



**St. Mary's University**  
**School of Graduate Studies**

**Assessment of Internal Audit in Addis Ababa  
University**

**BY**  
**SAMI YASSIN**

**JULY, 2020**  
**ADDIS ABABA, ETHIOPIA**

# **Assessment of Internal Audit in Addis Ababa University**

**BY  
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**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF  
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**JULY,2020  
ADDIS ABABA, ETHIOPIA**

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SCHOOL OF GRADUATE STUDIES  
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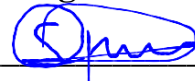
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## DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of my advisor Simon A. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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Name

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Signature

**St. Mary's University, Addis Ababa**

**July, 2020**

## **ENDORSEMENT**

This thesis has been submitted to St. Mary's University, School of Graduate studies for examination with my approval as a university advisor.

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Advisor

**St. Mary's University, Addis Ababa**

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Signature

**July, 2020**

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**“All of you may Allah rewarded you with His Highest blessing”.**

## **LIST OF ABBREVIATION/ACRONYMES/**

<b>AAU</b>	Addis Ababa University
<b>CAE</b>	Chief Audit Executive
<b>IA</b>	Internal Auditing
<b>IAA</b>	Internal Audit Activity
<b>IAF</b>	Internal Audit Function
<b>IIA</b>	The Institute of Internal Auditors
<b>IIASB</b>	International Internal Audit Standards Board
<b>IPPF</b>	International Professional Practices Framework
<b>MoFED</b>	Ministry of Finance

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## **ABSTRACT**

*The Institute of Internal Auditors (IIA) as an exclusive professional body for governing the practices of internal auditing throughout the world has developed an International Auditing Standards (IAS) and issued a framework that guiding how internal audit activities should be conducted through using the IPPF. These standards together with the code of ethics encompass all the Mandatory Guidance Elements (Requirements) of the International Professional Practices Framework (IPPF). In order to assess the internal audit practices in AAU campuses, the above-mentioned Mandatory Guidance Elements were taken as a yard stick for the study. The sample of the research was only focused on all AAU campuses that selected by using purposive sampling technique. Both qualitative and quantitative data types were applied in the study. The primary means of data collection, self-administered questionnaire, was employed and distributed to the respective internal auditors. Moreover, the secondary data was reviewed from the related IASs and various literatures, journals, articles and automated files. The collected data was analyzed by using a scientific method, SPSS 26 and presented by using various tables. Based on the research results, the current practices of internal audit in AAU campuses through taking the Mandatory Guidance requirements of IPPF as a benchmark could be summarized into three groups: components of standards that fairly complied, did not adequately complied, and poorly (below the expectation) complied within the campuses. In general, the mandatory guidance requirements conformance level within the AAU campuses did not move up to the expectation that satisfies the IAS. The existing healthy conformance with certain mandatory Guidance requirements of the IPPF should be kept up and goes to the sound conformance level by all elements; the existing inadequate conformance have to make improvements until it satisfy the needs of all stakeholders; and lastly, it was attached with poor/below the expectation/ conformance, the Quality Assurance and Improvements Program (QAIP) standard; should be carried out properly by all AAU campuses were the given ways to curve all unsatisfactory conformances of the mandatory guidance requirements by AAU campuses.*

**Key words:** Internal Audit; International Professional Practices Framework; Mandatory Guidance Elements; Revised Internal Auditing Standards; The Code of Ethics, Institute of Internal Auditors, AAU campuses.

# CHAPTER ONE

## Introduction

### 1.1. Background of the Study

Earlier, internal audit was a simple administrative technique of checking documents, counting assets, and reporting on past events to various types of management. Several reasons in our times have led to a quiet revolution in internal audit. Countries that are administered in a democratic rule require being accountable in its usage of public money and in providing effective, efficient and economical service delivery. To attain those government objectives applying internal audit function were the key mechanism for controlling and using of all scarce resources available in the corporate organization. Continually larger and complex systems require greater competitiveness, thus internal audit has had to become ever more professional (Cecilia, 2005).

Internal auditing, according to Institute of Internal Auditors, is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal auditing (IA) serves as an important link in the business and financial reporting processes of corporations. Internal auditors play a key role in monitoring a company's risk profile and identifying areas to improve risk management (International Professional Practices Framework, 2015).

The growth in internal audit profession brings change in the scope and functions of internal audit patrons. Formerly internal auditors were seen just as a subordinate of accountant's and an external auditor, but lately internal audit is certainly being considered an independent profession, which is playing a substantial role in the management of organizations. Besides, independence of internal auditors has always been a sensitive issue while he/she is the employees of the organization. Above all, not clearly organized structure or reporting line make the problem more complicated in such offices (Rupsye, 2005).

The purpose of internal auditing is to improve organizational efficiency and effectiveness through constructive criticism (Goodwin-Stewart and Kent, 2006). The value of internal audit had been

affected by the perception that internal auditing only appraises accounting functions, is past and post-operative contrary to proactive and therefore does not have a big effect on organizational performance (Ellis, 2000). Previously internal auditors were seen just as an assistant of accountant's and an external auditor but recently internal audit is certainly being considered an independent profession, which is playing a significant role in the management of organizations. Additionally, independence of internal auditors has always been a sensitive issue while he/she is the employees of the organization, above all, not clearly organized structure or reporting line make the problem more complicated (Rupsye, 2005).

Moreover, internal audit function helps government organization to ensure accountability and integrity, improves the execution of government programs and develops a sense of trust and confidence among citizens and the various stakeholders in the public interest (Baharud-din, Shokiyah and Ibrahim, 2014). Organizations with effective and efficient internal audit function are able to detect fraud more than those that have not such a function within their organizations (Corama, Ferguson and Moroney, 2008). Effective internal audit function could be a major asset for improving public confidence in financial reporting and corporate governance.

The degree of internal auditor's independence, failures of applying basic audit standards is another problem, since internal auditors are employees of the company, they face limitation in carrying out their professional task and unable to audit as external auditor's does, as a result, this limited independence reduce their role in the organization to the level of mere assistance to the management (Cecilia, 2005). Having this fact in mind, the purpose of this study is to assess the Internal Audit practice of Addis Ababa University.

## **1.2. Internal Auditing in Addis Ababa University**

The development of auditing in Ethiopia was clearly manifested in modernized way after the issuance of Ministry of Finance directives in 1942, which focused on public sector fund utilization to aid the proper collection of state revenue and the necessity for procedures to control expenditures of the public sectors (Kinfu, 1990). And then during 1944 there were the establishment of Commission for Audit budget practices, an emphasis on fraud deterrence, and growth in trade and industry subsequently added impetus to the growth of the profession (Welde-Giorgis, 1998).

The pioneers were the Ministry of Education, Ministry of National Defense and the Ministry of Finance in implementing the internal audit practice in Ethiopia. (Argaw, 2000) and the internal auditing function was under the internal control. Moreover, Proclamation NO, 68/1997 requires that, the Federal Democratic Republic of Ethiopia's (FDRE) new economic policy be supported by a modern and reliable audit system in order to ascertain proper implementation through effective monitoring of administrative, developmental and service rendering institutions in the federal Public Sector (Zelege, 2007).

Addis Ababa University (AAU), which was established in the 1950 as the university college of Addis Ababa (UCAA), is the oldest and the largest higher learning and research institution in Ethiopia. Since its inception, the University has been the leading center in teaching-learning, research and community services. The university is led by a president who is assisted by four presidents and one executive Director: Academic Vice President, Vice President for Research and Technology Transfer, Vice President for Administration and Student Services, Vice President for Institutional Development and the Executive Director of the College of Health Sciences (with the rank of the Vice of Vice President) (AAU official website, 2019).

In recent years, the University has been undertaking various reform schemes in order to cope with and respond to the fast-changing national and international educational dynamics. At the present the university has 10 colleges, 4 institutes that run both teaching and research, and 6 research institutes that predominantly conduct research. Within these academic units, there are 55 departments, 12 centers, 12 schools, and 2 teaching hospitals (AAU official website, 2019).

Table.1 List of Campuses under AAU: As of July 2019

<b>S.N</b>	<b>Name of Campus</b>
<b>1</b>	Sidest Kilo Campus (Main Campus)
<b>2</b>	Yekatit 12 Campus
<b>3</b>	CBE Campus
<b>4</b>	Yared School Campus
<b>5</b>	Amist Kilo Campus
<b>6</b>	Arat Kilo Campus
<b>7</b>	Abune Petros Campus
<b>8</b>	Tikur Anbessa Campus
<b>9</b>	Commerce School Campus

<b>10</b>	Lideta Campus
<b>11</b>	Akaki Campus
<b>12</b>	Bishoftu Campus
<b>13</b>	Salale Campus
<b>14</b>	Art School Campus
<b>15</b>	Sefere Selam Campus

Source: AAU official website (2019)

### **1.3. Statement of the problem**

Internal auditing practice in any organization is an essential part in assuring organizational objectives and an independent appraisal body is established within the organization to examine and evaluate its activities as a service to the organization. Failure to proper internal auditing in any organization primarily, leads to defective internal auditing in organization which results in poor evaluation, defective output and assurance that leads to declining the wellbeing of the enterprise and healthy flow of activities (Cecilia, 2005).

Internal auditors have the right and ability to access all information in every part of the organization and their function lies at every activities of the corporate governance system. All the stakeholders will therefore benefit from having a strong Internal Audit Function (IAF) which will provide value to the other cornerstones of corporate governance (Smet and Mention, 2011). Because internal auditors can make line managers aware of their responsibility; can act as a consultant in monitoring risk, identifies weakness in internal control system, and facilitates the implementation of risk management as well as IA contributes to the appropriateness of procedures and operations of the audited body (Cohen and Sayag, 2010; Arena and Azzone, 2009; Dittenhofer, 2001).

Internal audit improves an organization's operations and services quality by maintaining good internal Audit system, avoiding corruption, ensuring good corporate governance, promoting accountability and greater transparency. In addition, internal auditors can promote an organization efficiency and effectiveness through providing constructive criticisms and recommendations; reducing information asymmetry in decision making; and assuring internal assertion in the business and financial reporting processes of the organization (Tariku, 2015).

Recently, the importance of IA has seen a rapid growth in public sectors to promote good governance by providing objective assessment of whether the public resources are adequately utilized in order to achieve favorable results. Also the significance of internal audit makes sure the



accuracy and reliability of information that provided to upper management. Because, it makes line managers conscious of their responsibility; acts as a consultant in monitoring risk; identifies weakness of internal control system; facilitates the implementation of risk management and contributes to the appropriateness of procedures and operations of the organization (Cohen A, Sayag G 2010 & Arena M, Azzone G 2009).

Even though there are some researches done on public sectors' audit practice and audit effectiveness (Mihret & Yismaw, 2007; Bethlehem, 2009; Mohammed, 2011; Shewamene, 2014; Tariku, 2015; Weyneshet, 2017; Sisay, 2018;), as to the knowledge of the researchers, it seems that no study appears to have been made in AAU that exclusively assess the Internal Audit Practice. Hence, filling the knowledge gap, this research attempts to study the Internal Audit Practice and tries to suggest the possible solutions.

## **1.4. Research Questions**

Generally, the study was conducted to assess the Internal Audit in AAU. It addresses the broader research questions of:

- ✓ How are the different steps of Internal Audit are undertaken?
- ✓ Does AAU have an approved internal Audit charter and is the charter revised periodically?
- ✓ How is the professional competency and due professional care of internal auditor's?
- ✓ To what extent does the code of ethics govern the behavior of individuals as well as the organization in conducting audit activities?

## **1.5. Objective of the Study**

### **1.5.1. General Objective**

The general objective of the study was to assess the current practices (quality) of internal audit in AAU by taking the mandatory guidance requirements of IPPF as a benchmark.

### **1.5.2. Specific Objective**

Specific objectives that have to be addressed in the study were:

- To evaluate how different steps of internal audit are undertaken in AAU

- To check whether the IAAs in AAU have an approved internal audit charter and the periodic revision of those charters;
- To assess the internal audit objectivity and independence organizationally;
- To assess internal auditor's professional competency and their due professional care;
- To evaluate how the code of ethics governs the behavior of individuals as well as the organization in conducting audit activities.

