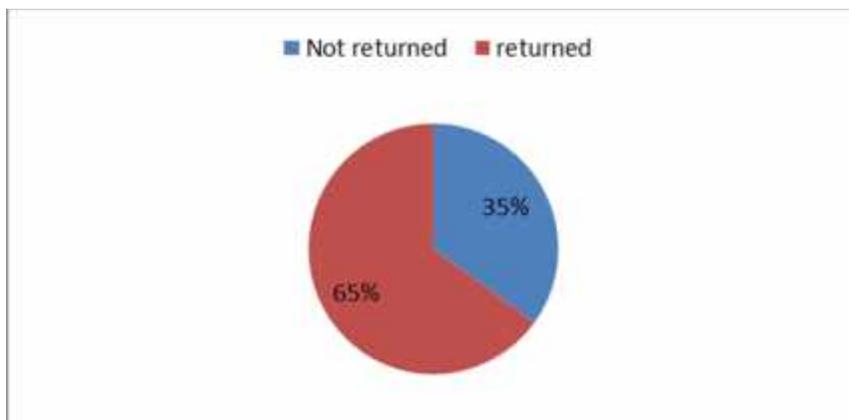
PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Introduction

The main concern of this study was to examine the factors that affect successful implementation of the Auditor General's recommendations in local governments. This chapter presents the analysis and interpretation of the research findings obtained from the questionnaires and interviews conducted. It begins with the description of the sample, presentation and interpretation of the results questionnaire response rate, followed by the descriptive statistics of the respondents' related questions; like the gender, age, profession, and level of education.

4.2 Response Rate

Response rate (also known as completion rate or return rate in survey research) refers to the number of people who answered the survey divided by the number of people in the sample. It is usually expressed in the form of a percentage.



Source: Field data, 2016.

Figure 4. 1: Pie chart showing the response rate of respondents from the field

The section sought to establish the willingness of the respondents to take part in the study. A low response rate can give rise to sampling bias if the non-response is unequal among the participants regarding exposure and /or outcome (AAPOR, 2000). In this study, the sample size was 97 respondents from various departments and council members but the study managed to access 65 members as shown in the pie chart figure above.

4.3 Background Information on the Respondents

Respondents were asked about their gender, level of education, work experience and age. This information was required to ensure that the sample that participated in the study had similar distribution of the respondents by characteristics to that of the population it was drawn from. This determines the accuracy and representativeness of information drawn from the sample to the population. Findings regarding their gender, level of education, work experience and age are presented in Table 4.1.

Table 4. 1: Showing the background information of the respondents

Demographic questions		Frequency	Percentage
Gender	Male	35	54%
	Female	30	46%
Age	20-29 years	5	5.8%
	30-39 years	15	23%
	40-49 years	40	61.5%
	50-59 years	5	5.8%
	Above 60 Years	-	
Level of education	Diploma	5	7.6%
	Bachelor's	54	83.1%
	Professional	6	9.2%
	Other	0	-
Experience in department	1-2 years	5	7.6%
	3-4years	20	30.7%
	5-6 years	15	23.1%
	Above 7 years	25	38.5%

Source: Primary Data

The majority of the ages of respondent managers fell under the age of 40-49 (40, 61.5%), 30-39 (20, 36%), and the rest fell in the age interval of 50-59 (8, 14%) and 20-29 (5, 9%); and in the internal auditors category the majority are fall in the age of 30-39 (20, 36%) and 40-49 (19,34%) and the rest falls in the age of 50-59 (12, 21%) and 20-29 (5, 9%) respondents. Here, the majority of the respondents were in the age range of 30-50 (82, 73%), but unfortunately there were no respondents who were aged above 60 due to the automatic retirement and deletion from payroll for all civil servants upon reaching age of 60.

In terms of the level of educational background, most managers and internal auditors had bachelor's degree (44, 79%) and (41, 73%) respectively, followed by professional qualifications (12, 21%) for Head of Accounts Department and (13, 23%). Only 2 (4%) respondents had diplomas. These showed that the majority of the respondents were educated/or professional and could contribute more for the effectiveness of their intended work.

4.4 Empirical Results as per objectives of the study

This section presents descriptive statistics used before testing hypotheses. The descriptive statistics used were frequencies and percentages, while the inferential statistics used were Pearson correlation and coefficient of determination.

4.4.1 Organizational factors affecting implementation of Auditor General's recommendations in Soroti District

The first objective of the study was to examine what organizational factors that affect successful implementation of the Auditor General's recommendations in Soroti District. The respondents

were requested to respond to a number of statements regarding the organizational factors that affect successful implementation of the Auditor General’s recommendations in Soroti District by indicating their agreement using a five-point Likert scale of: SD=Strongly Disagreed, D=Disagreed, N – Not sure, A=Agreed and SA = Strongly Agreed as shown in Table 4.2. The responses are summarized in the table below;

Table 4. 2: Showing the results Organizational factors that affect implementation of Auditor General’s recommendations in Soroti District

Variables	SA		A		N		D		SD	
	f	%	f	%	F	%	f	%	f	%
Organizational factors										
Funding constraints	35	53.8	20	30.7	10	15.4	0	0	0	0
Accounting and financial regulations	40	61.5	10	15.4	10	15.4	5	7.7	0	0
Auditing processes and procedures	30	46.2	25	38.5	10	15.4	0	0	0	0
Political influence	35	53.8	10	15.4	20	30.7	0	0	0	0
Mean	35	53.82	16.25	25	12.5	19.22	1.25	1.92	0	0

Source: Primary Data

According to the findings in Table 4.2, Accounting and Financial regulations were found to be the highest score from the respondents, of whom 61.5% Strongly agreed, showing that it was the

organizational factor affecting implementation of the Auditor General’s recommendations, while Funding constraints also scored highly with 53.8% strongly agreeing to the same effect. This implies that organizational factors greatly affect implementation of the Auditor General’s recommendations as without some of the components mentioned, such as funding constraints, accounting and financial regulations, auditing processes and procedures implementation of the recommendations in Soroti District would seem next to impossible.

