



Auditor Independence: Evidence from Ghanaian Polytechnics


Mawutorwu Doe¹ 

Frank Owusu² 

Eugene Oware Koranteng³ 

Ebenezer Mensah Annan⁴ 

^{1,2,3,4}Koforidua Polytechnic, Faculty of Business and Management Studies, Koforidua, Ghana

( Corresponding Author)

Abstract


There is a perception that internal audit units (IAUs) in private and public sector organisations cannot be independent in executing their functions because the personnel of the units are on the one hand employees of their organisations and on the other hand expected to provide assurance services to management professionally. Such an outlook has the tendency to impair the credibility of IAUs as well as the professionalism of the IAU. This exploratory study examined the independence in appearance of the IAUs in selected Ghanaian polytechnics within the framework of organisational status of the IAUs, reporting line of the IAU and the power conferred on the Ghanaian public sector audit committee (AC) to ensure independence. Data was collected from the Directors of Audit (DOA) using a survey method. Results of the study suggest that the IAUs in Ghanaian polytechnics are largely independent in appearance. However, the study suggests that the Ghanaian AC has only an audit report implementation responsibility in reference to the enabling parliamentary act. The paper contributes to the auditing literature by providing some insights into the concept of auditor independence in public sector organisations within the context of national legislation and international best practice in the auditing profession.

Keywords: Auditor independence, Audit committee, Objectivity.

Contents


1. Introduction	267
2. Literature Review	267
3. Methodology.....	269
4. Conclusions	270
References	270

Citation | Mawutorwu Doe; Frank Owusu, Eugene Oware Koranteng; Ebenezer Mensah Annan (2016). Auditor Independence: Evidence from Ghanaian Polytechnics. Asian Journal of Social Sciences and Management Studies, 3(4): 266-271.

DOI: 10.20448/journal.500/2016.3.4/500.4.266.271 

ISSN(E) : 2313-7401

ISSN(P) : 2518-0096

Licensed: This work is licensed under a [Creative Commons Attribution 3.0 License](https://creativecommons.org/licenses/by/3.0/) 

Contribution/Acknowledgement: All authors contributed to the conception and design of the study.

Funding: This study received no specific financial support.

Competing Interests: The authors declare that they have no competing interests.

Transparency: The authors confirm that the manuscript is an honest, accurate, and transparent account of the study was reported; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained.

Ethical: This study follows all ethical practices during writing.

History: **Received:** 8 June 2016/ **Revised:** 19 August 2016/ **Accepted:** 23 August 2016/ **Published:** 27 August 2016

Publisher: Asian Online Journal Publishing Group

1. Introduction

The call by corporate entities, professional bodies and academic researchers for the internal audit units (IAUs) to improve their audit capability increased globally following the corporate scandal of Enron and other reputed business organisations. In an attempt to salvage the situation, diverse legislations and regulations have emerged to give the IAU prominence in the corporate governance process.

To this end, the role and scope of the Internal Audit Unit (IAU) is evolving to meet the demands of the changing business environment and its diverse stakeholder needs so as to achieve and promote better corporate governance. The IAU is currently expected to provide an independent assurance and consulting services to management to evaluate an institution's risk management, internal control system, corporate governance processes to ensure that they are adequate and functioning properly and simultaneously ensuring proper safeguarding of assets, preventing and the detection of fraud and errors (The Institute of Internal Auditors (IIA), 2004; Carcello *et al.*, 2005; Aikins, 2011).

It is therefore not surprising that the IAU has been identified as one of the pillars of good corporate governance that complements the board of directors, audit committees and external auditors (Anderson *et al.*, 1993) globally. Essentially, good corporate governance will be incomplete without the IAU. Not only is the IAU an essential pillar of the corporate governance structure but also an indispensable unit as it has a most profound knowledge of happenings in the organizational setting (Cohen and Sayag, 2010; IIA, 2012).

The establishment and conduct of the IAUs in the private companies and firms is not required by statute or regulation however they are required as way of best practice. Their establishment and conduct in the public companies and the public sector is required by statute and regulations (Godwin, 2004; Sterck and Bouckaert, 2006).