## **1.6. Significance of the Study**

As a cornerstone of good corporate governance, an internal audit is conducted in diverse legal and cultural environments; organizations that vary in purpose, size, complexity, and structure. In order to achieve the objectives of the organization, it is also essential for ensuring the appropriateness and adequacy of internal control systems that designed by the Top Management and Board of the organization. Furthermore, the effectiveness and efficiency of operations regarding compliance with the existing financial regulations, instructions, policies and procedures; and proper utilization of company resources are other domains of the internal audit activity. Accordingly, conducting this research is considered to benefit of AAU even though those other academicians that did not incorporate in the sample and other stakeholders in different ways. Since the study results (gaps) that will be identified regarding the internal audit activities that are being undertaken by all Camps of AAU against none conformance with the mandatory guidance requirements of the IPPF. In the meantime, the identified weakness areas (findings) with their respective recommendations will be forwarded for further improvements and adjustments. Furthermore, this study will add value to the existing internal audit practice that has been conducted in AAU through comparing the quality level that is promulgated by IPPF. Besides, this study will benefit potential researchers who have interest in the area for their future study.

## **1.7. Scope of the Study**

The study focused on internal audit practices in AAU. In this study, internal audit practices were assessed based on IIA standards through risk assessment and prioritization, Planning, field work, reporting and follow-up, approved internal audit charter and the periodic revision of those charters, audit objectivity and independence, professional competency and their due professional care, code of ethics governs the behavior of individuals and organizations. And the study focused on

employees (Directors, Division managers, team leaders and internal auditors) in all AAU campuses.

### **1.8. Limitations of the study**

Like other studies, this study encountered problems such as obtaining information especially from higher level management, audit reports specially report after amalgamation and there were also problems in getting references or research papers in the title mentioned above especially AAU. To solve the problems, the researcher communicated managers of the above listed campuses regarding the objectives of the research and request for their support and by confirming that the information used only for this research purpose before commencing the job and for reference limitations the researcher used other related literatures.

### **1.9. Organization of the Research Report**

The structure of this research incorporates five chapters. The first chapter is an introductory part. The background of the study is presented along with the objective of the study and the related research questions. Statement of the problem and rationale of the study are presented in the chapter as well. Review of the related literature; the theoretical and empirical parts including the research gap are discussed thoroughly in the second chapter of the report.

The third chapter focuses on the research design and methodology. Types and sources of data, the target population, sample size and sampling techniques, method of data collection are described accordingly. In the fourth chapter of the report, an exhaustive analysis of the collected data is discussed and interpreted. In the last chapter, the conclusions and recommendations that drawn based on the research results are forwarded to the respective auditees and users for their future proper implementation and view.

# CHAPTER TWO

## REVIEW OF LITERATURE

### 2.1. Theoretical Review

#### 2.1.1. The Concept of Internal Auditing

The IIA issued an International Professional Practices Framework (IPPF) which includes the Definition of Internal Auditing, Code of Ethics, International Standards for the Professional Practice of Internal Auditing (hereafter: The Standards), Position Papers, Practice Advisories, and Practice Guide (IIA, 2013). The IPPF, particularly the standards constitute guidance for internal auditors worldwide to perform internal auditing activities in a professional manner (Whittington and Pany, 2008).

An independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes (IIA, 2013).

This definition of internal auditing was first officially published in June 1999 by the IIA (Nagy and Cenker, 2002). The definition and the Standards are the authoritative references for the internal auditor in undertaking the practice of internal audit (Abdolmohammadi, 2009; Bou-Raad, 2000).

The definition clearly mentions the aims of internal auditing as to add value to the entity by improving the information quality for decision-making (Bou-Raad, 2000). For this purpose, it needs to involve the internal auditor in all operations of the organization to create and maintain an effective internal control by providing assurance and consulting activities (Bou-Raad, 2000; Driessen and Molenkamp, 1993). These activities must be conducted in an independent and objective manner (Brody and Lowe, 2000; Messier and Schneider, 1988; Rittenberg and Purdy, 1978; Siddiqui and Podder, 2002). Furthermore, the activities of an internal audit include risk management, and control and governance processes that are carried out using a consultative approach and focus on efficiency and the effectiveness of operation (Bou-Raad, 2000). Consequently, current practice of internal audit requires an internal auditor to have broad competence.

### **2.1.2. Types of Audits Performed by Internal Auditors**

A variety of audits were performed in the review of campus programs and resources. These audits include:

**Operations Audits:** These audits examine the use of resources to determine if resources are being used in the most effective and efficient manner to fulfill the organization's mission and objectives.

**Financial Audits:** These audits review accounting and financial transactions to determine if commitments, authorizations, and receipt and disbursement of funds are properly and accurately recorded and reported. This type of audit also determines if there are sufficient controls over cash and other assets and that adequate process controls exist over the acquisition and use of existing resources.

**Compliance Audits:** These audits determine if entities are complying with applicable laws, regulations, policies and procedures. Examples include federal and state laws, and Trustee policies and regulations.

**Information Systems Audits:** These audits review the internal control environment of automated information processing systems and how people use these systems. The audits usually evaluate system input, output; processing controls; backup and recovery plans; system security; and computer facilities.

**Internal Control Reviews:** These audits focus on the components of the major business activities, such as payroll and benefits, cash handling, inventory and equipment, physical security, grants and contracts, and financial reporting. (Arens, 1999, p,12)

### **2.1.3. The Development of Internal Audit in Ethiopia**

The development of internal auditing in Ethiopia dates back to about the middle of the 1940s just about the time when internal audit was evolving as an organized profession in the United States. Internal audit in Ethiopia, had its early legislative root in the Constitution of 1923 which authorized the establishment of an "Audit Commission" (Articles 34); and the Audit Commission itself was established much later by Proclamation 69/1944 to audit the accounts of the Ministry of Finance (MoFED, 2004).

The same Proclamation mandated the then Ministry of Finance to audit other budgetary institutions as a measure of internal control over the financial operations of the budgetary institutions. It appears that this early practice of internal auditing as per Proclamation 69/1944 was, in fact, to be the root of what the Inspection Department of the Ministry of Finance and Economic Development continued to perform to this day, until the recent reorganization (MoFED, 2004).

The latter part of the 1940s witnessed the establishment of internal audit functions in key public sector institutions such as the national defense, education, road construction, and other non-budgetary public sectors, which included the Ethiopian Airlines, Telecommunication and the financial sector consisting of the modern layer of the Ethiopian economy. These institutions in one way or the other had external links or financing operations, which created awareness of the need for internal controls to sectarian appropriate financial management and to safeguard organizational assets (MoFED, 2004).

Moreover, Proclamation No. 68/1997 requires that, the Federal Democratic Republic of Ethiopia's (FDRE) new economic policy be supported by a modern and reliable audit system in order to ascertain proper implementation through effective monitoring of administrative, developmental and service rendering institutions in the Federal Public Sector (Zelege, 2007).

#### **2.1.4. The Institute of Internal Auditors (IIA)**

The Institute of Internal Auditors (IIA) is an international professional association with global Headquarters in Altamonte Springs, Florida, USA. IIA was established in 1941. The IIA is the internal audit profession's global voice, recognized authority, acknowledged leader, chief advocate, and principal educator. Generally, members work in internal auditing, risk management, governance, internal control, information technology audit, education, and security. And its mission is to Provide dynamic leadership for the global profession of internal auditing; advocating and promoting the value internal audit professionals adds to organizations; providing comprehensive professional educational and development opportunities, standards and other professional practice guidance, and certification programs; researching, disseminating, and promoting knowledge concerning internal auditing and its appropriate role in control, risk management, and governance to practitioners and stakeholders; educating practitioners and other relevant audiences on best practices in internal auditing and bringing together internal auditors from all countries to share information and experiences. (IIA, 2020)

## **International Professional Practices Framework (IPPF)**

The Global Institute of Internal Auditors has developed a comprehensive range of standards, guidance and guides to help internal auditors around the world in their work. The International Professional Practices Framework (IPPF, 2017) has been developed to organize the full range of internal audit guidance from IIA Global in an accessible way. It includes two types of guidance:

### **1. Mandatory Guidance**

IIA members are required to comply with mandatory guidance. This guidance is developed after consultation with members. These are:

- Core Principles
- Definition of Internal Auditing
- Code of Ethics and
- International Standards of internal auditing

### **2. Recommended Guidance**

IIA members are recommended to comply with this guidance. It describes practices for the effective implementation of The Core Principles, The IIA's Code of Ethics and the International Standards for the Professional Practice of Internal Auditing (International Standards).

### **Mission statement**

To enhance and protect organizational value by providing risk-based and objective assurance, advice and insight;

The Mission Statement to the IPPF provides a clear and succinct description of what internal audit aspires to achieve within organizations. Like a typical mission statement, the Mission of Internal Auditing describes internal audit's primary purpose and overarching goal.

#### **2.1.4.1. Core Principles**

The Core Principles, taken as whole articulate internal audit effectiveness. For an IAF to be considered effective, all Principles must be present and operating effectively.

How an internal auditor, as well as an IAF, demonstrates achievement of the Core Principles may be quite different from organization-to-organization but, failure to achieve any of the Principles implies that an IAA is not as effective as it could be in achieving IA’s mission.

1. Demonstrates integrity.
2. Demonstrates competence and due professional care.
3. Is objective and free from undue influence (independent).
4. Aligns with the strategies, objectives, and risks of the organization.
5. Is appropriately positioned and adequately resourced.
6. Demonstrates quality and continuous improvement.
7. Communicates effectively.
8. Provides risk-based assurance.
9. Is insightful, proactive, and future-focused.
10. Promotes organizational improvement.

**2.1.4.2. Definition of Internal Auditing**

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The Definition of Internal Auditing is the statement of fundamental purpose, nature and scope of internal auditing. The definition is authoritative guidance for the internal audit profession from the Global Institute of Internal Auditors. It is part of the IPPF.

**2.1.4.3. Code of Ethics**

The Code of Ethics is a statement of principles and expectations governing behavior of individuals and organizations in the conduct of internal auditing.

Table 2. Summary of the Code of Ethics

Rule	Principle
------	-----------



Integrity	The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.
Objectivity	Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.
Confidentiality	Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.
Competency	Internal auditors apply the knowledge, skills and experience needed in the Performance of internal auditing services.

The purpose of the Code is to promote an ethical culture in the profession of internal auditing.

**2.1.4.4. International Standards for the Professional Practice of Internal Auditing**

The International Standards are authoritative guidance for the internal audit profession from the Global IIA. Internal auditing is conducted in diverse legal and cultural environments; for organizations that vary in purpose, size, complexity, and structure; and by persons within or outside the organization. While differences may affect the practice of internal auditing in each environment, conformance with the IIA’s International Standards for the Professional Practice of Internal Auditing (Standards) is essential in meeting the responsibilities of internal auditors and the internal audit activity (IAA).

The purpose of the Standards is to:

- Guide adherence with the mandatory elements of the IPPF.
- Provide a framework for performing and promoting a broad range of value-added internal auditing services.

- Establish the basis for the evaluation of internal audit performance.
- Foster improved organizational processes and operations.

The Standards are a set of principles-based, mandatory requirements consisting of:

- Statements of core requirements for the professional practice of internal auditing and for evaluating the effectiveness of performance that is internationally applicable at organizational and individual levels.
- Interpretations clarifying terms or concepts within the Standards.

The Standards, together with the Code of Ethics, encompass all mandatory elements of the IPPF; therefore, conformance with the Code of Ethics and the Standards demonstrates conformance with all mandatory elements of the IPPF.

Furthermore, the Standards use the word “must” to specify an unconditional requirement and the word “should” where conformance is expected unless, when applying professional judgment, circumstances justify deviation.

Categories of internal audit standards

1. Attribute standards- numbered in 1000s; govern the responsibilities, attitudes and actions of organization’s internal Audit function (IAF) and parties performing internal audit activities. Apply to IAAs and individual internal auditors.
2. Performance standards- numbered in the 2000s, govern describe the nature of internal audit and provide quality criteria to measure the performance of IAA against. Apply to IAAs and individual internal auditors.
3. Interpretations are provided by the IIA to clarify terms and concepts referred to in Attribute of Performance Standards.
4. Implementation Standards- expand attribute and professional standards and apply them to specific types of assurance or consulting engagements. They may deal with industry specific, regional or specialty types of auditing services. They have unique format Example 1000 A1 for Auditing “A” and 1000C1 consulting “C”.

#### **2.1.4.5. Attribute Standards**

##### **2.1.4.5.1. (1000) Purpose, Authority and Responsibility**

The purpose, authority, and responsibility of the IAA must be formally defined in an internal audit charter, consistent with the Mission of Internal Audit and the mandatory elements of the IPPF. The chief audit executive (CAE) must periodically review the internal audit charter and present it to senior management and the board for approval.

#### **2.1.5.1.2. (1010) Recognizing Mandatory Guidance in the Internal Audit Charter**

The mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing must be recognized in the internal audit charter.