Table 4. 3: Showing correlation results between Organizational factors and Successful implementation

	Organizational factors	Successful implementation
Pearson correlation	.158	1
Sig.2 tailed	.122	
N	65	65

*. Correlation is significant at the 0.05 level (2-tailed).

According to the results in Table 4.3 organizational factors and successful implementation were found to have a significant positive relationship ($r=0.158$, $p<0.05$). Thus, the hypothesis that stated that organizational factors would have a significant influence on successful implementation of recommendations is partially accepted. This means that organizational factors have a positive effect on implementation of recommendations.

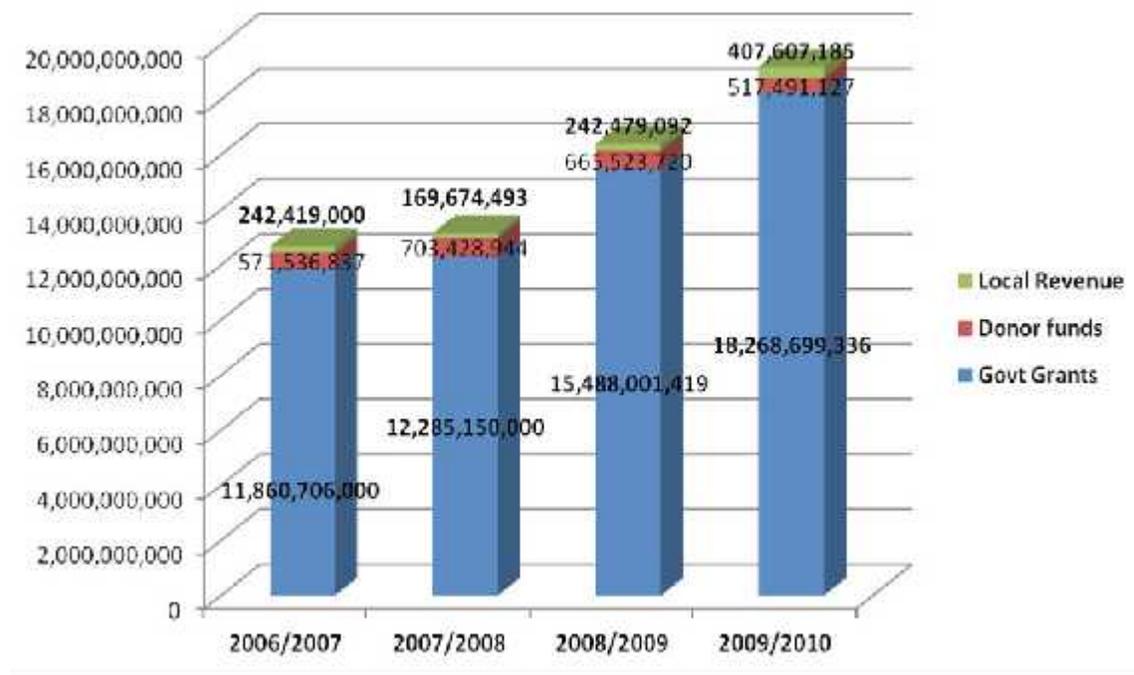
A regression analysis was conducted and the results are summarized below;

Table 4. 4: Showing Regression analysis results of Organizational factors

R square=0.077, P=0.011		
	Standardized Coefficients	Sig.
	Beta	
Organizational factors	0.158	.122

According to the results in the summarized Table 4.4, findings show that organizational factors significantly affect successful implementation of recommendations ($r = 0.158$). This means that organizational factors are a significant determinant of successful implementation of recommendations.

From Table 4.2, it is very clear that organizational factors of funding constraints and Accounting regulations are so highly ranked as to affect successful implementation of the Auditor General’s recommendations with a mean score of 35 strongly agreed. However, a review of budget figures for three years shows a steady positive trend in funding the Central Government grants, Donor and Local revenue sources.



Source: District Financial statements

Figure 4. 2: Showing funding trends at Soroti District

Soroti District Local Government is heavily dependent on government transfers as can be seen in Figure 4.2. In the period under review, local revenue contributed 2.1%, donor funding 2.7%, and 95.2 % of the budget came from central government grants. This has always been the trend for the district. The implication is that the district does not have enough resources to cater for local needs that do not lie under the national development priorities.

Given that in most cases the funds remitted to local governments are inadequate, Soroti District cannot supplement such inadequate releases to implement the Auditor General recommendations that are out of government priorities like recruitment of staff in Stores department and Human resource.

4.4.2 Individual factors that affect successful implementation of Auditor General’s recommendations in Soroti District

The second objective of the study was to assess what individual factors affect successful implementation of the Auditor General’s recommendations in Soroti District. The respondents were asked to respond to a number of statements regarding Individual factors. The findings are summarized in Table 4.5.

Table 4. 5: Showing results of individual factors affecting successful implementation of Auditor General’s recommendations

Variables	SA		A		N		D		SD	
	Fre	%	Fre	%	Fre	%	Fre	%	Fre	%
Individual factors										
Attitude of staff	5	7.7	10	15.4	20	30.7	25	38.5	5	7.7
Beliefs of staff	5	7.7	10	15.4	20	30.7	25	38.5	5	7.7
Skills and knowledge	10	15.4	20	30.7	25	38.5	5	7.7	5	7.7
Mean	15	10.3	13.3	20.5	21.6	33.3	18.3	28.2	5	7.7

Source: Primary Data

From the findings, 30.7% of the respondents were undecided (Not sure) whether individual factors such as attitudes, beliefs and the skills and knowledge of the staff affected successful implementation of the Auditor General’s recommendations, 38% disagreed that individual factors do affect implementation of the Auditor General’s recommendations, while 7.6% strongly agreed and 7.7% strongly disagreed to the above statement in relation to individual factors.