For instance, in the United States of America (USA), the SOX (2002) regulates public companies while in the United Kingdom (UK), the UK Corporate Governance Code and the Turnbull report regulate public companies. To strengthen corporate governance in the Ghanaian public sector administration, various legislations have been passed since independence to regulate the conduct of the internal audit. Currently, among the legislations are the 1992 Constitution of the Republic of Ghana, The Audit Service Act, 2000, (Act 584), the Internal Audit Agency Act, 2003, (Act 658), the Public Procurement Act, (Act 663) and the Financial Administration Act, (Act 654). Whether in the public sector, public or private companies, the IAUs provide assurance services to multiple stakeholders. The assurance services of the IAUs have credibility when they demonstrate an appearance of being independent from management. The usefulness of this quality in IAUs operations has resulted in the formulation of legislations, guidelines, code of ethics and standards demanding that IAUs must be independent and objective in their outlook (SOX, 2002; American Institute of Certified Public Accountants (AICPA), 2010; International Ethics Standards Board for Accountants (IESBA), 2010).

Research evidence has demonstrated that the independence of the IAU is best complemented by the organizational status, reporting levels and the existence of an audit committee (Ahmad *et al.*, 2009; Cohen and Sayag, 2010). It can therefore be envisaged that there may be threats to the independence of the IAUs in the absence of an independent AC in an organization. A survey by the Global Internal Audit Common Body of Knowledge (CBOK, 2015) the world's largest ongoing study of the internal audit profession, in 2015, revealed that only an average 67% of public sector organisations have audit committees compared to 83% in the non-public sector organisations.

The IAUs are increasingly playing an important role in the judicious use of resources in the public sector (Theofanis *et al.*, 2011). They however thread a very slippery path in corporate governance practice because on the one hand they provide assurance services to management and on the other hand provide consultancy services to management as professionals (Sarens and De Beelde, 2006). The IAUs is expected to advise management in their consultancy service and are equally expected to independently assess management. Notwithstanding the fact that internal auditors are employees of the organisations within which they work, they are to report on the adequacy of internal controls as a contribution to the proper, economic, efficient and effective use of resources. As a result of this dual role, there are questions as to whether the IAUs as part of the group of employee of an organisation can be truly independent of management influence and report events in a true and fair manner (Richard and Jordan, 2000; Van Peursem, 2005; Paape, 2007).

To the best knowledge of the researchers, almost two decades after the establishment of the polytechnics in Ghana, there is no empirical research conducted to examine the independence of the IAU in Ghanaian polytechnics as public sector organisations. The primary objective of this paper is to examine the independence in appearance of the IAU in Ghanaian polytechnics. This independence in appearance will be examined within the framework of organisational status of the IAUs, reporting line to the board of directors and the powers of the audit committee in Ghanaian public sector organisations.

2. Literature Review

Auditor independence is important because it has an influence on audit quality. The IAUs are regarded as an integral component of corporate governance practice and are expected to provide assurance and consulting services (Christopher *et al.*, 2009). The IAUs threads a very slippery path in corporate governance practice in an attempt to be independent because on the one hand they provide assurance services to management and on the other hand they provide consultancy services to management as professionals (Sarens and De Beelde, 2006). Attempts have been made to explain and define the concept of independence. An observation made by regulators and professional bodies alike is that the word cannot be explained nor defined in isolation (Fearnley and Beattie, 2004). There is independence in mind and independence in appearance. Regulators and research academicians have largely come to an understanding that independence in mind relates to one's state of mind and is not easy to prove. Whittington and Pany (2004) concluded that auditor independence is relative and not absolute as it depends on the context. Fearnley and Beattie (2004) summarized definitions of auditor independence from the perspective of various regulators from the UK, USA, Australia, Canada and the European Commission. All the individual definitions by these regulators

clearly distinguished between independence in fact and independence in appearance. Independence in fact is perceived as a mental state and objectivity of the auditor and is not easily subject to proof. DeAngelo (1981) remarked that auditor independence is ‘the conditional probability of reporting a discovered breach’ and this position appears to be inclined more to the mental disposition of the auditor as an individual in being objective and explains the concept of independence in fact. The common understanding shared by the framework regulators about independence in appearance is that the auditor should avoid situations where a reasonable and informed third party would suspect the objectivity of the auditor. Hence, one can reasonably conclude that whereas independence in fact appears to be covert, independence in appearance is overt and subject to some level verifiability without much difficulty. The IIA (1999) defined the independence of the internal auditor as “*The freedom from conditions that threaten objectivity or the appearance of objectivity. Such threats to objectivity must be managed at the individual auditor, engagement, functional and organisational levels*”. Without the concept of independence, the audit activities and the audit report will lose their value of reliance and credibility. Research evidence has demonstrated that the assurance services provided by the auditor will lose their value of reliance and credibility if not for the concept of auditor independence (Stewart and Subramaniam, 2010).