#### **2.1.5.1.3. (1100) Independence and Objectivity**

The IAA must be independent, and IAs must be objective in performing their work. The audit activities are the need of organizational independence and objectivity which can allow the audit activity to conduct work without interference by any party. The independence and objectivity of internal auditing is with respect to both assurance services and consulting for the organization. Independence and objectivity are closely related where the freedom from conditions that may threaten objectivity and no significant quality compromises are made during rendering the audit service (Altamonte Springs, FL. IIA, 1999a). In fact, the audit activity should have sufficient independence from those it is required to audit so that it can both conduct its work without interference and be seen to be able to do so (Institute of Internal Auditors, 2001). This is very crucial element in conducting audit because the auditors can access to any document relating to the audit work without favor and fear. This will make the auditors provide the objective report and reliable professional judgment on the auditing work to achieve the mandate given to them with integrity. Independence of auditors would not be considered to be impaired if the auditors do not appear to act in a capacity equivalent to a member of client management or as an employee (Caplan and Kirschenheiter, 1999). In certain extent there is a confusion of the role of IA as internal auditors are part of the management team and at the same time to independently evaluate management's effectiveness and efficiency (Saren and De Beelde, 2006).

#### **2.1.5.1.4. (1111) Direct Interaction with the Board**

The CAE must communicate and interact directly with the board.

#### **2.1.5.1.5. (1112) The Chief Audit Executive Roles beyond Internal Auditing**

Where the CAE is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards must be in place to limit impairments to independence or objectivity.

#### **2.1.5.1.6. (1120) Individual Objectivity**

Internal auditors must have an impartial, unbiased attitude and avoid any conflict of interest.

#### **2.1.5.1.7. (1130) Impairment to Independence or Objectivity**

If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties.

#### **2.1.5.1.8. (1200) Proficiency and Due Professional Care**

Engagements must be performed with proficiency and due professional care.

#### **2.1.5.1.9. (1210) Proficiency**

Internal auditors must possess the knowledge, skills and other competencies needed to perform their individual responsibilities.

#### **2.1.5.1.10. (1220) Due Professional Care**

Internal auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.

#### **2.1.5.1.11. (1230) Continuing Professional Development**

Internal auditors must enhance their knowledge, skills and other competencies through continuing professional development.

### **2.1.4.6. Performance Standards**

#### **2.1.4.6.1. (2000) Managing the Internal Audit Activity**

The CAE must effectively manage the IAA to ensure it adds value to the organization. The related parameters of the standards state that the CAE must establish a risk-based plan to determine the priorities of the IAA, consistent with the organization's goals; must communicate the IAA's plans and resource requirements, including significant interim changes, to senior management and the

board for review and approval; and must ensure that internal audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan.

As per the standard, 2040, the CAE must establish policies and procedures to guide the IAA. Regarding share of information, coordinate activities, and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimize duplication of efforts the CAE should perform actively.

The CAE must report periodically to senior management and the board on the IAA's purpose, authority, responsibility, and conformance with the Code of Ethics and the Standards, and when an external service provider serves as the IAA, the provider must make the organization aware that the organization has the responsibility for maintaining an effective IAA.

#### **2.1.4.6.2. (2100) Nature of Work**

The IAA must evaluate and contribute to the improvement of the organization's governance, risk management, and control processes using a systematic and risk-based approach.

#### **2.1.4.6.3. (2200) Engagement Planning**

Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations. In planning the engagement, internal auditors must consider: the strategies and objectives of the activity and the means to control its performance, the significant risks and the means by which the potential impact of risk is kept to an acceptable level, the adequacy and effectiveness of the activity's governance, risk management, and control processes compared to a relevant framework/model, and the opportunities for making significant improvements. Sufficiency of the scope, establishment of the objective for each engagement, determining appropriate and sufficiency of resources, and developing of work programs should be must undertake by IAs.

#### **2.1.4.6.4. (2300) Performing the Engagement**

IAs must identify, analyze, evaluate and document sufficient information to achieve the engagement's objectives. They also must identify and document sufficient, reliable, relevant and useful information to achieve the engagement's objectives; and base conclusions and engagement

results on appropriate analyses and evaluations. Furthermore, audit engagements must be properly supervised to ensure objectives are achieved, quality is assured and staff is developed.

#### **2.1.4.6.5. (2400) Communicating Results**

Internal auditors must communicate the results of engagements. These communications must include the engagement's objectives, scope, and results; be accurate, objective, clear, constructive, complete and timely. If a final communication contains a significant error or omission, the CAE must communicate corrected information to all parties who received the original communication.

Engagements conformance is appropriate when it is conducted in conformance with the International Standards for the PPIA and supported by the results of the QAIP. However, non-conformance impacts a specific engagement, communication of the engagement results must disclose the: with which full conformance was not achieved, reasons for non-conformance and its impact, the CAE must communicate results to the appropriate parties. Also when an overall opinion is issued, it must take into account the strategies, objectives, and risks of the organization; and the expectations of senior management, the board, and other stakeholders.

#### **2.1.4.6.6. (2500) Monitoring Progress**

The CAE must establish and maintain a system to monitor the disposition of results communicated to management. He/she also must establish a follow-up process to monitor and ensure that management actions have been effectively implemented, and monitor the disposition of results of consulting engagements to the extent agreed upon with the client.

#### **2.1.4.6.7. (2600) Communicating the Acceptance of Risks**

When the CAE concludes that management has accepted a level of risk that may be unacceptable to the organization, the CAE must discuss the matter with senior management. If the CAE determines that the matter has not been resolved, the CAE must communicate the matter to the board.

## **2.2. Empirical Review**

Different researches were conducted on the existing practices of internal auditing in the Ethiopian context. The focus of those papers varies in terms of sectors, industries and institutions. Highlights of some previous research papers on similar subject areas including the research conclusions and recommendations are discussed as part of the assessment of previous empirical evidences and presented as follow:

The study conducted by Yisehak (2013) the research entitled “Internal audit practices in the Ethiopian Financial sector, as compared to the International Professional Practicing Framework (IPPF) pronounced by the IIA”, to compare the existing internal audit practices in the Ethiopian financial sector by taking the framework as a benchmark. The financial sector in Ethiopia comprises of campuses, insurance companies and microfinance institutions. A mix of sample was taken from all and the research deployed three data collection methods: questionnaires, interview and document review. The results of the research revealed that the current practices of internal audit activities (IAAs) in the Ethiopian financial sector did not comply with the IPPF guidelines that promulgated by the IIA. Furthermore, there were no quality assurance and improvement programs in place by those financial institutions that can make their internal audit practices head towards the level of being IPPF complaint. The research recommended that the current IAAs in the Ethiopian financial sector should comply with IPPF to make them value adding in the areas of risk management, internal control and governance. It was also recommended that those institutions need to introduce quality assurance and improvement programs, both internal/external and/or periodic/ongoing, to periodically review and improve the quality of their IAAs. (Yisehak, 2013)

Hamdu, etal,2014) in their article entitled “Internal auditing standards and its practice the case of East Arsi Zone, Ethiopia” presented the result of their case study that evaluated the current practices of internal auditing in the internal audit departments of selected public enterprises in East Arsi Zone, Ethiopia as compared to major internal audit standards. The purpose of the study was to investigate how major internal audit standards are applied in the internal audit departments of selected public enterprises in East Arsi Zone of Ethiopia, taking competency, compliance, Independency, Risk management and quality assurance as major parameters of the IIA standard for comparison. The result of the study showed that the scope of the internal audit function in the enterprises surveyed did not yet go far from the traditional practices and much time is devoted in

performing financial and compliance audits. Regarding quality assurance program, none of the respective public enterprises' audit departments have quality assurance programs. Thus, CAE should be able to develop quality assurance programs, (Hamdu, 2014).

Bethlehem Fekadu (2000), conducted research on "Internal Audit Practices: A Case of Ethiopian Governmental Higher Educational Institutions" for the purpose of investigating challenging factors that have influenced the Ethiopian higher governmental institutions' internal audit practices. The study was done on four universities, Adama, Hawasa, Haramaya and Addis Ababa Universities. Seven internal auditors who were selected using convenience sampling techniques were used as data source and open-ended and closed ended questionnaires were used as data gathering tools. Then qualitative approaches were employed to analyze and interpret the filled in data. The findings of the study showed that IAAs in the sample Universities lacked the following: none of the sample universities have established the audit committee, their Internal Audit departments were not sufficiently resourced that affected their effectiveness, no developmental programs for their internal auditors, risk-based internal audit plans were not established and none of the respective universities audit departments have quality assurance program including the internal and external quality assessment processes as required by ISPPA No.1300. Proper management commitment and other organizational factors were critical factors influencing effectiveness of IAF in the respective universities. The research concluded that proper management commitment, lack of capacity development programs for internal auditors and other organizational factors were critical factors influencing effectiveness of IAF in the respective universities. To alleviate those problems, it was recommended that management and the audit division of the respective universities has to work jointly to improve the IAF of their respective universities as per requirements of international standards. (Bethlehem Fekadu 2000)

Mohammed (2011) tried to analyze internal audit functions 'contribution to risk assessment. The research examined internal auditing and risk assessment in Ethiopian public enterprise context using 20 purposefully selected public enterprises. The result of the study showed that all public enterprises have internal audit function that performs; operational audit which requires most resources and compliance audit as a second important audit type; the amount of audit resources devoted to risk assessment reveals the relative relevance of each kind of activity. Also shows that many Ethiopian public enterprises had introduced formal risk assessment process in their internal



audit function, and few enterprises were on the way to introduce formal risk assessment process. Moreover, the research suggested that internal audit functions that did not incorporate control risk self-assessment will be better off by incorporating it as part of the scope of operation of their respective IAAs for effective risk assessment.

Weyneshet (2017) tried to investigate internal audit practice in public sectors in Ethiopia. Hence, the researcher tried to identify its practice by taking competency of internal auditors, time /program/ of auditing, scope of audit work, independency of the auditor, the management perception about the internal audit and implementation of audit recommendation. The researcher further concluded that the management should continually support the internal audit work by employing adequate and competent internal auditors and providing regular training for the department staffs, motivates employees and should form a follow-up program on reported findings at appropriate intervals.

Moreover, internal audit effectiveness in public sector of higher educational institution in Ethiopian was conducted by Desalegn et al. (2007). The study discovered that internal audit office of the university has low technical staff proficiency and high staff turnover; most employees have a short term employment which limits its capacity to provide effective services to management. Furthermore, the internal audit office reports to the president but the office does not administer its own budget and the internal audit office does not prepare strategic plan. The internal audit service is limited to the audit of regular activities and the internal audit does not apply consistent documentation styles for audit work.

Silviu&Cordos (2014) analyzed the internal audit practices on a sample of listed companies on the financial times 100 indexes on the London stock exchange through an empirical study. The researcher examined internal audit function existence, independence, roles and responsibilities, organization, relationship with audit committee and audit report. At the end of the study, the researcher noted that two companies have not implemented an internal audit department, some companies did not state the position of the internal audit department, and in others the department was subordinate to chief financial officer. The research also noted that internal audit function has different roles and responsibilities in the organizations: assists the management and the board in improving the controlling and risk management process, verify compliance with corporate governance guide lines, analyze the efficiency of operation, monitoring of risk management

process and examines financial reporting and accounting practices. It also found that in some companies, the internal audit department is entirely staffed with specialists and in others the audit activity was entirely out sourced and the majority of cases of internal audit reports are regularly presented to audit committee.

The study sought to establish the relationship between internal audit function and financial Performance in Tertiary Institutions in Nigeria with particular reference to Cross River State College of Education, Akamkpa. Data was collected using questionnaires and interview guide as well as review of available documents and records. The method of analysis employed was survey design while the stratified sampling procedure was adopted in administering the questionnaires. The data were analyzed using simple percentages, tables, Correlation coefficient and z-scores. The study revealed that internal audit function has no significant effect on the financial performance of Cross River State College of Education (Ejoh & Ejom, 2014). The other researcher conducted a research at Kenya Meat Commission. The study found that the relationship between the internal audit function existence and financial performance at the Kenya meat commission insignificant i.e., existence of internal auditing does not influence the profitability and return on investment (Nelius W.Muchiri, 2017).