This indicates that for the Auditor General’s Office to achieve its outright mandate and have its recommendations implemented successfully, there is need to emphasize the employment of skilled and knowledgeable staff, with the right attitude and beliefs towards their work as well as towards implementation of the recommendations.

Table 4. 6: Showing Correlation results of Individual factors and successful implementation

	Individual factors	Successful implementation
Pearson correlation	.138	1
Sig.2 tailed	.102	
N	65	65

*. Correlation is significant at the 0.05 level (2-tailed).

According to the results in Table 4.6, individual factors and successful implementation were found to have a significant positive relationship ($r=0.138$, $p<0.05$). Thus, the hypothesis that stated that individual factors would have a significant influence on successful implementation of recommendation is accepted. This means that individual factors have a positive effect on implementation of recommendations.

A regression analysis was conducted and the results are summarized in table below;

Table 4. 7: Showing Regression analysis of individual factors

R square=0.077, P=0.011		
	Standardized Coefficients	Sig.
	Beta	
Individual factors	0.138	.102

According to the results in the summarized Table 4.7, findings show that individual factors significantly affect successful implementation of recommendations ($r = 0.138$). This means that individual factors are a significant determinant of successful implementation of recommendations.

Whereas the majority of the respondents were not sure whether Individual factors affect successful implementation of the Auditor General’s recommendations with a mean score of 21.6 as shown in Table 4.5, a review of literature from BMAU Half Year Monitoring Report(2015:2) shows that staff’s attitude has been marred by incidences of lack of national values, poor attitude towards work, lack of ethics, absence of client centeredness in service delivery, and lack of initiative to adapt to modern technologies like ICT facilities. Despite various capacity building initiatives and the existing laws, public servants have remained inward-looking and self-centred.

This has been persistent in the public service especially in the implementation of the Auditor General’s recommendations where the attitude of some staff has not changed, thus affecting their successful implementation.

4.4.3 Nature of findings that affect successful implementation of Auditor General's recommendations in Soroti District

The third objective of the study was to establish how nature of findings affects successful implementation of the Auditor General's recommendations in Soroti District. The respondents were asked to respond to a number of statements regarding nature of audit findings. The findings are summarized in Table 4.8.

Table 4. 8: Shows results of nature of Audit Findings affecting successful implementation of Auditor General's recommendations

Variables	SA		A		N		D		SD	
	Fre	%	Fre	%	Fre	%	Fre	%	Fre	%
Nature of the findings										
Timing of the findings	30	46.2	10	15.4	15	23.1	5	7.7	5	7.7
Focus of the stakeholders	30	46.2	15	23.1	5	7.7	5	7.7	10	15.4
Mean	30	46.2	12.5	19.25	10	15.4	5	7.7	7.5	11.6

Source: Primary Data

According to the findings, 53.8% agreed that the nature of findings affected implementation of the Auditor General's recommendations, 23% also supported the idea, 7.6% of the respondents were not sure, 7.6% disagreed and 7.6% strongly disagreed with the statement. This means that the minority of respondents were not aware of how the nature of the audit findings affects implementation of the Auditor General's recommendations.

Barnes (2004:11) argued that specific knowledge must be developed to raise awareness on how the nature of findings is very vital in implementing the Auditor General's recommendations.

Table 4. 9: Showing correlation results of nature of audit findings and successful implementation

	Nature of audit findings	Successful implementation
Pearson correlation	.143	1
Sig.2 tailed	.111	
N	65	65

*. Correlation is significant at the 0.05 level (2-tailed).

According to the results in Table 4.9, nature of the findings factor and successful implementation were found to have a significant positive relationship ($r=0.143$, $p<0.05$). Thus, the hypothesis that stated that nature of the findings would have a significant influence on successful implementation of recommendation is accepted. This means that nature of findings has a positive effect on implementation of recommendations.

A regression analysis was conducted and the results are summarized below;

Table 4. 10: showing Regression analysis of Nature of audit findings

R square=0.077, P=0.011		
	Standardized Coefficients	Sig.
	Beta	
Nature of findings	0.143	0.111

According to the results in the summarized Table 4.10, findings show that institutional factors significantly affect successful implementation of recommendations ($r = 0.143$). This means that

institutional factors are a significant determinant in successful implementation of recommendations.

According to review of the Auditor General’s reports from F/Y 2010/11 to F/Y2013/14, there has been an average low rate of 44% in implementing audit recommendations in time as the same findings keep appearing in the report year in year out.

Table 4. 11: Shows Implementation status of Auditor General’s recommendations

ITEMS	F/Y 2010/11	F/Y 2011/12	F/Y 2012/13	F/Y 2013/14	Mean
No. of recommendations made	9	13	11	4	9
Implemented	3	6	5	2	4
Not Implemented	6	7	6	2	5
%age of Implementation	33%	46%	45%	50%	44%

The same findings recurring every year implies that Parliament, one of the key stakeholders in implementation of the Auditor General’s recommendations is not doing the much desired job that it is mandated to do by the Constitution, as per section 299 that requires it to monitor and oversee expenditure by the State and all commissions and institutions and agencies of government at every level, including local authorities like Soroti District.

Improved monitoring will ensure that all revenues received are accounted for and expenditures are properly incurred and any limits and conditions on appropriations have been observed. This

will go an extra mile in ensuring that the Auditor General’s recommendations are implemented timely and thus improve service delivery to the citizens of Soroti District (Auditor General’s Report, 2014:7).