According to IIA (2012) organisational independence allows the audit function to conduct work without interference by the entity under audit. The organizational position of the IAUs can affect its independence in appearance Cohen and Sayag (2010). To achieve organisational independence, international best practices demand that the IAU should be positioned within the organisational structure to enable the head of the IAUs, the chief audit executive (CAE), report to a level that allows it to fulfill its responsibilities (IIA, 2004). Attribute standard (AS) 1110 of the International Standards for the Professional Practice (ISPP) of Internal Auditing (IIA, 2004) prescribes that the chief audit executive (CAE) should report to a level within the organization that allows the IAUs to fulfill their responsibilities. Research results suggest that the organisational status of IAUs is critical in enabling the function to achieve its responsibilities (Sarens and De Beelde, 2006; Stewart and Subramaniam, 2010). Godwin (2004) conducted a study on the similarities and differences between public sector and private sector internal auditing and confirmed that public sector internal auditors report to higher levels compared to private sector internal auditors. To further enhance the organizational independence of the IAU, Practice Advisory 1000-1 of the International Professional Practices Framework (IPPF), captioned purpose, authority and responsibility, stipulates that the purpose, authority and responsibility of the IAU should be defined in an internal audit charter (IIA, 2009). Consequently, the IAUs are empowered to be independent in their operations when the board of directors (BOD) or its equivalent agency approves the internal audit charter. Research has demonstrated that the consequence of an approved internal audit charter in organisations is an added source of authority that strengthens the organisational independence of the IAUs (Van Peursem, 2005). In a comparative study between Germany and China concluded that the IAUs be set up without interference and influence from other departments and should be structured in such a way that it is only under the BOD or by inference the AC which is the functional arm representing the board of directors.

The availability of appropriate legislative instrument also gives the IAU the legal mandate and anchorage to be established to conduct its audit without apprehension and enhances the independence of the IAU (IIA, 2012). The independence of the IAU in the public sector is most effective when there is the legal requirement for the establishment of IAU among other factors (Sterck and Bouckaert, 2006). The International Organization of Supreme Audit Institutions, INTOSAI, which issues the International Standards of Supreme Audit Institutions, ISSAIs, has also remarked that available legislative instruments establishing the IAU in the public sector gives the function a legal protection and enhances its independence (INTOSAI, 2010).

It is expected that the IAUs provide accurate and unbiased information on the judicious use of public resources. Best practice demands that the IAU should have a dual reporting relationship in an organisation in an attempt to maintain independence. Attribute standard 1110 foresaw the relevance of this function and has stipulated that in the pursuit to maintain the independence of the IAU, the CAE should report functionally to the board or the AC and administratively to the Chief executive officer. Because the public sector auditor’s role is to provide unbiased and accurate information on the use of public resources, auditors must be able to conduct and report on their work without interference or the appearance of interference. Oyerogba *et al.* (2014) conducted a study on the reporting independence of IAUs among the Nigerian public sector organisations. The results suggest that the IAUs maintain a reporting independence in the Nigerian public sector organisations. Erasmus and Coetzee (2009) in a study on IAUs in South Africa concluded that to adhere to best practice, the IAUs should report functionally or operationally to their AC and administratively to the CEOs. This posture is also upheld in by the professional bodies (IIA, 2004; IIA, 2012). Contrary to the benefits of functional reporting to the AC, Norman *et al.* (2010) in their study found that some CAE perceive personal threats to their job security when they report directly to the AC. Indeed, there are behavioural issues that accompany the dual reporting functions of the IAUs.