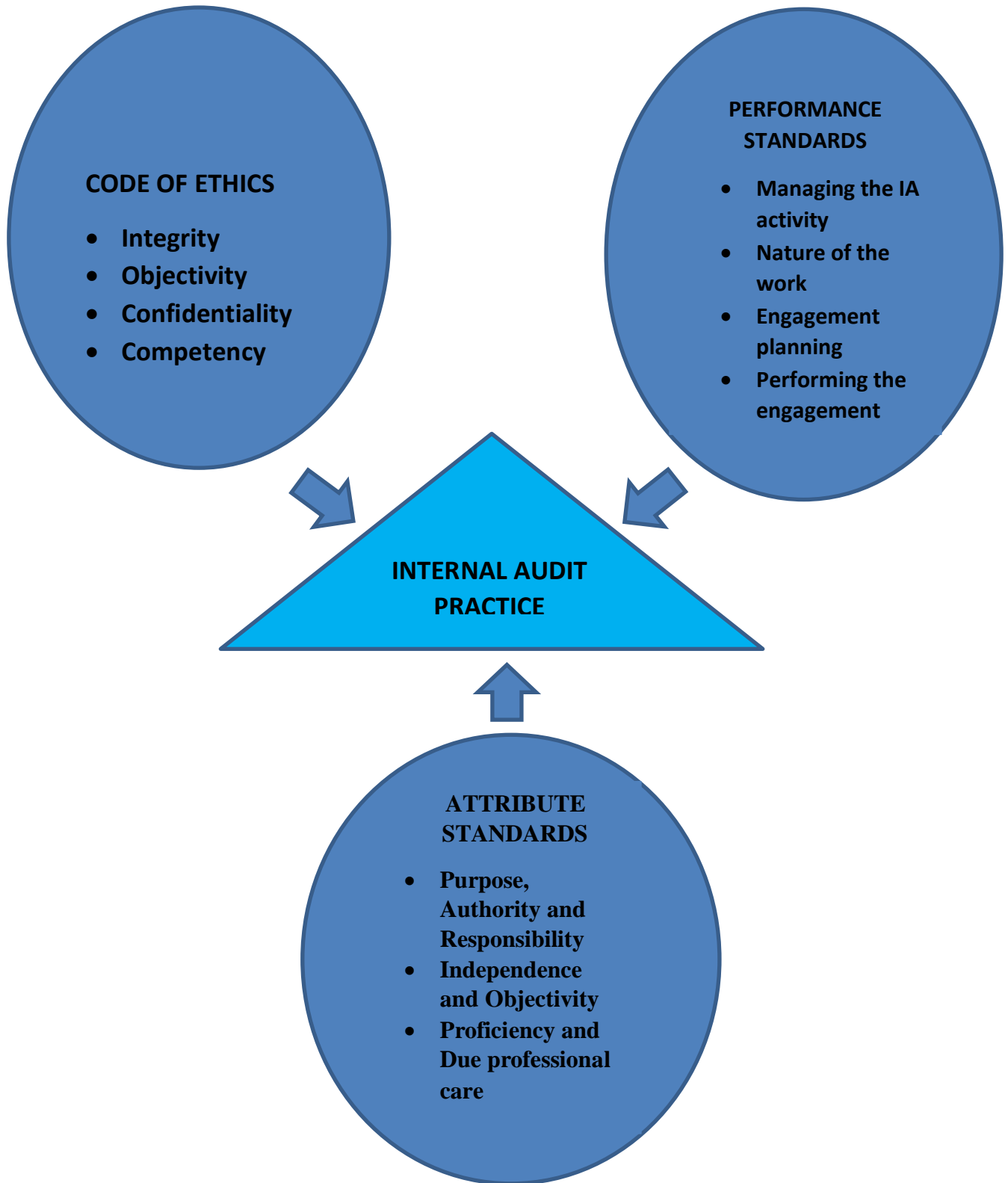
## **2.1. Gaps in the literature**

The research which was conducted before regarding internal auditing related topics at various organizations in Ethiopia, by the definition of IIA, the internal audit is expressed as a profession that is moving from its traditional view (approach) to the new risk-based view (approach). Since internal auditing in today is different from internal auditing yesterday and before, it is under a continuous review and progress (Reding et al. 2013).

Therefore, as a global guidance-setting body, the IPPF organizes authoritative guidance that promulgated by the IIA. The IIA provides internal audit professionals worldwide with authoritative guidance organized in the IPPF as mandatory guidance and recommended guidance. Conformance with the principles set forth in mandatory guidance is required and essential for the professional practice of internal auditing. These mandatory guidance elements are categorized into two namely attribute standards and performance standards. The standards together with the code of ethics encompass all mandatory elements of the IPPF. As it is a mandatory guidance, no previous

research was made regarding internal audit practice in AAU by taking into account the mandatory guidance elements International Standards for the Professional Practice of Internal Auditing (Standards) and the code of ethics. It could be seen from the above discussion that majority of the previous studies were concentrated on the effectiveness of internal audit in various organizations in Ethiopia. Very few studies were conducted on the area of assessing the internal audit practices in different sectors and industries. As well, since to-date, no research has been done by paying a special attention to assess the practices of internal audit in study area by taking the mandatory guidance elements: the international auditing standards and the code of ethics as a yardstick. Hence, this study attempts to fill the gap by assessing the practice of internal audit in study area.

## 2.1. Conceptual Framework of Research



Source: Established by the researcher Based on review of literature

## CHAPTER THREE

### 3. RESEARCH DESIGN AND METHODOLOGY

#### 3.1 Research Approach

There are three alternative strategies of inquiry: qualitative, quantitative and mixed approaches. These approaches are different in terms of their philosophical assumptions as well as techniques used in data collection, analysis and interpretation, and are discussed in the subsequent paragraphs.

Qualitative research approach explores attitudes, behaviors and experiences through methods such as in-depth interview and/or focus group discussion (Dawson 2002). It uses narrative, phenomenological, ethnographies, grounded theory and case studies. The researcher collects open-ended emerging data with the primary intent of developing themes from the data (Creswell 2007). Qualitative approach attempts to get an in-depth opinion from participants. Apart from this, it facilitates responses, and provides data in-depth with leading respondents (Dawson 2002). It is capable to generate a theory by addressing issues which cannot be quantified. It also explores issues which are not studied in the past properly (Creswell 2007). However, this approach has been given less than a fair sense of appreciation. It has been criticized for lack of scientific rigor, small samples, subjective and nonreplicable efforts. The researcher's interference in the research process is very high that results bias due to small sample size and uniqueness of the research setting. It is also very difficult to make generalization to the whole population.

The second approach, quantitative research, generates statistical data through the use of large scale survey research, using methods such as close-ended questionnaires and/or structured interviews (Dawson 2002). Creswell (2009) noted that quantitative approach employs strategies of inquiry such as experiments and surveys, and collect data on predetermined instruments that yield numeric data that can be analyzed using statistical procedures. It is a means for testing objective theories through examining the relationship among variables. It is advantageous as it, procedurally, follow scientific approach, tests reliability and validity of the instrument. It minimizes bias from the researcher's influence and employs large sample size. Hence, the results can be believed on and the results can be generalized to larger population. However, it is not capable to address issues which cannot be quantified. So that, it may has limited scope.

Finally, mixed methods approach is the blend of both qualitative and quantitative approaches. It employs strategies of inquiry that involves collecting data either simultaneously or sequentially to best understand the research problem. The data collection involves gathering both numeric information and text information (Creswell 2009). Mixed approach includes the use of theory deductively in theory testing and verification, or inductively in an emerging theory or pattern (Mertens 2003 cited in Creswell 2007). Therefore, the combination provides an expanded understanding of the research problems. It utilizes the strengths and overcomes the weaknesses of the two continuum approaches. However, incorporating both designs requires a great level of effort from the researcher such as need for extensive data collection. Mixed approach characterized by its time-intensive nature of analyzing both numeric and text data.

To sum up, in order to achieve the research questions stated in the previous section, the researcher used both qualitative and quantitative approach (mixed approach) in collecting and analyzing data as discussed in the following section. The selection of one over the other approach for the conduct of the study is based on the research problem (issue or concern that needs to be addressed), the researcher's own personal experience and the will and support of the audiences (Creswell 2009).

### **3.2 Research Design**

The purpose of the study is to examine the assessment of internal audit practice in AAU all campuses. This study adopts a descriptive research approach by using a primary and secondary data source. The descriptive approach is a method which describes a survey and facts by characterizing its nature with observable details by focusing what and how much facts has been experienced.

### **3.3 Research Method**

#### **3.3.1 Types and source of data**

In order to meet the objectives of the study on the assessment the practice of internal audit both qualitative and quantitative data was collected from primary and secondary source. The survey questionnaires were distributed to the AAU all campus internal auditors were the primary and major source of data gathering instrument. Review of the related literatures especially the IPPF standards-2017 used as a secondary means of data gathering instruments for the study.

#### **3.3.2 Target population**

Currently, the university has 10 colleges, 4 institutes that run both teaching and research, and 6 research institutes that predominantly conduct research. Within these academic units, there are 55 departments, 12 centers, 12 schools, and 2 teaching hospitals in which they are located into 15 campuses. The target respondents of the study were all campuses of AAU.

### **3.3.3 Sample Size and Sampling Techniques**

The researcher utilized purposive sampling method in this study. The researcher purposively selected the participant because they were the major users of the internal audit reports. Thus, the study employed all internal auditors to assess internal audit practices of the AAU campuses, Team Leader, senior auditors and Officers of the Departments/units, 40 in number, are assumed for filling the questionnaire were fully recognized in the sample.

### **3.3.4 Methods of Data Collection**

The study was used primary and secondary data collection methods. The primary source of data was from Internal Auditors through questionnaire distribution and the required secondary data were collected by review of the related documents.

Questionnaires regarding internal audit practice was prepared and distributed to all Team Leader, senior auditors and Officers of the audit Departments of AAU campuses and the questioners prepared on the subject of Attribute Standards, Performance Standards and Code of Ethics.

The study adopted and modified the questionnaires from different materials. Such as supplementary guidance: IIA & Ethiopia Ministry of Finance and Economic Cooperative internal audit manual. all the questionnaires which assesses the internal audit practices: the first section (section A) deals about respondent's demographic information. The second part (section B) holds 41 likert scale questions aimed to analyze internal audit practices with regarding to Attribute Standards, Performance Standards and Code of Ethics. The language of the questionnaires is English. The sample of this instrument is attached in the appendix.

Mostly the likert scale questions have five degrees namely strongly agree, agree, neutral (undecided), disagree, strongly disagree that are combined in to a single composite score/variable during the data analysis process (Kothari, 2004). The researcher in five point likert scales followed through indicating scores like as follows (5) indicating strongly agree (4) agree (3) undecided (2)

disagree and (1) strongly disagree. The number indicates in the question provided to feed ordinary scale measurement and to generate data suitable for quantitative analysis (Boone Jr, 2012). The mean response greater than 3 considered as an agreement with the statement of the questionnaires and the mean response less than 3 considered as a disagreement with the statement of the questionnaires (Boone Jr, 2012).

Document review is relevant to enhance the quality of finding through the quantitative methods. This technique is the most means of gathering data to make the study rich information. As written information, it also saves the researcher time in addition of expanding the information (Yin, 2003). It also used by prior researcher in area of internal auditing (Desalegn G.Mihret, 2007). This method of data collection adopted to gather information from documents held in AAU in relation to IA activity. So, the internal audit reports, internal audit policy & charter have been critically reviewed. The sample of this instrument is attached in the appendix.

### **3.3.5 Methods of Data Analysis**

After the data are collected, the following activities on data processing have been carried out. The raw data are converted into suitable form for analysis and interpretation. This is achieved through sequences of activities including editing, coding, entry, and tabulation. The objectives are to check the completeness, internal consistency and appropriateness of the answers to each of the questions. Finally, an analysis progress is developed using Statistical Package for Social Science SPSS version 26. The analyzed data had been described and summarized by using the descriptive statistics methods by measure of central tendency (mean) values, frequency, percentage, measure of central dispersion (standard deviation). Finally, the results of the study were presented by using tables, figures and charts, etc.



# CHAPTER FOUR

## RESULTS AND DISCUSSION

### 4.1. Introduction

This chapter consists of two major sections. The first section highlights regarding the data that was gathered for the analysis in the chapter. The second section presents the output data via using the SPSS and its results. The final section, section three, views an exhaustive discussion and analysis on data that was collected through using 40 questionnaires.

### 4.2. Highlights regarding the Collected Data

Basically, the primary source of data gathering instrument, questionnaires distribution and collection, was considered in the study. The self-administered questionnaires were distributed to the all AAU Campus addressed to all internal audit staffs. For simplicity, four quality levels were set as a benchmark to measure the conformance level of Mandatory guidance requirements/elements (International Auditing Standards and the Code of Ethics) based on the average mean values that were reflected in each scenario. These quality levels could be summarized as: average mean values  $> 4.0$  adequate;  $b/n$   $4 > 3.5 =$  well/fair/good/healthy;  $> 3.0 =$  inadequate; and  $< 3.0 =$  poor quality.