Table 4. 12: Shows Respondents’ opinion on Performance Audit

	Statements	very poor	poor	neutral	good	very good
1	Structure of your organization	4.2	7.5	23.2	38.9	26.2
2	Capacity and competency of human resources	1.7	2.7	22.7	52.4	20.4
3	Supervision and control of your organization	2.5	4.0	23.7	45.1	24.7
4	Service quality of your organization	2.0	2.5	23.2	54.1	18.2
5	Internal control of human resources	3.2	5.2	27.4	45.9	18.2
6	Preparation of plan and bid of your organization	2.5	2.2	22.7	44.1	28.4
7	Budget utilization of your organization	3.0	5.5	19.5	43.4	28.7

From Table 4.12 above, it can be seen that respondents are in agreement to all statements. Majority of the respondents (65.1%) believe that, the structure of the organizations are acceptable: 72.8% them consider that competences of human resources are acceptable, 69.8% opine that supervision and control of the organizations are at acceptable stage, service quality at

72.3%, internal control of human resources at 64.1%, preparation of plan and bid at 72.5% and budget utilization of the organizations at 72.1% considered as good and in all items greater than 20%, respondents believe that the institutions performance is neutral, i.e. not good or not poor. Hence, we can conclude that though the performance of the organization is good, there is still need for improvements in this regard.

4.5.0 Assessment of Multicollinearity of independent variable

Multicollinearity exists when there are strong correlations among the predictors and the existence of r value greater than 0.80, tolerance value below 0.10 and Variance Inflation factor (VIF) greater than 33 10 in the correlation matrix are the causes for the multicollinearity existence (Field, 2009; Myers, 1990; Pallant, 2007). Tolerance is a statistic used to indicate the variability of the specified independent variable that is not explained by the other independent variables in the model.

Table 4. 13: Results showing Collinearity of Statistics

Variables	Collinearity statistics	
	Tolerance	VIF
Organizational factors	.723	1.317
Individual factors	.604	1.655
Nature of findings	.826	1.211
Increased accountability	.805	1.242
Improved health	.721	1.387
Better quality education	.890	1.124

Source: Survey data, 2016 SPSS output

As shown in the Collinearity table, that the tolerance levels for all variables are greater than 0.10 and the VIF values are less than 10 (see Table 4.11 above), and also the correlation matrix of all the variables have the paired values among the predictors are less than 0.80 (see Table 4.12 below) indicates that there were no multicollinearity problems that alter the analysis of the findings. Rather it leads to the acceptance of r value, tolerance and VIF values.

Table 4. 14: Results of Pearson Correlations Matrix on Gender and Participation in Auditing

		Gender	Participation in auditing
Gender	Pearson correlation	1	.720
	Sig.(2-tailed)	.	.000
	N	65	65
Participation in auditing	Pearson correlation	.720	1
	Sig.(2-tailed)	.000	.
	N	65	65

** . Correlation is significant at the 0.01 level (1-tailed). * Correlation is significant at the 0.05 level (1-tailed).

Source: Survey data, 2016 SPSS output

Table 4.12 above depicts the correlation between the independent variables and also with the dependent variables. The result showing the acceptable reliability of the research variables in which the correlation among predictors were not high indicates there are no Multicollinearity

problems among variables. As of the relationships between the dependent variables (IAE) and independent variables (MS, MP, OIN, ACIAS and AIAC), some findings are significant.

Furthermore, the strong correlations between the dependent variable internal audit effectiveness (IAE) and independent variables MS ($r = 0.399$), ACIAS ($r = 0.575$) and AIAC ($r = 0.402$) with ($P < 0.01$) level of significance, show strong support for the first, fourth and fifth hypotheses respectively. However, there were no significant correlations among the MP and OIN with internal audit effectiveness, thereby leading to the rejection of the second and third hypotheses. The correlation analysis was utilized to reject or accept research hypotheses in previous audit research in addition to the regression analysis (Cohen and Sayag, 2010).

4.5.1 Results showing assessment of Autocorrelation

Data were assessed to ensure that the autocorrelation is not a threat for the use of OLS for analysis. This assumption can be tested with the Durbin-Watson test which tests for serial correlation between errors and values closer to 2 are acceptable (Field, 2009). As described in Table 4.13 below, the fact that the Durbin-Watson statistics value is 1.952 which is very close to 2 suggests that there is no severe autocorrelation among error terms.

4.6.0 The Regression Results and Hypothesis Testing

The regression results are obtained by regressing institutional and individual factors that affect the successful implementation of the Auditor General's recommendations. The regression result explores the necessary indicators by using variables. Data were assessed to ensure that the autocorrelation is not a threat for the use for analysis. This assumption can be tested with the Durbin-Watson test which tests for serial correlation between errors and the value closer to 2 is

acceptable (Field, 2009). As described in Table 4.13 below, the fact that the Durbin-Watson statistics value is 1.952, which is very close to 2, suggests that there is no severe autocorrelation among error terms.

Table 4. 15: Showing Regression results of independent variable

R = 0.743 R2 = 0.551 Adj. R2= 0.507 Std. Error of the Estimate = 2.7287							
Durbin-Watson (d) = 1.952 F = 12.292 P = .000							
Variables	Unstandardized Coefficients		Standardized Coefficients		sign	Collinearity Statistics	
	B	Std. Error	Beta	t-value		Tolerance	VIF
Funding constraints	29.676	5.984		4.959	000		
Acc and fin regulations	1.705	.202	.424	3.481	.001**	.604	1.651
Skills and knowledge	.047	.168	.029	.282	0.779	.826	1.211
Auditing processes	.135	164	.087	.825	0.413	.805	1.242
Attitude of staff	1.196	.191	.698	6.257	000**	.721	1.387
Beliefs of staff	1.155	.298	.423	4.208	000**	.890	1.124

*P< 0.01, 95% level of Confidence, N = 65Source: *Field data, 2016 SPSS output.*

4.5.2. Hypothesis Testing

The regression analysis whose results are presented in Table 4.13 above provides a more comprehensive and accurate examination of the research hypothesis. Therefore, the regression results obtained from the model were utilized to test these hypotheses. The following hypotheses

test were conducted based on the regression results of the nature of findings, organizational and individual factors obtained from the regression output.