Besides the above mentioned organizational factors which impacts on the independence in appearance of the IAUs, the existence of the AC also strengthens the independence of the IAUs. The IAUs are expected as discussed above to report functionally to the AC. Previous studies have demonstrated that where the IAUs report functionally to the AC, the independence of the IAUs is enhanced by the presence of a strong, independent audit committee and the freedom to act objectively on audit examination (Goodwin and Yeo, 2001; Gray and Manson, 2001; Rittengberg and Schweiger, 2001; Christopher *et al.*, 2009; Muqattash, 2013). The AC and the IAU as elements of the corporate governance process complement each other (Goodwin and Yeo, 2001; IIA, 2009). The role of the AC continues to evolve as a result of the passage of the SOX (2002) in the U.S.A. The AC can reduce management pressure and demonstrate support for the IAU by ensuring that the head of the IAU is not penalised as a consequence of audit which reflect unfavorably on management. Studies have revealed that the existence of the AC helps to maintain the independence of the IAU from management pressures (Fearnley and Beattie, 2004; Ahmad *et al.*, 2009).

The increasing need for good corporate governance coupled with legislation such as the SOX have expanded the responsibilities of AC (Bronson *et al.*, 2009) beyond their oversight responsibilities of assurance to include governance, risk assessment and management, compliance with regulatory and ethical issues. Professional bodies

and academic researchers have remarked that the AC as sub-group of the BOD should give approval to the appointment, dismissal and remuneration of the CAE (IIA, 2004; Alktani and Ghareeb, 2014). In Ghana, the attempt to safeguard the independence of the IAUs in particular is underscored by Section 19 of the Internal Audit Agency Act, 2003, (Act 658). The Auditor-General in Ghana is mandated by articles 187,188 and 189 of the 1992 constitution of the Republic of Ghana to undertake internal auditing in the public sector. Prior to the constitutional provisions giving recognition to the internal auditing in the public sector organisations in Ghana, internal auditing of public sector organisations in Ghana derived its authority from the Audit Service Decree, 1972 (NRCD49) and later specific provisions of the Financial Administration Decree, 1979 (SMCD221). When the Audit Service Act 2000, Act 584 was enacted, it repealed the Audit Service Decree, 1972 (NRCD49) and part V of the Financial Administration Decree, 1979. The Financial Administration Act, 2003 (Act 654) in Section 44 Sub-section (I) empowered the IAUs of public corporations to audit the accounts of their respective departments corporations in accordance with Act 584 and regulations made under the Act. The act that expressly establishes the internal auditing in Ghanaian public sector organisations is the Internal Audit Agency Act, 2003 (Act 658). Section 16(I) of Act 658 states that public sector organisations shall have an IAUs.

In Ghana, the Audit Service Act, 2000 (Act 584) in section 30(1) requires the establishment of an Audit Report Implementation Committee (ARIC) which has the semblance of the AC. Section 30(2a) of Act 584 empowers the ARIC to implement all matters raised in audit reports.

3. Methodology

The population of this study comprises all the Directors of Audit (DOA) in the ten (10) Ghanaian polytechnics. The researchers employed the non-probabilistic sampling technique, specifically purposive sampling in selecting the ten (10) polytechnics. The DOA were selected because the researchers believed that these personnel are reasonably positioned and informed to provide relevant and reliable information on the internal audit activities in the individual polytechnics. The researchers personally travelled to five (5) out of the ten (10) polytechnics and employed the assistant of contemporaries in the other polytechnics to obtain the data. Permission was sought with the individual Rectors of the individual polytechnics and where they were not available the Vice Rectors were contacted. Four (4) Rectors and three (3) Vice Rectors provided the permission needed. The purpose of the study was explained to the authorities and anonymity of each individual polytechnic response assured. The researchers adopted a qualitative research approach in collecting data for this paper using a semi-structured interview guide. The qualitative research approach was employed as opposed to a quantitative research approach because the researchers desired to report on a phenomenon, the independence in appearance of IAUs in Ghanaian Polytechnics. The semi-structured interview guide was employed in this study to allow the respondents ample opportunity to express themselves within the confines of the purpose of the study. The research instruments were pretested among internal auditors of the Ghana Audit Service, Koforidua through a pilot study in order to ensure the questions were simple, straightforward and unambiguous. Constructive feedback was received and appropriate modifications incorporated into the research instruments. The data was collected within a period of four (4) weeks. Data from the interview was analysed and presented descriptively to offer a detail and rich explanation of the existing phenomenon.