### 4.3. Discussion of Data from Questionnaire Results

The following section presents respondents profile in terms of gender, age, and Qualification (Educational background), certification related to the profession, Field of study on your highest educational level and Year of experience in all university campuses in any position, Year of experience in internal audit department and finally about internal audit staffing of their internal audit department/unit.

#### 4.3.1. Summary of Respondents' Profile

##### A. Gender Profile

Table 3. Gender Profile

Statistics		
Gender		
N	Valid	40
	Missing	0

		Gender			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	32	80.0	80.0	80.0
	Female	8	20.0	20.0	100.0
	Total	40	100.0	100.0	

Source: Questionnaire results analysis by SPSS.

While reviewing the gender mix of the respondents it could be summarized that 32 respondents having 80% were male and the remaining 8 female respondents shared 20% of the ratio. The analysis results reflected that the internal auditors gender mix in the all AAU campuses were male and female and out of it, the lion share, 80%, was represented by male auditors. Therefore, the female internal auditors' participation in the profession was low.

### B. Age Profile

#### Statistics

Age

N	Valid	40
	Missing	0

**Table.4. Age Profile**

		Age			Cumulative Percent
		Frequency	Percent	Valid Percent	Percent
Valid	Less than 30 years	4	10.0	10.0	10.0
	30-40 years	18	45.0	45.0	55.0
	40-50 years	12	30.0	30.0	85.0
	50-60 years	4	10.0	10.0	95.0
	Above 60 years	2	5.0	5.0	100.0
	Total	40	100.0	100.0	

Source: Questionnaire results analysis by SPSS.

Age profile of the respondents was summarized into five groups. The biggest share was taken by 18 respondents that possessed 45% of the total having 30-40 years, followed by 12 respondents

that held 30% and having age ranges from 40-50 years. The remaining 10 respondents in total took 25% and shared; 4 respondents having ages below 30 years possessed 10%, 4 respondents having ages in between 50-60 possessed 10% and 2 respondents having years above 60 years possessed 5% respectively.

Majority of the respondent auditors' age ranges fall in between 30-50 years (30 auditors having 75% share). This reflected that greater part of the internal audit activity was undertaken by more productive and well matured aged internal auditors. The next share was taken by 10 (%) internal audit staffs having below 30 years ages (younger) and equal to this by 4 (10%) internal auditors having age ranges in between 50-60 years (highly matured). Only two auditors were exercising in the profession beyond 60 years (elders) in the AAU.

### C. Qualification Educational background

**Table 5 Qualification Educational background**

**Statistics**

Qualification (Educational background)

N	Valid	40
	Missing	0

**Qualification (Educational background)**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below Diploma	3	7.5	7.5	7.5
	Degree (BA, BSC)	24	60.0	60.0	67.5
	Masters (MA, MSC, MBA)	13	32.5	32.5	100.0
	Total	40	100.0	100.0	

Source: Questionnaire results analysis by SPSS.

It could be understood from the foregoing table that the respondents' educational background was categorized into two: majority respondents that bearing Degree were 24 in number and possessed 60% and 13 respondents that bearing Masters were shared 32% of the total.

We could summarize the educational profile of the respondent internal auditors of AAU into two: the significant share was possessed by Degree holders and there meaning share by Master related documents holders. Accordingly, the existing merge of educational background of respondent

auditors in AAU was good and could enhance the auditors to undertake their day to day internal audit activities well.

**D. Any Certification Related to the Profession**

**Table 6. Any Certification Related to the Profession**

**Statistics**

Any certification related to the profession

N	Valid	40
	Missing	0

**Any certification related to the profession**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	ACCA	1	2.5	2.5	2.5
	No related certification	39	97.5	97.5	100.0
	Total	40	100.0	100.0	

Source: Questionnaire results analysis by SPSS.

Out of 40 respondents, only 1 respondent were possessed related certificates to the profession: 1- ACCA certificates. The biggest share, 39 respondents possessed 97.5 % of the total exercising the profession without any related certification.

While discussing the results of the above table, with the exception of one respondent, the remaining auditors have been exercising the audit profession without having any related certification. It was contrary to the audit standard no. 1200- Proficiency and due professional care. Based on the results, the existing internal auditors of the AAU did not support their profession by the related adequate trainings and professional certifications.

**E. Highest educational level in AAU**

**Table. 7. Highest educational level in AAU**

**Statistics**

Field of study on your highest educational level:

N	Valid	40
	Missing	0

**Field of study on your highest educational level:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Accounting and Finance	37	92.5	92.5	92.5
	Management	3	7.5	7.5	100.0
	Total	40	100.0	100.0	

Source: Questionnaire results analysis by SPSS.

Out of 40 respondents, only 37 respondents were possessed 92.5 % highest educational level is accounting and finance certified. The second share, 3 respondents possessed 7.5 % highest educational level is management certified.

While discussing the results of the above table, with the exception of more respondents, auditors have certified by accounting.

**F. Years of Service in AAU**

**Table 8. Years of Service in AAU**

**Statistics**

Year of experience in university in any position

N	Valid	40
	Missing	0

**Year of experience in university in any position**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 2 years	6	15.0	15.0	15.0
	3-5 years	19	47.5	47.5	62.5
	6-10 years	9	22.5	22.5	85.0
	Above 10 years	6	15.0	15.0	100.0
	Total	40	100.0	100.0	

Source: Questionnaire results analysis by SPSS.

19 respondents having 3-5 years of banking experience leading by 47.5% and followed by 9 respondents having 6-10 years' experience that possessed 22.5 %; the remaining 12 respondents shared equally 6, respondents alone possessed 15% by having below 2 years and 6 respondents possessed 15% by having above 10 years of auditor experiences respectively.

The lion share of the respondent auditors' years of service in the AAU was above three years (28) auditors, possessed 70 % share. Out of the rest it, 30 % shared equally bellow 2 year and above 10 years was solely covered respectively by internal auditors of AAU. Therefore, the results exhibited that majority of internal auditors in the sample AAU have good audit experience and better understanding about their working environment.

### G. Respondents' Opinion on their Internal Audit Staffing

#### Statistics

Your internal audit unit/department staffing:

N	Valid	40
	Missing	0

**Table 9. Respondents' opinion regarding their Internal Audit Staffing**

#### Your internal audit unit/department staffing:

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Adequately staffed	7	17.5	17.5	17.5
	Moderately staffed	24	60.0	60.0	77.5
	Poorly staffed	9	22.5	22.5	100.0
	Total	40	100.0	100.0	

Source: Questionnaire results analysis by SPSS.

24 respondents that attained 60 % of the total percentage responded their internal audit department/unit staffing was moderately staffed. 9 respondents that possessed 22.5 % answered that their audit department/unit poorly staffed and the remaining 7, by taking 17.5 % share percentage, responded that their audit department/unit had staffed adequately.

With the exception of 7 respondents' that possessed 17.5% share of the total, and believed that their internal audit staff strength was adequate; the remaining respondents' opinions regarding their internal audit staff strength was revealed as inadequate and responded by 50 respondents' that possessed the total share of 82.5% percentage. This result stood against the international auditing standard, managing the internal audit Activity-Resource management standard no. 2020.

### 4.3.2. Compliance with the International Auditing Standards

This section presents the current practices of internal audit in sample AAU of Ethiopia against the conformance level with the IPPF mandatory guidance elements: the revised standards for the professional practice of Internal Auditing (that was released by the Internal Audit Standards Board and effective January 2017) and the code of ethics.

#### 4.3.2.1. Attribute Standards Compliance Analysis

##### A) Statements regarding internal audit charter

**Table 10. Defining the Internal Audit Activities in the Charter**

	Descriptive Statistics				
	N	Minimum	Maximum	Mean	Std. Deviation
<i>QP2.1.1. Internal audit activity's purpose, authority, and responsibility are formally defined in an internal audit charter.</i>	40	1.00	4.00	3.8500	.90
<i>QP2.1.2. Internal audit charter is periodically reviewed and presented to senior management and the board for approval.</i>	40	2.00	4.00	3.0000	.78446
<i>QP2.1.3. The mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing are recognized in the charter.</i>	40	1.00	4.00	3.9500	1.299
<b>Valid N (list wise)</b>	40				

Source: Questionnaire results analysis by SPSS.

QP2.1.1. It could be understood from the respondents' results that the internal audit charter in their organization encompassed and well defined the IAA's purpose, authority and responsibility by the mean value 3.85 The perception of the responding auditors regarding the standard was taken as

considerable and represented as by the standard deviation value above 1. It indicates that the perception of the respondents differed one from another.

QP2.1.2. The respondents' (internal auditors) results revealed that the internal audit charter of the sample AAU campus was reviewed periodically and presented to the senior management and the board for approval; believed as good and exhibited by the average mean value above 3.00. The internal auditors' perception was presented by the standard deviation value slightly above 1 and it could be considered as there was a differed perception among each other.

QP2.1.3. Majority of internal auditors that participated in responding the questionnaire regarding the standard, the recognition of mandatory guidance elements in the audit charter; were believed and demonstrated its well conformance within their AAU campus by the mean and the standard deviation values: 3.95 and considerably above 1 respectively.

The analysis results revealed regarding the entire internal audit charter related standards that their conformance level within the AAU campus was considered as good and it also replied by the organizations' internal auditors. Moreover, defining of the internal audit activities in detail, setting the audit scope, nature including recognizing the mandatory guidance requirements of the IPPF were also briefed and documented in the respective AAU campuses.

## **B) Statements Regarding Internal Audit Objectivity and Independence**

The following four questions (QP2.2.1-QP2.2.4) were derived from the standard, internal audit objectivity and independence and used as a benchmark to analyze the quality level of compliance within the all AAU campuses.

QP2.2.1. There is a dual reporting relationship whereby the CAE (head of Audit) report functionally to the board (audit committee) and administratively to the Chief Executive Officer/President/.

QP2.2.2. Where the chief audit executive has or is expected to have roles and/or responsibilities that fall outside of internal auditing, the related safeguards are in place to limit impairments to independence or objectivity.

QP2.2.3. Internal auditors have an impartial, unbiased attitude and avoid any conflict of interest.



QP2.2.4. If independence or objectivity is impaired in fact or appearance, the details of the impairment disclosed to appropriate parties of the organization.

**Table11. Internal Audit Objectivity and Independence**

		<b>Statistics</b>			
		QP2.2.1.	QP2.2.2.	QP2.2.3.	QP2.2.4.
N	Valid	40	40	40	40
	Missing	0	0	0	0
Mean		3.7000	3.0750	3.4000	3.6250
Median		4.0000	4.0000	4.0000	4.0000
Mode		4.00	4.00	4.00	4.00
Std. Deviation		.46410	.47434	.63246	.49029

Majority of internal auditors that replied regarding the internal audit objectivity and independence standard conformance within their organizations believed was well and it was supported by the average mean values, 3.44. Also the variance in perception among internal auditors that responded for the standard represented as low by the average standard deviation value, 0.515298

The analysis results exhibited that the standards conformance; the relationships among the CAE and the CEO including the board, and regarding the internal auditors impartial, unbiased attitude; were responded by the all AAU campus internal auditors as healthy in their respective organizations. However, the remaining two standards conformance level namely; where the CAE has or is expected to have roles that fall outside of internal auditing, the related safeguards are in place to limit impairments to independence or objectivity, and if independence or objectivity is impaired in fact or appearance, the details of the impairment disclosed to appropriate parties of the organization, were addressed by the all AAU campus as inadequate and needs improvements.

**C) Statements Regarding the Internal Audit Staff Proficiency and Due Professional Care**

The following three questions (QP2.3.1-QP2.3.3) were derived from the internal audit staff proficiency and due professional care standard and used as a benchmark to analyze the quality of conformance within the all AAU campuses and the results were analyzed as follow.

QP2.3.1. Internal auditors possess the knowledge, skills, and other competencies needed to perform their individual responsibilities.

QP2.3.2. Internal auditors always apply the care and skill expected of a reasonably prudent and competent internal auditor.

QP2.3.3. Internal auditors enhance their knowledge, skill, and other competencies through continuing professional development.

**Table 12. Internal Audit Staff Proficiency and Due Professional Care**

		<b>Statistics</b>		
		QP2.3.1.	QP2.3.2. .	QP2.3.3. .
N	Valid	40	40	40
	Missing	0	0	0
Mean		3.6750	3.9250	3.3000
Median		4.0000	4.0000	4.0000
Mode		4.00	4.00	4.00
Std. Deviation		.47434	.61550	.46410

Source: Questionnaire results analysis by SPSS.