H1: Organizational factors affect the implementation of Auditor General's recommendations in Soroti District Administration

The first hypothesis of this research posted that Organizational factors affect the implementation of the Auditor General's recommendations in Soroti District Administration. Showing the strongly correlated relationship between the auditing process and the management support, the positive beta sign and a statistically significant result of management support related with the accounting and financial regulations ($\beta = 1.705$, $t = 3.841$, $P < 0.01$) support the proposed hypothesis as acceptable. There is management support in terms of providing resources, giving trainings, introducing new technologies, providing enough facilities and facilitating the internal audit process with commitments to promote implementation of the recommendations by the Auditor General's Office and this in turn strongly supports the first proposed hypothesis (H1).

H2: Individual factors affect implementation of Auditor General's recommendations in Soroti District Administration

The second hypothesis of this research revealed that there is no direct relationship between the individual factors and how they affect the implementation of the recommendations. This hypothesis was not supported by the regression result as results indicated an insignificant relationship at ($P < 0.05$). As shown in the table above, the coefficients of skill and knowledge ($\beta = 0.047$) were positively related but statistically ($t = 0.282$, $P > 0.05$) not significantly related with the individual factors.

H3: Nature of findings affects implementation of Auditor General's recommendations in Soroti District Administration

As shown in Table 4.13 above, the coefficients of ($\beta = .135$, $t = .825$) were positively related with the nature of findings. But because of its statistical result ($P > 0.05$) the regression output result has not statistically indicated a significant relationship between the nature of findings and how it affects the implementation of the Auditor General's recommendations.

The regression output result also supports this hypothesis with significantly correlated variables with the level of significance ($\alpha < .01$) and the positively related coefficients ($\beta = 1.255$ and $t = 4.208$) contributing for the internal audit effectiveness. This indicates the significant impacts to increase the ability of internal auditors to identify the non-compliance activities and the higher contribution to the public sector. This strongly supports the proposed hypothesis of that the nature of findings affects implementation of the Auditor General's recommendations in Soroti District.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The main concern of this study was to examine factors that affect successful implementation of the Auditor General's recommendations in local governments. Specifically, the study aimed to examine organizational, individual factors and the nature of findings that affect successful implementation of the Auditor General's recommendations in Soroti district. The aim of this chapter is to present the conclusions on objective by objective, recommendations and areas for further study.

5.2 Summary of Findings

The findings on the extent to which organizational factors affect the implementation of the Auditor General's recommendations in Soroti District revealed that restrictive budgets affect the implementation of the recommendations made by the Office of the Auditor General. This was indicated by the majority of respondents who strongly agreed to the statements that organizational factors (funding constraints, accounting and financial regulations, auditing processes and procedures) affect the implementation of the Auditor General's recommendations. The majority of the respondents also noted that they were certain about transparency and accountability, and that internal auditing was being carried out at minimum possible costs, as well as the use of proper auditing software. The inadequacies in adherence to internal audit

standard requirements, and funding constraints greatly affect the implementation of the Auditor General's recommendations.

The respondents gave a number of recommendations on strategies to adopt in improving implementation of the Auditor General's recommendations. These recommendations include: the enforcement of internal audit standards; ensuring independence of internal auditors; recruitment of qualified and skilled internal auditors; regular and timely internal auditing; prioritizing staff skills training and development.

Other recommendations are allocating more funds for internal auditing; improving the working environment; updating hardware, software and working tools; ensuring transparency and openness; intensifying efforts against corruption; as well as enhancing cooperation among various Government agencies during the Audit process. It is expected that if these recommendations by the respondents are put into effect, there will be effectiveness in implementation of the Auditor General's recommendations in Soroti District.

Another recommendation given by the respondents was the need to improve the working environment of public servants, especially in local governments, as their motivation/morale was found to be low due to poor remuneration and low career growth trends in terms of promotion. This cuts across various sectors, especially health and education, where accommodation facilities for both teachers and health workers was been found inadequate and in some areas completely unavailable.

5.3 Discussion on the study

The purpose of this study was to examine factors that affect successful implementation of the Auditor General's recommendations in local governments, particularly Soroti District Administration. Auditors in Soroti District are hampered by several restraining factors which include: lack of technology, financial and human resources; restricted access to records of auditees; limited time available for audit; lack of staff competence; ineffective training institutes and qualified trainers; weak applicability of new auditing methods; high need of learning materials; auditee size; massive corruption; resistance to new computerized auditing techniques; lack of powers to take actions against malpractices and deviations; full operational independence and lack of financial independence; political pressures and lack of top management support; lack of auditee cooperation to accept audit findings; heavy reliance on auditee for audit; and lack of promotions. By taking this aspect into consideration, this study has identified factors that determine the implementation of the Auditor General's reports in local governments, which are summarized as follows:

5.3.1 Organizational factors and implementation of Auditor General's recommendations in Soroti District

It was noted that Government auditors are unable to bring accountability and transparency in an effective manner because of several restraining forces. They are unable to present a true picture of government entities which directly affects budgeting decisions of Parliament. Government entities use public money for personal benefits rather than public welfare. In a nutshell, it can be asserted that when audits are unable to deliver true facts, the public loses trust in government; moreover, the economic welfare of the country remains at stake. The existence of effective internal audit in the Office links with internal control, risk management system, improves

organizational efficiency and effectiveness, reduces information asymmetry during decision making, and ensures internal reliability of financial reporting process.

Barlow et al (1997:322, cited in Skalaunda,1999), recommends that all unfavorable findings should be followed up to determine whether the agreed actions are taken, The Office of Auditor General, auditee, and Parliament's committee should continuously follow up to determine whether recommended corrective actions have been implemented and are effective. The follow up should be scheduled after the recommendations are agreed upon and should be based on who assigned the responsibility, when corrective action is to be taken and what has to be done.