3.1. Findings and Discussion

Out of ten (10) DOA who were to provide data for this study, seven (7) of them were available constituting 70% response rate. In assessing the organizational status of the IAUs in the individual polytechnics, the researchers sought information from the respondents on their individual organizational positioning and benchmarked the responses in comparison with the international best practice requirements as stipulated by the IIA. Practice Advisory 1100-1, captioned independence and objectivity, of the IIA stipulates that the independence of the IAUs is achieved through the organizational status of the IAUs. Practice Advisory 1000-1, captioned organizational independence, supports the organizational independence of the IAUs by demanding that the organizational position of the IAUs should be appropriately defined and documented in an internal audit charter approved by the board of directors. The respondents (DOA) mentioned that the IAUs are positioned administratively under the Rectors who are equivalent to the chief executive officers (CEOs) in corporate organisations. The respondents also indicated that their position and authority is supported by the internal audit charters which have been duly approved by their respective board of directors (BOD). The IAUs are not placed under the finance departments nor do they report to the directors of finance (DOF). In relation to the organizational status of the IAUs, the researchers sought to ascertain whether the IAUs are restricted in the performance of their day to day function. All the respondents revealed that there are no restrictions placed on their work by management, however, one of the DOA remarked that there are occasions when the necessary cooperation from management was lacking for them to perform their function effectively

Respondents were asked to indicate their reporting line in the individual polytechnics. In assessing the independence in appearance of the IAUs within the framework of their reporting line, the researchers benchmarked the respondents' responses in comparison with the international best practices as stipulated by the IIA. Practice Advisory 1110-2, captioned CAE reporting lines, states that the CAE should report to a (higher) level within the organization that will give it the leverage to achieve its responsibility. This reporting line is achieved when the IAUs report administratively to the CEO and functionally to the BOD or its equivalent agency the AC. The responses obtained from the DOA from the individual polytechnics indicate that the IAUs submit their audit reports functionally to the ARIC and administratively to the Rectors. This finding is consistent with the result of (Godwin, 2004; Oyerogba *et al.*, 2014) that IAUs in public sector organisations report to higher levels. The administrative reporting relationship relates to the IAU reporting to the management of an institution for the purpose of day-to-day administration such as budgeting and management accounting, human resource administration and internal policies and procedure administration. A functional reporting line is a principal indicator of the IAU independence. It encompasses functions such as the AC approving the internal audit charter; the approval of the appointment, removal

and the annual compensation of the CAE by the AC; private meetings between the DOA and the AC and the approval of the internal audit risk of the organization by the AC.

In order to assess the independence in appearance of the IAU within the framework of the powers conferred on the AC, the researchers benchmarked the respondents' responses in line with international best practice and legislative acts in Ghana. According to section 30(1) of the Audit Service Act, 2000 (Act 584) all the public sector institutions subject to auditing by the Auditor General of Ghana are to set up an Audit Report Implementation Committee (ARIC) to ensure the implementation of the recommendations of audit reports. Section 16(8) of the Internal Audit Agency Act, 2003 (Act 658) complements section 30(1) of Act 584 and stipulates the establishment of ARICs in public sector organisations. By inference to sections 30(1) of Act 584 and sections 16(8) of Act 658, the ARIC is empowered to act fundamentally only as an implementation body of audit reports. An apparent functional gap in the two acts mentioned above is which audit report is the ARIC expected to implement. Is it the audit report of the external auditor or the internal auditor? By inference, one can reasonably posit that the ARIC in Ghana is only an audit report implementation committee. The acts do not appear to cloth the AC with sufficient coercive powers to act independently and effectively with the powers conferred on functional reporting relationship as it relates to the AC and the ARIC as reported above. The framework for professional practice of Internal Auditing issued by the IIA also requires organisations to have an independent and effective Audit Committees. All the respondents revealed that their individual institutions had established the ARIC as stipulated by the relevant sections Acts 584 and Act 652.

4. Conclusions

The study sought to examine the independence in appearance of IAUs in Ghanaian polytechnics. The concept of auditor independence in appearance was examined against the framework of organisational status of the IAUs, the IAUs' reporting line to the BOD or the AC and the powers conferred on the AC in Ghanaian polytechnics.