It could be observed from the foregoing table that majority of internal auditors from the all AAU campuses regarding the compliance level of the standard, the internal audit proficiency and due professional care, within their organization replied as well by the average mean values of 3.62 Furthermore, the average standard deviation value of 0.51798 was reflected as a variation in perception among internal auditors and it was considered as low in value.

- (A-D) Summary of Attributes Standards Conformance Level

**Table13. Summary of Attributes Standards Conformance**

<b>Statistics</b>		
N	Valid	40
	Missing	0
Mean		3.1
Median		3.05
Mode		2
Std. Deviation		0.51798

A. Multiple modes exist. The smallest value is shown.

Source: Questionnaire results analysis by SPSS.

The aggregate conformance level of the attributes standards by the all AAU campuses could be represented by the mean 3.10 and the standard deviation 0.517988 values. The results reflected that the standards did not adequately comply with the all AAU campuses. The variance in perception among respondent auditors was low (0.517988).

According to the above four standards that represented the attributes standards in general, the conformance level within the all AAU campuses could be represented as inadequate.

#### **4.3.2.2. Conformance with Performance Standards**

##### **D) Statements Regarding Managing the Internal Audit Activity**

The following six questions from QP2.5.1-QP2.5.6 were derived from managing the IIA standards and used as a yard stick to measure the quality level of the internal audit activities management within the sample AAU campuses and the results were then summarized as follows.

QP2.5.1. While developing the risk-based audit plan, the CAE consults with senior management and the board and obtains an understanding of the organization's strategies, key business objectives, associated risks, and risk management processes.

QP2.5.2. The CAE communicates the IAA's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval.

QP2.5.3 The CAE ensures that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.

QP2.5.4. The CAE establishes policies and procedures to guide the internal audit activity.

QP2.5.5. The CAE shares information, coordinate activities and consider relying upon the work of consulting service providers to ensure proper coverage and minimize duplication of efforts.

QP2.5.6. The CAE reports periodically to senior management and the board on the IAA's purpose, authority, responsibility, and performance relative to its plan and on its conformance with the Code of Ethics and the Standards.

#### **Table 14. Managing the Internal Audit Activity**

		Statistics					
		QP2.5.1.	QP2.5.2.	QP2.5.3.	QP2.5.4.	QP2.5.5.	QP2.5.6.
N	Valid	40	40	40	40	40	40
	Missing	0	0	0	0	0	0
Mean		3.3750	3.3250	3.1500	3.4000	3.3750	3.6250
Median		4.0000	4.0000	4.0000	4.0000	4.0000	4.0000
Mode		4.00	4.00	4.00	4.00	4.00	4.00
Std. Deviation		.49029	.47434	.36162	.49614	.49029	.49029

Source: Questionnaire results analysis by SPSS.

Majority of the internal auditors believed that the IAAs were well managed in their respective campuses as per average mean values for the above six questions (QP2.5.1-QP2.5.6) 3.37. Moreover, the average standard deviation value 0.465 revealed that the respondents' internal auditor's perception variation regarding the activity as low (represented by the average standard deviation value 0.47).

Whereas reviewing the analysis results of the questionnaire, managing the IAA standard conformance level within the all AAU campuses was fair and exhibited by the average mean values above 3.37 in all aspects of the standard. While developing the risk-based audit plan, the CAE, consults the senior management and the board; communicates the resource requirements including insignificant interim changes for review and approval; reports periodically on IAA's plan and performance; and also the CAE establishes policies and procedures to guide the IAA components of the standard were inadequate complied within the selected AAU campuses as revealed by the internal auditors' respond for the questionnaire.

#### E) Statements Regarding Nature of the Work

The following three questions from QP2.6.1-QP2.6.3 were derived from the nature of the work standards and used as a bench mark to measure the quality level of the work how it is managed in the all AAU campuses and the results were then summarized as follow.

QP2.6.1. The internal audit activity assesses and makes appropriate recommendations to improve the organization's governance processes.

QP2.6.2. The internal audit activity evaluates the effectiveness and contributes to the improvement of risk management processes.

QP2.6.3. The internal audit activity assists the organization in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvements.

**Table15. Nature of the Work**

		<b>Statistics</b>		
		QP2.6.3.	QP2.6.3.	QP2.6.3.
N	Valid	40	40	40
	Missing	0	0	0
Mean		3.6000	3.1500	3.8500
Median		4.0000	4.0000	4.0000
Mode		4.00	4.00	4.00
Std. Deviation		.49614	.36162	.36162

Source: Questionnaire results analysis by SPSS.

It could be seen from the foregoing table regarding the standard, nature of the work, a significant share was taken by internal auditors that responded that the standard was finely complied within their respective campuses by 3.53 average mean values. The variation in perception among internal auditors that participated in filling the questionnaire was low and represented by the average standard deviation value 0.40646

The analysis results witnessed that the respondent internal auditors of the all AAU campuses replied for the questionnaire that related to the standard, nature of the work, its well conformance and awareness within their internal audit activities. These three pillars of the standard, assessment of the organization’s corporate governance, evaluation of the risk management process and assisting in maintaining effective internal control system in the organization activities were well done by internal audit units of the all AAU campuses.

**F) Statements Regarding Engagements Planning (Planning) Standards**

The following five questions (QP2.7.1-QP2.7.5) were derived from the engagements planning standards and used as a bench mark to measure the compliance level within the sample AAU campuses and the related results were also summarized as follow.

QP2.7.1. In planning the audit engagement, internal auditors consider: the strategies and objectives of the activity being reviewed, the means by which the activity controls its performance, the significant risks, resources, the adequacy and effectiveness of the activity’s governance, risk management, and control processes, etc.

QP2.7.2. Objectives established for each audit engagement concerning reflecting the results of the assessment, the probability of significant errors, fraud, noncompliance, and other exposures.

QP2.7.3. The established scope is sufficient to achieve the objectives of the engagement: it includes consideration of relevant systems, records, personnel, and physical properties and others.

QP2.7.4. Internal auditors determine appropriate and sufficient resources to achieve engagement objectives based on the nature and complexity of each engagement, time constraints, and available resources.

QP2.7.5. Internal auditors develop and document work programs that achieve the engagement objectives (work programs include the procedures for identifying, analyzing, evaluating, and documenting information during the engagement).

**Table16. Engagements Planning**

		<b>Statistics</b>				
		QP2.7.1.	QP2.7.2.	QP2.7.3.	QP2.7.4.	QP2.7.5.
N	Valid	40	40	40	40	40
	Missing	0	0	0	0	0
Mean		3.9250	3.6000	3.5250	3.0750	3.8500
Median		4.0000	4.0000	4.0000	4.0000	4.0000
Mode		4.00	4.00	4.00	4.00	4.00
Std. Deviation		.47434	.49614	.50574	.47434	.53349

Source: Questionnaire results analysis by SPSS.

The above table described that majority of internal auditors believed and replied the conformance level of the standard within their respective campuses as inadequate by average mean values, 3.595 The

variance in perception among internal auditors that participated in the study was exhibited by the average standard deviation value of 0.49 and taken as low.

Regarding the engagements planning standard, the average mean results of its five components replied by the internal auditors as inadequate due to the result that stands between the value, 3.00, neutrality and the value, 4.00, agree boarders. Hence, it is difficult to trace the well acceptance of the respondent internal auditors' responses regarding the standard.

### **G) Statements Regarding Performing the Engagements (Field work) Standards**

The following four questions (QP2.8.1-QP2.8.4) that derived from engagements planning standards were used as a bench mark to measure the level of conformance within the all AAU campuses and the results were also summarized as follow.

QP2.8.1. Internal auditors identify, analyze, evaluate, and document sufficient information to achieve the engagement's objectives.

QP2.8.2. Internal auditors base conclusions and engagement results on appropriate analyses and evaluations.

QP2.8.3. Internal auditors' document: sufficient, reliable, relevant, and useful information to support the engagement results and conclusions. In addition, appropriate supervision evidences are part of the documentation.

QP2.8.4. Audit engagements are properly supervised to ensure that objectives are achieved, quality is assured and staff is developed.

**Table17. Performing the Engagements**

		<b>Statistics</b>			
		QP2.8.1.	QP2.8.2.	QP2.8.3.	QP2.8.4.
N	Valid	40	40	40	40
	Missing	0	0	0	0
Mean		3.1500	3.7750	3.2250	3.4500
Median		4.0000	4.0000	4.0000	4.0000
Mode		4.00	4.00	4.00	4.00
Std. Deviation		.36162	.80024	.42290	.50383

Source: Questionnaire results analysis by SPSS.

As the above table presented, majority of internal auditors replied and confirmed regarding the standard, performing the engagement, for its quality (its conformance within their organizations) as good by 3.4 average mean values. Besides, the variance in perception among auditors was low and symbolized by the average standard deviation value 0.5221475 in aggregate.

According to the analysis results, the conformance level of performing the engagements standard was insufficient and it reflected the unhealthy conformance within the all AAU campuses.

#### **H) Statements Regarding Communicating Results (Reporting) Standards**

The following seven questions (QP2.9.1-QP2.9.7) that derived from communicating the results standard were used as a bench mark to measure the quality of conformance in the all AAU campuses and the results were also summarized as follow.

QP2.9.1. Communications include the engagements' objectives, scope, and results.

QP2.9.2. Communications are accurate, objective, clear, concise, constructive, complete and timely.

QP2.9.3. While a final communication contains a significant error or omission, the CAE communicates the corrected information to all concerned parties.

QP2.9.4. Engagements are conducted in conformance with the International Auditing Standards and it is supported by the results of the QAIP.

QP2.9.5. When non-conformance with the Code of Ethics or the Standards impacts a specific Engagement, the results disclose with which full conformance was not achieved the reason, and its impacts.

QP2.9.6. The CAE reviews and approves the final engagement communication before issuance and for deciding to whom and how it will be disseminated.

QP2.9.7. When an overall opinion is issued, it takes into account the strategies, objectives, and risks of the organization; and the expectations of senior management, the board, and other stakeholders.



**Table 18. Communicating the Results**

		<b>Statistics</b>						
		QP2.9.1.	QP2.9.2.	QP2.9.3.	QP2.9.4	QP2.9.5	QP2.9.6	QP2.9.7.
N	Valid	40	40	40	40	40	40	40
	Missing	0	0	0	0	0	0	0
Mean		3.1500	3.7750	3.9000	3.7000	3.3750	3.9250	3.7750
Median		4.0000	4.0000	4.0000	4.0000	4.0000	4.0000	4.0000
Mode		4.00	4.00	4.00	4.00	4.00	4.00	4.00
Std. Deviation		.36162	.57679	.74421	.46410	.49029	.26675	.42290

**Source: Questionnaire results analysis by SPSS.**

It could be understood from the above table that majority of internal auditors of the all AAU campuses believed that standards of communicating results were well complied within their organizations by 3.65 average mean values. In the meantime, the variance in perception of the auditors regarding the standard was low and identified by the average standard deviation value, 0.68017.

The analysis results regarding the reporting standard reflected its well conformance within the all AAU campuses and basically in relation to the significant portion (components) of the standard as mentioned hereunder: communications include the engagements’ objectives, scope and results; communications are accurate, clear, concise, constructive, complete and timely; the CAE review and approve the final engagement communication before issuance; and when the overall opinion is issued, it taken into account the strategies, objectives and risks of the organization including the expectations of the stakeholders.

**I) Statements Regarding Monitoring Progress (Follow- up) Standards**

The following question was derived from the standard, monitoring progress, and used as a bench mark to analyze the quality level of conformance within the sample AAU campuses and the related result then discussed as follow.

QP2.10.1. The CAE establishes a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.

**Table 19. Statistics, Monitoring Progress**

<b>Statistics</b>		
QP2.10.1.		
N	Valid	40
	Missing	0
Mean		3.45
Median		4.00
Mode		4
Std. Deviation		0.928

Source: Questionnaire results analysis by SPSS.

The above table that produced by SPSS regarding monitoring progress standard disclosed that majority of respondent internal auditors of the all AAU campuses believed that the mentioned standard was moderately exercised and its result was supported by 3.45 mean values and followed by the standard deviation, 0.928 value that calculated in relation to the variance in perception among the responding internal auditors and relatively it was taken as low in figure.

The analysis result revealed that the follow-up standard conformance level within the all AAU campuses was inadequate and it needs further improvements to fairly stand at the side of international auditing standards acceptance level.

**J) Statements Regarding the Acceptance of Risks Standards**

The following question was derived from the standard that particularly related to the acceptance of risks in organizations and the results that associated with standard were presented as follow.