5.3.2 Nature of findings and implementation of Auditor General's recommendations in Soroti District

As regards to the dimensions of the nature of findings, it was concluded according to the hypothesis that nature of findings had a significant positive effect on successful implementation of the Auditor General's recommendations. Factors relating to funding, processes and regulations in which the District operates and political influence from the executive council of the district affects successful implementation of Auditor general's recommendations.

As put forward by Barnes (2004:11) specific knowledge must be developed to raise awareness on how the nature of findings is very vital in implementing the Auditor General's recommendations because when findings are raised and reported to auditees, most times its late to take corrective action by responsible Accounting Officers because of the nature of audit that is a Post exercise rather than Preventive course of action.

5.3.3 Individual factors and implementation of Auditor General's recommendations in Soroti District

The findings related to individual factors revealed that lack of independence from employer, inadequate skills among internal auditors, inadequate facilities in internal audit departments, inadequate funds to carry out internal audit, inadequate cooperation among staff, limited transparency and openness, as well as lack of commitment from management staff to be the major challenges. In particular, lack of independence and autonomy from the employer are notable bottlenecks, and these are common challenges in many districts. There is need to ensure objectivity through ensuring autonomy of the internal auditors or through involvement of external auditors.

5.4 Conclusion

The following are the main points drawn from the study on the implementation of audit recommendations and the main factors hindering the implementation of audit recommendations in Soroti District Local Government.

5.4.1 Organizational factors and implementation of Auditor General's recommendations in Soroti District

For audit of any kind to be successful, it needs to operate in an environment where transparency and public accountability are normal occurrences. There is need for lenient accountability with regard to implementation of audit recommendations. Primary responsibility for implementing agreed upon audit recommendations generally falls upon management/leaders of the public institutions that were subject to the audit. Successful implementation of audit recommendations requires strong management (leaders) to oversee and plan implementation and timeframes for

addressing the required action. Implementation planning should involve key stakeholders, including the internal audit function. In this regard, public institution leaders have no plan to implement audit recommendations.

5.4.2 Nature of findings and implementation of Auditor General's recommendations in Soroti District

It was also concluded that there is a positive relationship between nature of findings ranging from timing of the audit exercise and the focus of key stakeholders like Government policy makers who choose the key sectors where the Government concentrates its resources, for example Agriculture, Education and Physical infrastructure like roads and bridges. However, the statistical result ($P > 0.05$) and the regression output result have not statistically indicated a significant relationship between the nature of findings and how it affects the implementation of the Auditor General's recommendations.

5.4.3 Individual factors and implementation of Auditor General's recommendations in Soroti District

Inadequate follow up action by auditee, Auditor General and parliament committee to check whether recommended actions have been implemented has been main cause of the non-implementation of audit recommendations. It was also concluded that there is no direct relationship between individual factors such as staff attitudes, beliefs and knowledge of staff and implementation of the Auditor General's recommendations. However, the approach encourages positive attitude from staff rather than their beliefs in audit to implement the Auditor General's recommendations. Nevertheless, it was concluded that individual factors have no direct relationship in affecting the implementation of the Auditor General's recommendations.

5.5 Recommendations from the study

Based on the findings of the study, the following are the principal recommendations made to improve implementation of audit recommendations. This study only focused on three factors that affect implementation of the Auditor General's recommendations in Soroti District and according to the findings, timely implementation of these recommendations would increase accountability, improved health, and better quality education in Soroti. This implies that there are other factors that affect implementation of the Auditor General's recommendations in Soroti District other than organizational factors, individual factors and nature of findings.

Implementation of the Auditor General's recommendations can be increased through paying attention to restraining forces. This study only focused on three factors that affect implementation of the Auditor General's recommendations in Soroti District and according to the findings, the following recommendations are suggested with regard to the objectives of the study;

5.5.1 Organizational factors that affect the successful implementation of the Auditor General's recommendations

In relation to the organizational factors that affect successful implementation of the recommendations and based on the findings, Government auditors should have full independence to operate without pressure from outside. In this way, they can bring accountability and transparency in the public sector. Auditors have to follow up auditee to observe whether the auditee has adopted recommendations made in previous audit or not. Government auditors have a proper channel and system to follow up audit.

Auditors have full operational independence, but they lack financial independence because budget is allotted by Parliament. Appropriate budget should be assigned to eliminate that reliance. Top management must support auditors to conduct audit honestly and fairly. Audit paragraphs must not be changed on directions of political pressures and personal interest of management. Technology should be upgraded in a timely manner to encourage all employees to use computerized auditing techniques.

The Office of Auditor General should establish system for progress reports of implementation of audit recommendations detailing their plan and implementation target achieved preferably semi-annually and the closure should be formal.

The auditee public institutions should maintain separate record for the number of audit recommendations received (financial and performance) to fully/partially implement and submit implementation progress report to the Office of Auditor General. The risks involved and the time taken to implement recommendations within entities can vary. Nonetheless, if implementation is not prompt, and individual risks remain untreated, the full value of the audit will not be achieved. In this context, it is important that the government makes the institutions/leaders liable for non-implementing audit recommendations.

5.5.2 Individual factors that affect the successful implementation of Auditor General's recommendations

With regard to the individual factors that affect successful implementation of the Auditor General's recommendations there is need for consistent and objective Performance appraisals of staff to be conducted in a timely manner to have a check and balance on employees and must

recommend performance indicators for auditors. This calls for hiring of appropriate number of employees to equally share the workload.

Government should also provide career opportunities to enhance motivation and satisfaction level with the job. System of merit-based recruitment rather than favouritism based recruitment should be introduced. Highly educated and technologically aware professionals should be selected with Auditors promotions based on performance basis rather than seniority in the office.

Training sessions should be conducted to upgrade audit skills of both Auditors and Auditees. Audit teams should comprise both new and experienced auditors to enhance their competency levels and share experiences both in explicit and implicit terms. In this way, training cost can be saved through on the job training methods. Employees can learn and share knowledge and experience through activities like peer reviews in a friendly and conducive environment that enhances openness about information and knowledge sharing at their workplaces.