The study suggests that there exist IAUs in each the Ghanaian polytechnics which are appropriately positioned under the Rectors, the higher level authority, in Ghanaian polytechnics. The IAUs derive their mandate from an act of Ghana's parliament. In addition, the organizational status of the IAUs in the individual polytechnics is anchored and empowered in an internal audit charter approved by the individual BOD. Of the seven (7) DOA, who participated in this study, all of them reported that to a large extent there are no restrictions placed upon their scope of work. This position is consistent with international best practice for promoting organisational independence of the IAU. The study suggests that the IAUs in Ghanaian polytechnics report functionally to the AC and administratively to the Rectors (CEOs) of the individual polytechnics. This posture is consistent with international best practice and contemporary research findings in promoting the independence of the IAU. Finally, the study suggests that there exist AC in each of the individual polytechnics mandated by an act of Ghana's parliament with the principal responsibility of implementing audit reports. The study evidence suggests that the IAUs in the Ghanaian Polytechnics to a large extent are independent in appearance. However, a sober consideration of the scope and responsibility of the AC (ARIC) in Ghanaian polytechnics indicates that the responsibility of the ARIC is restricted only to an audit report implementation committee. In making generalizations about this study, the following limitations are noteworthy:

The study did not examine the independence in fact of the IAUs since this will relate more to the personal objectivity of the DOA of the individual Ghanaian polytechnics. The study did not consider the composition, qualification and meeting frequencies of the individual AC. The study results relied largely on self-reports made by the individual DOA which might have some elements of subjectivity. The study did not consider the view of other staff of the individual polytechnics in examining the independence in appearance of the IAUs.

Future research can explore the competences of the members of the AC and the qualifications of the DOA who head the individual IAUs. The scope and responsibility of the ARIC in the various laws such as the Audit Service Act, 2000 (Act 584), and the Internal Audit Agency Act 2003 (Act 658) must be reviewed. Currently the ARIC is recognized only as an implementation body. The various acts, enabling the scope and responsibility of the ARIC must empower the public sector AC to be more assertive in their function so as to strengthen the independence of IAUs in the Ghanaian public sector domain.

References

- Ahmad, H., R. Othman and K. Jusoff, 2009. The effectiveness of internal audit in Malaysian public sector. *Journal of Modern Accounting and Auditing*, 5(9): 53-62.
- Aikins, S.K., 2011. An examination of government internal audits role in improving financial performance. *Public Finance and Management*, 11(4): 306-337.
- Alktani, S. and A. Ghareeb, 2014. Evaluation of the quality of the internal auditing position in the public sector in Saudi Arabia: An applied study. *Global Review of Accounting and Finance*, 5(1): 93-106.
- American Institute of Certified Public Accountants (AICPA), 2010. AICPA code of professional conduct. New York: AICPA.
- Anderson, J., D. Lowe and P. Reckers, 1993. Evaluation of auditor decisions: Hindsight bias effects and the expectation gap. *Journal of Economic Psychology*, 14(4): 711-737.
- Bronson, S.N., J.F. Carcello, C.W. Hollingsworth and T.L. Neal, 2009. Are fully independent audit committees really necessary? *Journal of Accounting and Public Policy*, 28(4): 265-280.
- Carcello, J.V., D.R. Hermanson and K. Raghunandan, 2005. Factors associated with US. Public companies investment in auditing. *Accounting Horizon*, 19(2): 69-84.
- CBOK, 2015. Auditing the public sector- practitioner survey. Available from <http://www.theiaa.org/goto/CBOK>.
- Christopher, J., G. Sarens and P. Leung, 2009. A critical analysis of the independence of the internal audit function: Evidence from Australia. *Accounting, Auditing and Accountability Journal*, 22(2): 200-220.
- Cohen, A. and G. Sayag, 2010. The effectiveness of internal auditing: An empirical examination of its determinants in Israeli organizations. *Australian Accounting Review*, 20(3): 296-307.
- DeAngelo, L.E., 1981. Auditor independence, low balling, and disclosure regulation. *Journal of Accounting and Economics*, 3(2): 113-127.
- Erasmus, L. and P. Coetzee, 2009. The standing of internal audit function within South African companies. *African Journal of Business Management*, 3(13): 926-935.
- Fearnley, S. and V. Beattie, 2004. The reform of the UK's auditor independence framework after the Enron collapse: An example of evidence-based policy making. *International Journal of Auditing*, 8(2): 117-138.