QP2.11.1. When the CAE concludes that management has accepted a level of risk that may be unacceptable to the organization; he/she discusses the matter with senior management. If he/she determines that the matter has not been resolved, he/she communicates the matter to the board.

**Table 20. Statistics, Acceptance of Risks**

<b>Statistics</b>		
QP2.11.1.		
N	Valid	40
	Missing	0
Mean		3.32

Median	4.00
Mode	4
Std. Deviation	0.81

Source: Questionnaire results analysis by SPSS.

According to the results that reflected by the above table, a significant number of internal auditors regarding the standard, acceptance of risks, conformance level within their respective campuses believed inadequate by the average mean values, 3.32. In addition, the variation in auditors' perception shown as low as per the standard deviation value 0.81

Based on the respondent internal auditors reply it could be discussed that the acceptance of risks standard conformance level within their organizations was not good (inadequate) and did not move up to the expectations from the profession.

- (E-K) Summary of Performance Standards Conformance Level

**Table21. Summary of Performance Standards Conformance**

Statistics		
N	Valid	40
	Missing	0
Mean		3.1
Median		3.00
Mode		3
Std. Deviation		0.56798

Source: Questionnaire results analysis by SPSS.

The aggregate result of the above table regarding the performance standards revealed that the standards were well (fairly) complied within the all AAU campuses by the average mean value of 3.1; and the variance in perception among the respondent auditors was low and presented by the average standard deviation, 0.567, values.

According to the entire performance standards analysis results, it could be understood that the standards awareness and adherence to within the all AAU campuses was fairly reflected and well responded by the respective internal auditors of the organizations.

**(A-J) Summary of Attributes and Performance Standards Conformance Level**

**Table22. Summary of Attributes and Performance Standards Conformance**

Statistics		
N	Valid	40
	Missing	0
Mean		3.1
Median		2.875
Mode		2.5
Std. Deviation		0.54298

A. Multiple modes exist. The smallest value is shown.

**Source: Questionnaire results analysis by SPSS.**

While we viewed to the total standards conformance (the attributes and performance standards) level within all AAU campuses, it could be summarized as inadequate and exhibited by 3.1 average mean values. The average standard deviation value of the result reflected as low and represented by the number 0.542; that showed the variance in perception among the respondents.

The analysis results of the entire standards (attributes and performance) conformance level within the all AAU campuses was revealed by an average mean value of 3.1 and it stood below the acceptance (agree, 4.00) level. Even though, the aggregate results stood below the fair value, certain components of the standards were compiled well by these organizations.

**4.3.2.3. Conformance with the Code of Ethics**

The following four questions from QP2.12- QP2.12.4 were derived from the code of ethics and used as a bench mark to measure the quality of conformance within the all AAU campuses and the related results were narrated as follow.

QP2.12.1. The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.

QP2.12.2. Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.

QP2.12.3. Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

QP2.12.4. Internal auditors apply the knowledge, skills and experience needed in the performance of internal auditing services.

**Table23. The Code of Ethics**

		<b>Statistics</b>			
		QP2.12.1.	QP2.12.2 .	QP2.12.3	QP2.12.4. .
N	Valid	40	40	40	40
	Missing	0	0	0	0
Mean		3.80	3.66	3.88	3.89
Median		4.00	4.00	4.00	4.00
Mode		4	4	4	4
Std. Deviation		0.920	0.801	0.831	0.938

Source: Questionnaire results analysis by SPSS.

The foregoing table revealed that majority of internal auditors considerably accepted and replied the compliance of the ethical frameworks within their respective campuses by an average mean value of 3.80 while the standard deviation value, 0.6425 was revealed and witnessed that the variance of perception among internal auditors was low. The ethical frameworks (code of ethics) conformance level within the all AAU campuses sectors was healthy and acceptable.

- The Aggregate Results of Total Standards and the Code of Ethics Conformance

**Table 24. The Aggregate Results of Total Standards and the Code of Ethics Conformance**

<b>Statistics</b>		
N	Valid	40
	Missing	0
Mean		3.51
Median		3.35

Mode	2a
Std. Deviation	0.77232

a. Multiple modes exist. The smallest value is shown

Source: Questionnaire results analysis by SPSS.

The aggregate results as shown above revealed that the mandatory guidance elements (all the standards and the code of ethics) conformance level by the all AAU campuses could be summarized as well (healthy) and witnessed by the average mean and standard deviation values of 3.51 and 0.77 respectively.

While discussing the final results of the analysis in relation to the aim of the study, to assess the internal audit practices by taking the mandatory guidance requirements (elements) of the IPPF as a benchmark, the conformance level of these requirements within the all AAU campuses of Ethiopia was well (good/healthy/fair) and evidenced by the average mean values of 3.51 (that is moving to the acceptance point, 4- Agree).

# CHAPTER FIVE

## Summary, Conclusions and Recommendations

### 5.1. Introduction

This chapter presents summary of the findings, conclusions and recommendations that were drawn based on the results of the responses from questionnaires and documents review. It has four parts; the first part presents summary of the findings and then followed by the conclusions that made for the study as a second part. The last, but not the least part of the chapter, part four, highlights constructive recommendations that were supposed to curve the findings that detected in relation to the practices of internal audit in AAU using mandatory guidance elements/requirements that were set by the IPPF, and followed by possible future research areas that related to the topic under investigation.

### 5.2. Summary of Major Findings

The findings of the research could be summarized into five parts and their detail is discussed as follow:

#### A. Findings that detected from respondents' profile

Out of 40 respondents that were participated in responding the research questionnaire, only 1 respondent (2.5%) were possessed the related certificates to the profession: 1-ACCA and 1-CIA certificates. Hence, the results clearly revealed that almost all internal auditors in AAU campuses have been conducting their IAAs through experiences and without acquiring adequate trainings and did not detach from the traditional way

With the exception of few respondents 7 (17.5%) that responded about the adequacy of their audit staffing, majority of the respondents from the AAU campuses replied that their audit departments/units did not staffed adequately (82.5 respondents replied; moderately and poorly staffed).

## B. Findings that detected from attribute related standards

Conformance with audit charter related standards all AAU campuses: defining IAA's purpose, authority, responsibility in the audit charter; periodical review of the chapter; and recognizing the mandatory guidance requirements in the audit charter: was fair (average mean values below 4) and did not arrive to the level that satisfies the expectations of sound international auditing practices.

Statements regarding internal audit objectivity and independence standard: the existence of dual reporting relationship among the audit department/unit and the Chief Executive Officer /President/ and the Board; proper setting of the related safeguards in place to limit the CAE's impairments to independence/objectivity; IAs an impartial, unbiased attitude and avoid any conflict of interest; and if independence or objectivity is impaired in fact or appearance, disclosure of the impairment to the appropriate parties of the organization; conformance was agreed (by average mean values nearly 4 (agree)) but did not arrive to the point that satisfies the expectations of sound international auditing practices.

The level of conformance with standards that related to internal audit staff proficiency and due professional care: possession of the knowledge, skills and other competencies; application of the care and skill that expected from prudent and competent internal auditor; and whether internal auditors enhance their knowledge, skill and other competencies through continuing professional development: was accepted as good; however, did not adequately satisfy the IAS level.

Regarding the QAIP conformance within AAU campuses, almost all internal auditors responded that QAIP standards have not been well known and carried out in their respective organizations by average mean values below 3(normal).

## C. Gaps that observed in relation to performance standards

Conformance with certain components that derived from performance standards: managing the IAA, nature of the work, performing the engagement, communicating results and monitoring progress (follow up), was fair in the AAU campuses and represented by average mean values nearly 4 (agree); however, their quality level was not raised as much as satisfactory (between agree and strongly agree; between 4 and 5).



Since it was revealed by internal auditor's responses regarding engagements planning, the mean values of the standards were to some extent raised from the normal value (3) and represented by 3.595 that was the value in between normality and acceptance; so that its conformance within the sample AAU campuses was believed not adequate and did not grow to the acceptable level (between agree and strongly agree; 4 and 5).

The responses of internal auditors exhibited in relation to the acceptance of risks that the standard has not been fairly implemented and carried out by the CAE sin the AAU campuses (by average mean values below 3.32).

#### D. Findings that identified in relation to the code of ethics

Since the aggregate value of all the code of ethics related ethical frame works conformance by AAU campuses, in general, replied by internal auditors as fair by average mean values nearly agree (4); however, when the results compared against the international auditing practices, its quality level was not as much as satisfactory (between agree and strongly agree; 4 and 5).

#### E. Findings that identified from total attributes standards

The aggregate results that reflected by attributes standards shown that the campuses of AAU did not adequately comply with the standards by average mean and standard deviation values 3.1 and 0.51798 respectively. Since the conformance level was below fair/well, it did not satisfy the IAS (between agree and strongly agree; 4 and 5).

#### F. Findings that related to the entire performance standards

While the aggregate conformance with all performance standards reflected that the AAU campuses familiarized well and witnessed by the average mean and median values 3.1 and 3.00 respectively. The variance in perception among the respondent auditors was taken as low by average standard deviation value, 0.56798; However, the quality level was not as much as satisfactory (between agree and strongly agree; 4 and 5).

#### G. Findings that related to the overall standards

Review of the total standards (attributes and performance) exhibited that the conformance level at AAU campuses as inadequate and supported by 3.1 average mean values. The average standard deviation value, 0.54298 reflected that there was no considerable variation among auditor's perception. The level of conformance was not as much as satisfactory (between agree and strongly agree; 4 and 5).

#### H. Findings that related to the overall standards and code of ethics

As table 22 discussed that the conformance level by AAU campuses regarding the overall mandatory guidance requirements (standards and the code of ethics) was exhibited as healthy by average mean and median values of 3.51 and 3.35 respectively. The perception among internal auditors could be taken as low 0.77232 average standard deviation values. However, the quality level was not as much as satisfactory (between agree and strongly agree; 4 and 5).

### **5.3.Conclusions**

In order to ensure sound corporate governance and internal control system, in every organization, the existence of internal audit plays a vital role. Nowadays, the internal audit profession is under a dynamic and continuous improvement. Hence, the general objective of this study was to assess the current practices (quality) of internal audit in AAU by taking the mandatory guidance requirements of IPPF as a benchmark. By using data that was collected through using the primary source: the self-administered questionnaire; the quality level of the internal audit practices of the AAU campuses were analyzed and the related conclusions were drawn as follow.

- Regarding the audit charter: the gathered results revealed that all audit charter related standards compliance level within the AAU campuses was believed and responded by the participants as healthy. (Definition of IAAs purpose, authority and responsibility; periodic review of the charter; and recognition of the mandatory guidance elements in the charter.)
- The internal audit objectivity and independence: the existence of a dual reporting relationship among the audit department/unit and the concerned organs of the campuses, the management and the board; and the internal auditors positive stand about impartial, unbiased attitude and avoidance of any conflict of interest were jointly set the intentions of

the respondents regarding their compliance level at the respective AAU campuses at the side of well implemented.

- The internal audit staff proficiency and due professional care: all the three questions that derived from the given standard were replied and exhibited by internal auditors as finely complied within the AAU campuses. The responded questionnaires were referred as; whether the internal auditors possess the knowledge, skills and other competencies needed to perform their individual responsibilities; the auditors always apply the care and skill expected from a reasonable prudent and competent internal auditor; and the internal auditors enhance their knowledge, skill and other competencies through continuing professional development.
- Managing the IAA: all the related responses from QP2.5.1- QP2.5.6 revealed that the standard was finely complied within the AAU campuses. These activities mainly related to the CAE: while developing the audit plan consults the senior management and the board; the IAAs plan and resource requirements including significant interim changes communicated to the senior management and the board for review and approval; ensures appropriateness of resources; establishing policies and procedures to guide the IAA; shares information, coordinate activities and consider minimizing duplicate efforts; reports all IAAs periodically to the senior management and the board; and finally consideration of the plan for review.
- Nature of the work: in general, the results that briefed about the standard's conformance in the AAU campuses as healthy. Concerning the IAA: assesses and makes appropriate recommendations to improve the organization's governance processes; actively evaluates the effectiveness and contributes to the improvement of risk management processes; and assists the organization in maintaining effective by evaluating their effectiveness and efficiency were incorporated in the related standard.
- Engagements planning: regarding the standard only two issues that well confirmed in AAU campuses were discussed in area: objectives established for each audit engagement reflecting the results of the assessment, the probability of significant errors, fraud,

noncompliance, and other exposures; and internal auditors develop and document work programs that achieve the engagement objectives.