5.5.3 Nature of findings that affect the successful implementation of Auditor General's recommendations

Audit findings should be shared with the public. An appropriate communication strategy should be adopted to communicate audit findings in easily understandable language to the general public. In addition, media whistle-blowing activities and civil participation in audits should be encouraged.

Auditors must follow up with auditees to check whether they are following and implementing recommendations made. This follow up will reduce chances of further errors and mistakes. Auditors should have powers to take actions against fraud in financial data rather than merely reporting.

Primary responsibility for implementing agreed upon audit recommendations generally falls upon management/leaders of the public institutions that were subject to the audit. Successful implementation of audit recommendations requires strong management (leaders) to oversee and plan implementation and timeframes for addressing the required action. Implementation planning should involve key stakeholders, including the internal audit function. In this regard, public institution leaders have no plan to implement audit recommendations.

5.6 Limitations of the study

The researcher faced difficulty in meeting members of the Local Government District Public Accounts Committee as they resided in far off areas from the district headquarters. Another related challenge was that fieldwork was carried out during election and campaign period, which made it difficult to access some District councilors as they were busy in the field canvassing for votes.

Further research is required to identify the extent to which other local governments that have implemented the Auditor Generals recommendations in a timely manner have benefited in service delivery in terms of improved health services and better quality education.

5.7 Contributions of the study

Soroti District Administration will be able to improve on its performance and public service delivery to its residents by timely implementation of the Auditor General's recommendations through improving its balanced score-card according to ACODE Policy Research Series (2011:55). Finally, the District management will understand exactly what factors affect them in their pursuit for successful implementation of the Auditor General's recommendations and the solutions they need to apply to overcome them. After management has addressed the factors

hindering their daily work activities, their performance as a district will improve steadily, thus leading to increased accountability, better health services and improved education services, among other benefits.

5.8 Recommendation for future Study

This study focused on examining the factors that affect successful implementation of the Auditor General's recommendations in local governments, particularly Soroti District Administration. There is a need to carry out a similar study in other districts of Uganda as well from Ministries and other Government agencies audited by the Office of the Auditor General, in order to get further input on the topic.

Therefore, future research should focus on these other factors which affect implementation of the Auditor General's recommendations like timely discussion of Auditor General's report by the Public Accounts Committee, application of computer-aided auditing techniques (CAATs) by auditors, Government policies, among others.

Secondly, since the study only focused on Soroti District, other researchers can do further research on other districts outside Uganda to find out what factors affect them as well in implementing the Auditor General's Recommendations.

In conclusion, it should be noted that examining the factors that affect the successful implementation of the Auditor General's recommendations is important in order to analyze its usefulness to the public sector and realize its future contribution on matters of Accountability and Transparency. In the matter of factors determining the audited entity's acceptance to implement the auditor's recommendations in the view of the auditees, the auditor –auditee

relationship was considered to be a very significant factor. Interviewees highlighted most frequently the importance of the equal partner relationship between the auditor and the auditee.

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**APPENDIX I: CERTIFICATE OF PROOF THAT DISSERTATION HAS BEEN EDITED
MUKOTANI RUGYENDO**

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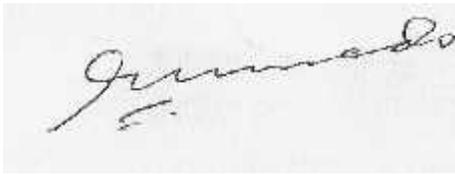
KAMPALA

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16 August 2016

CERTIFICATE OF PROOF THAT DISSERTATION HAS BEEN EDITED

This is to certify that the Master's Degree dissertation entitled, **Factors Affecting Successful Implementation of Auditor General's Recommendations in Local Governments in Eastern Uganda: The case of Soroti District by Gad Atuhumuza**, has been reviewed and corrected in order to ensure clarity of expression and consistency regarding key style aspects like general grammar, sentence construction, logical flow, tenses especially in relation to writing reports and presenting findings , punctuation, citation and referencing.

A handwritten signature in black ink, appearing to read 'Mukotani Ruyendo', is written on a light-colored background.

Mukotani Ruyendo

Professional Editor

APPENDIX II: QUESTIONNAIRE

UGANDA TECHNOLOGY AND MANAGEMENT UNIVERSITY

School of Business and Management

Dear respondent (s), am a student of Uganda Technology and Management University carrying out research on your organisation (Soroti District) about the factors that affect successful implementation of Auditor General's recommendations. The research is purely academic being a requirement for a qualification of a master's degree in Public Administration and Management.

Information and your opinion provided will be treated with the highest degree of confidentiality.

Therefore I request you to answer the following questions

Thank you.

Yours Sincerely

Gad Atuhumuza

SECTION A: DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS; (tick the appropriate)

1. Department

.....

2. Gender

a) Male

b) Female

3. What is your level of education?

a) Diploma

b) Bachelor's degree

c) Professional

d) Any other qualification specify.....

4. How long have you been in this department?

a) 1-2 years

b) 3-4 years

c) 5-6 years

d) 7 and above

5. Do you participate in the auditing exercise when external auditors are in your district?

a) Yes

b) No

SECTION B: ORGANISATIONAL FACTORS AFFECTING IMPLEMENTATION OF AUDITOR GENERALS RECOMMENDATIONS.

6. To what extent do you agree that funding constraints to your district affect implementation of Auditor general's recommendations?

a) Strongly agree

b) Agree

c) Not sure

d) Disagree

e) Strongly Disagree

7. To what extent do you agree that accounting and financial regulations affect implementation of Auditor general's recommendations in your district?

a) Strongly agree

b) Agree

c) Not sure

d) Disagree

e) Strongly Disagree

8. To what extent do you agree that auditing processes and procedures affect implementation of Auditor general's recommendations in your district?

a) Strongly agree

b) Agree

c) Not sure

d) Disagree

e) Strongly Disagree

8. To what extent do you agree that political influence affect implementation of Auditor general's recommendations in your district?

a) Strongly agree

b) Agree

c) Not sure

d) Disagree

e) Strongly Disagree

SECTION C: INDIVIDUAL FACTORS AFFECTING IMPLEMENTATION OF AUDITOR GENERALS RECOMMENDATIONS.