- Godwin, J., 2004. A comparison of internal audit in the private and public sectors. *Managerial Auditing Journal*, 19(5): 640–650.
- Goodwin, J. and T.Y. Yeo, 2001. Two factors affecting internal audit independence and objectivity: Evidence from Singapore. *International Journal of Auditing*, 5(2): 107-125.
- Gray, I. and S. Manson, 2001. *The audit process*. U.K: Thomson Learning.
- IIA, 1999. Definition of internal auditing. Available from <http://www.theiia.org/guidance/standards-and-guidance/ippf/definition-of-internal-auditing/>.
- IIA, 2009. The financial crisis and its impact on the internal audit profession. Available from <http://www.theiia.org/>.
- IIA, 2009. International standards for the professional practice of internal auditing. Available from <http://www.theiia.org>.
- IIA, 2012. Supplemental guidance: The role of auditing in public sector governance. Available from www.globaliia.org.
- International Ethics Standards Board for Accountants (IESBA), 2010. *Handbook of the code of ethics for professional accountants*. New York: International Ethics Standards Board of Accountants, IFAC.
- INTOSAI, 2010. Internal audit independence in the public sector. Available from <http://www.intosai.org/>.
- Muqattash, S.R., 2013. Audit committees effectiveness and its impact on the objectivity of the internal auditors: Evidence from United Arab Emirates research. *Journal of Finance and Accounting*, 4(16): 23-31.
- Norman, C., A. Rose and J. Rose, 2010. Internal audit reporting lines, fraud risk decomposition, and assessments of fraud risk. *Accounting, Organisations and Society*, 35(5): 546-557.
- Oyerogba, O.E., S.A. Zacheaus, O.M. Olugbenga, O.M. Olugbenga and A.T. Oluwaseyi, 2014. Stakeholders perception of the independence of public sector auditors in Nigeria. *Asian Journal of Finance & Accounting*, 6(2): 487-502.
- Paape, L., 2007. *Corporate governance: The impact on the role, position, and scope of services of the internal audit function*. Unpublished PhD Dissertation, Erasmus Research Institute of Management, Erasmus University, Netherlands.
- Richard, G.B. and D.L. Jordan, 2000. The new role of internal auditor: Implications for internal auditor objectivity. *International Journal of Auditing*, 4(2): 169-176.
- Rittengberg, L.E. and B.T. Schweiger, 2001. *Auditing concepts for a changing environment*. Orlanda, Florida: Harcourt College Publishers.
- Sarens, G. and I. De Beelde, 2006. The relationship between internal audit and senior management: A qualitative analysis of expectations and perceptions. *International Journal of Auditing*, 10(3): 219 -241.
- SOX, 2002. Sarbanes-oxley act of 2002. Available from <http://www.icaew.com/en/library/subject-gateways/corporate-governance/sarbanes-oxley>.
- Sterck, M. and G. Bouckaert, 2006. International audit trends in the public sector. *Internal Auditor*, 63(4): 49-53.
- Stewart, J. and N. Subramaniam, 2010. Internal audit independence and objectivity: Emerging research opportunities. *Managerial Auditing Journal*, 25(4): 328-360.
- The Institute of Internal Auditors (IIA), 2004. International standards for the professional practice of internal auditing. Available from http://www.theiia.org/?doc_id=1499 [Accessed 10/04/2016].
- Theofanis, K., G. Drogalas and N. Giovanis, 2011. Evaluation of the effectiveness of internal audit in Greek hotel business. *International Journal of Economic Sciences and Applied Research*, 4(1): 19-34.
- Van Peurseem, K., 2005. Conversations with internal auditors: The power of ambiguity. *Managerial Auditing Journal*, 20(5): 489-512.
- Whittington, O.R. and K. Pany, 2004. *Principles of auditing*. New York: McGraw-Hill Companies.

Bibliography

- Audit Service Act 2000. (Act 654), Accra: Ghana Publishing Corporation
- Constitution of the Republic of Ghana 1992. Accra: Ghana Publishing Corporation
- Financial Administration Act 2003. (Act 654), Accra: Ghana Publishing Corporation.
- Internal Audit Agency Act 2003. (Act 658), Accra: Ghana Publishing Corporation.
- Public Procurement Act 2003. (Act 663), Accra: Ghana Publishing Corporation.