9. To what extent do you agree that attitudes of staff affect implementation of Auditor general are recommendations in your district?

a) Strongly agree

b) Agree

c) Not sure

d) Disagree

e) Strongly Disagree

10. To what extent do you agree that staff beliefs affect implementation of Auditor general's recommendations in your district?

a) Strongly agree

b) Agree

c) Not sure

d) Disagree

e) Strongly Disagree

11. To what extent do you agree that skill and knowledge of staff about auditing exercise affect implementation of Auditor general's recommendations in your district?

a) Strongly agree

b) Agree

c) Not sure

d) Disagree

e) Strongly Disagree

SECTION D: NATURE OF FINDINGS AFFECTING IMPLEMENTATION OF AUDITOR GENERALS RECOMMENDATIONS.

12. To what extent do you agree that timing of findings of Auditor general affect their implementation in your district?

a) Strongly agree

b) Agree

c) Not sure

d) Disagree

e) Strongly Disagree

13. What do you think would be the best time of implementing Auditor general recommendations in your district?

- a) Immediately on receiving report
- b) In the next financial year
- c) After report has been discussed by PAC
- d) Any other time

14. To what extent do you agree that the focus of key stakeholders affect implementation of Auditor general's recommendations in your district?

- a) Strongly agree
- b) Agree
- c) Not sure
- d) Disagree
- e) Strongly Disagree

15. What other factors other than those mentioned above do you think affect implementation of Auditor general's recommendations in your district?

- i)
- ii)
- iii)

SECTION E: OUTCOMES OF IMPLEMENTING AUDITOR GENERAL'S RECOMMENDATIONS

16. To what extent do you agree that implementation of Auditor general's recommendations has increased accountability in your district?

a) Strongly agree

b) Agree

c) Not sure

d) Disagree

e) Strongly Disagree

17. To what extent do you agree that implementation of Auditor general's recommendations has improved health service delivery in your district?

a) Strongly agree

b) Agree

c) Not sure

d) Disagree

e) Strongly Disagree

18. To what extent do you agree that implementation of Auditor general's recommendations has improved quality of education in your district?

a) Strongly agree

b) Agree

c) Not sure

d) Disagree

e) Strongly Disagree

19. What other benefits do you think your district could enjoy if they implemented Auditor General's recommendations?

i)

ii)

Thank you for taking time to fill this questionnaire. God bless you.

APPENDIX III: KEY INFORMANT INTERVIEW GUIDE

Introduction

I am Gad Atuhumuza, a student of UTAMU pursuing a Master's in Public Administration and Management. I am conducting this academic oriented study about the factors affecting successful implementation of Auditor general's recommendations in Eastern Uganda. The information provided will be treated with high level of confidentiality as your names will not be required in this study. Please do not indicate your name.

Thank you,

Gad Atuhumuza

Questions

1. Gender of respondent

2. Position in the District

3. What kind of influence do Auditor general recommendations have on the nature of your operations?

4. In which ways do Auditor general recommendations affect your budgeting /resource allocation process?

5. How do Auditor general recommendations determine your implementation of activities in the district?

6. How do Auditor general recommendations influence the revision of your budgets?

7. In what ways have Auditor general recommendations contributed to your general performance in service delivery as a district?

8. Do Auditor general recommendations affect your decision making in implementation of your activities?

9. What organizational factors affect the successful implementation of Auditor general's recommendations?

10. What individual factors affect successful implementation of Auditor general's recommendations?

11. How does nature of findings affect successful implementation of Auditor general's recommendations?

12 According to your experience, why does Auditor general's recommendations fail to be implemented on time?

13 In which ways has implementation of Auditor general's recommendations improved the status of your district in the eastern region?

Thank you very much for your time and the information provided.

Appendix IV: Estimated reliability coefficient in varying samples sizes

Samples size (n)	Mean item correlation	Split-half reliability	Alpha coefficient (α)	Theta coefficient (τ)	Omega coefficient (Ω)
33	0.3780	0.8408	0.8631	0.8703	0.8500
34	0.3746	0.8445	0.8609	0.8684	0.8475
35	0.3657	0.8304	0.8559	0.8668	0.8419
36	0.3605	0.8269	0.8526	0.8591	0.8386
37	0.3547	0.8288	0.8487	0.8552	0.8348
38	0.3521	0.8310	0.8471	0.8531	0.8329
39	0.3479	0.8297	0.8436	0.8505	0.8297
40	0.3428	0.8242	0.8398	0.8469	0.8261

45	0.3276	0.8177	0.8283	0.8346	0.8160
50	0.3087	0.7777	0.8099	0.8169	0.7988
60	0.3023	0.7818	0.8035	0.7877	0.7899
70	0.2980	0.7486	0.7976	0.7877	0.7857
80	0.2940	0.7458	0.7930	0.7836	0.7818
90	0.2981	0.7574	0.7959	0.7860	0.7836
100	0.2998	0.7648	0.7983	0.7844	0.7862
110	0.2848	0.7673	0.7947	0.7772	0.7831
120	0.2970	0.7710	0.7946	0.7815	0.7850
130	0.2915	0.7544	0.7883	0.7720	0.7789
140	0.3124	0.7857	0.8111	0.8014	0.8004
150	0.3098	0.7628	0.8101	0.7956	0.7976
200	0.3114	0.8119	0.8129	0.8029	0.7995
250	0.3047	0.8129	0.8068	0.7915	0.7923

Appendix V: Krejcie and Morgan table for sample determination

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note: "N" is population size
"S" is sample size.

Source: Krejcie & Morgan, 1970