- Performing the engagement: majority of the matters related to the standard were accepted and replied by internal auditors as finely complied within their respective AAU campuses about internal auditors identify, analyze and document sufficient information to achieve the engagement's objectives; base conclusions and engagement results on appropriate analyses and evaluation; and document sufficient, reliable, relevant and useful information to support the engagement results and conclusions.
- Communicating results: matters that reflected as healthy within the AAU campuses were discussed as: communications include the engagements' objectives, scope, and results; communications are accurate, objective, clear, concise, constructive, complete and timely; the CAE review and approve the final engagement communication before issuance and for deciding to whom and how it will be disseminated; and when an overall opinion is issued, it takes into account the strategies, objectives, and risks of the organization and the expectations of senior Management, the board, and other stakeholders.
- Code of ethics: the results that obtained from respondent internal auditors regarding the conformity of internal auditors with the professional ethical frameworks: integrity, objectivity, confidentiality and competency exhibited as well in all aspects.
- The internal audit objectivity and independence: two components s that derived from the standard replied by the respondent internal auditors as inadequately complied by the respective AAU campuses in relation to where the CAE has or is expected to have roles and/or responsibilities that fall outside of internal auditing, the related safeguards are in place to limit impairments to independence or objectivity; and if independence or objectivity is impaired in fact or appearance, the details of the impairment disclosed to appropriate parties of the institution.
- Engagements planning: the following three components of the standard were not adequately exercised by AAU campuses: in planning the audit engagement, internal auditors consider- the strategies and objectives of the activity being reviewed , the means by which the activity controls its performance, the significant risks, resources, the adequacy and effectiveness of the activity's governance, risk management, and control processes,

etc; the established scope is sufficient to achieve the objectives of the engagement; and internal auditors determine appropriate and sufficient resources to achieve engagement objectives based on the nature and complexity of each engagement, time constraints, and available resources.

- Performing the engagement: the matter regarding the standard did not adequately comply by the AAU campuses was whether audit engagements are properly supervised to ensure that objectives are achieved, quality is assured and staff is developed.
- Communicating results: matters that related to the standard and did not properly complied by the AAU campuses were presented as while a final communication contains a significant error or omission, the CAE communicates the corrected information to all the concerned parties; whether engagements are conducted in conformance with the International Standards of Internal Auditing and it is supported by the results of the quality assurance and improvement programs; and when non-conformance with the Code of Ethics or the Standards impacts a specific engagement, the results disclose with which full conformance was not achieved, the reason, and its impacts.
- Monitoring progress: the standard did not satisfactorily implement by the AAU campuses and its detail was narrated as whether the CAE establishes a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.
- The acceptance of risks: the compliance level of the standard: when the CAE concludes that management has accepted a level of risk that may be unacceptable to the institute; he/she discusses the matter with senior management while the matter has not been resolved, he/she communicates the matter to the board: according to the respondent's concern stated and replied as inadequate.
- All the components that related to the standard, QAIP, measured and replied by internal auditors as poorly complied within the AAU campuses. The CAE did not develop and maintain a QAIP that covers all aspects of the IAAs; the CAE did not communicate the

QAIP results to the senior management and the board regularly; and moreover, there were neither internal nor external assessments of QAIP by qualified, competent nor independent persons/teams.

Review of the respondents' profile identified that with the exception of 1 respondent (2.5%) that possessed the related profession certificates; 1-ACCA and 1-CIA; the remaining 39 respondents (above 97.5 %) had been carried out the audit profession without having any related certification. Furthermore, only 7 respondents (17.5%) that replied about the adequacy of their audit staffing and majority (82.5%) of the respondents from the AAU campuses believed that their audit departments/units had not been staffed adequately.

Based on the analysis results that reflected by using the self-administered questionnaire: the conformance level of the mandatory guidance requirements by AAU campuses summarized as: well, inadequate and poor (below the expectation) conformance with certain components in each standard and scenario. In general, the mandatory guidance requirements conformance level within the AAU campuses did not move up to the expectation that satisfies the international auditing standards.

#### **5.4.Recommendations**

Based on the findings of the research the following recommendations were given:

- The existing healthy conformance with certain mandatory guidance elements of the IPPF should be kept up and goes to the sound conformance level by all elements and in all AAU campuses: regarding management of the audit charter; the internal audit objectivity and independence; the internal audit staff proficiency and due professional care; managing the IAAs; nature of the work; engagements planning; performing the engagement (field work); communicating results (reporting); and the code of ethics.
- The well and satisfactory conformance regarding the mandatory guidance elements of IPPF that previously exercised inadequately by AAU campuses have to be regularized and make

improvements until it satisfies the needs of all stakeholders particularly the organization that established the internal audit department/unit through adding value and improve organizational performance. Especially in areas: the internal audit objectivity and independence; engagements planning; performing the engagement; communicating results; monitoring progress; and the acceptance of risks.

- Due to its poor /below the expectation/ conformance with QAIP standards within the selected AAU campuses:
  - ❖ The CAE should develop a QAIP that covers all aspects of the IAA;
  - ❖ The QAIP should include both internal and external assessments;
  - ❖ The internal assessment should include ongoing monitoring of the performance of IAA, periodic self-assessment or assessments by other persons within the organization with sufficient knowledge of IAA;
  - ❖ The external assessments should be conducted at least once every five years by a qualified, independent assessor / team outside the organization; and
  - ❖ The CAE should communicate the results of the QAIP to senior management and the board regularly.
- Not only that, in order to comply with the mandatory guidance elements that promulgated by IPPF, all AAU campuses should enhance and update their internal audit staffs through continuous trainings and certifications. Besides, to gain more benefit from their audit department/unit, they should give due consideration to satisfy the adequacy of their audit staffing and allocation of the related resources.

Since to-date, the internal audit profession in Ethiopia was not discovered adequately. Thus, this research would benefit all AAU campuses of Ethiopia and other stakeholders that are concerned to adequately establish their internal audit department/unit and benefit from the profession through viewing sound practices of internal auditing as a criterion. Due to limited studies done in Ethiopia, more researchers are encouraged to conduct research on issues that related to the practices of internal audit in different industries including government academic institution by taking the same bench mark, the mandatory guidance elements of IPPF. Since it is so fertile and wide in scope to set the whole IPPF as criteria, various researchers that are interested in the study area could select

the mandatory and recommended guidance elements of the IPPF separately and even focus on specific areas of IPPF based on their will and the upcoming research gaps.



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# **APPENDIX**

## APPENDIX A



ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

DEPARTMENT OF ACCOUNTING AND FINANCE

### QUESTIONNAIRE FOR AAU INTERNAL AUDITORS

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Dear respondent

The Questionnaire is filling by staff Addis Ababa University working on internal audit department.

**Researcher:** Post graduate student, St Mary's University Department of Accounting and Finance.

**Topic:** Assess the Internal Audit Practice in the case of Addis Ababa University.

**Objective:** To collect necessary data those are used to assess the Internal Audit Practice in the case of Addis Ababa University

**Confidentiality:** It is not the interest of this study to scatter your university and your information to the competitors or other bodies. So be confident that the aim of this study is to assess the internal audit practice your university for the purpose of student research program. I want to assure that the data you furnish will be safeguarded with strict confidentiality.

**General Instruction:**

- A. It is not necessary to mention your name.
- B. You are kindly requested to make a tick mark ( ) on your choice.
- C. You're honest and thought full responses are appreciated.

Best Regards

SamiYassin

**Thanks in advance for your cooperation!**

Part I: - General Information

1. Gender

Male

Female

2. Age

Less than 30 years

30-40 years

40-50 years

50-60 years

Above 60 years

3. Qualification (Educational background)

Diploma

Degree (BA, BSC)

Masters (MA, MSC, MBA)

Above Master

4. Any certification related to the profession

1. ACCA

2. CPA

3. CIA

4. No related certification

5. Field of study on your highest educational level:

Accounting and Finance

Management

Economics

Information Technology

Law

Other Specify \_\_\_\_\_

6. Year of experience in university in any position

Two years and less

Above two years less than five years

Above five years less than ten years

Above ten years

7. Year of experience in internal audit department

Two years and less

Above two years less than five years

Above five years less than ten years

Above ten years

8. Your internal audit unit/department staffing:

Adequately staffed

Moderately staffed

Poorly staffed

Part II: - Internal Audit Questions (Tick on Your Selection)

- 1 SD= Strongly Disagree
- 2 D= Disagree
- 3 N= Neutral
- 4 A= Agree
- 5 SA= Strongly Agree

Remark: The following questions are Likert scale types and rate their extent to which you agree or disagree that the following statements best describe your organization. Use 5-scale ratings whereby; 1=strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree

N O	Variables	SD	D	N	A	SA	
		1	2	3	4	5	
Attribute Standards		The values of scales					
1	A. Statements regarding internal audit charter	Internal audit activity's purpose, authority, and responsibility are formally defined in an internal audit charter.	(5)	(4)	(3)	(2)	(1)
2		Internal audit charter is periodically reviewed and presented to senior management and the board for approval.	(5)	(4)	(3)	(2)	(1)
3		The mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing are recognized in the charter.	(5)	(4)	(3)	(2)	(1)



4	B. Statements regarding internal audit objectivity and independence	There is a dual reporting relationship whereby the head of Audit report functionally to the board (audit committee) and administratively to the Chief Executive Officer.	(5)	(4)	(3)	(2)	(1)
5		Where the chief audit executive has or is expected to have roles and/or responsibilities that fall outside of internal auditing, the related safeguards are in place to limit impairments to independence or objectivity.	(5)	(4)	(3)	(2)	(1)
6		Internal auditors have an impartial, unbiased attitude and avoid any conflict of interest.	(5)	(4)	(3)	(2)	(1)
7		If independence or objectivity is impaired in fact or appearance, the details of the impairment disclosed to appropriate parties of the organization.	(5)	(4)	(3)	(2)	(1)
8	C. Statements regarding the internal audit staff proficiency and due professional care	Internal auditors possess the knowledge, skills, and other competencies needed to perform their individual responsibilities.	(5)	(4)	(3)	(2)	(1)
9		Internal auditors always apply the care and skill expected of a reasonably prudent and competent internal auditor.	(5)	(4)	(3)	(2)	(1)
10		Internal auditors enhance their knowledge, skill, and other competencies through continuing professional development.	(5)	(4)	(3)	(2)	(1)
<b>II. Performance Standards</b>			(5)	(4)	(3)	(2)	(1)

11	D. Statements regarding managing the internal audit activity	While developing the risk-based audit plan, the chief audit executive consults with senior management and the board and obtains an understanding of the organization's strategies key business objectives, associated risks, and risk management processes.	(5)	(4)	(3)	(2)	(1)
12		The chief audit executive communicates the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval.	(5)	(4)	(3)	(2)	(1)
13		The chief audit executive ensures that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.	(5)	(4)	(3)	(2)	(1)
14		The chief audit executive establishes policies and procedures to guide the internal audit activity.	(5)	(4)	(3)	(2)	(1)
15		The chief audit executive shares information, coordinate activities and consider relying upon the work of consulting service providers to ensure proper coverage and minimize duplication of efforts.	(5)	(4)	(3)	(2)	(1)

16		The chief audit executive reports periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan and on its conformance with the Code of Ethics and the Standards.	(5)	(4)	(3)	(2)	(1)
17	E. Statements regarding nature of the work	The internal audit activity assesses and makes appropriate recommendations to improve the organization's governance processes.	(5)	(4)	(3)	(2)	(1)
18		The internal audit activity evaluates the effectiveness and contributes to the improvement of risk management processes.	(5)	(4)	(3)	(2)	(1)
19		The internal audit activity assists the organization in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvements.	(5)	(4)	(3)	(2)	(1)
20	F. Statements regarding engagements planning	In planning the audit engagement, internal auditors consider: the strategies and objectives of the activity being reviewed , the means by which the activity controls its performance, the significant risks, resources, the adequacy and effectiveness of the activity's governance, risk management, and control processes, etc.	(5)	(4)	(3)	(2)	(1)

21		Objectives established for each audit engagement concerning reflecting the results of the assessment, the probability of significant errors, fraud, noncompliance, and other exposures.	(5)	(4)	(3)	(2)	(1)
22		The established scope is sufficient to achieve the objectives of the engagement: it includes consideration of relevant systems, records, personnel, and physical properties and others.	(5)	(4)	(3)	(2)	(1)
23		Internal auditors determine appropriate and sufficient resources to achieve engagement objectives based on the nature and complexity of each engagement, time constraints, and available resources.	(5)	(4)	(3)	(2)	(1)
24		Internal auditors develop and document work programs that achieve the engagement objectives (work programs include the procedures for identifying, analyzing, evaluating, and documenting information during the engagement).	(5)	(4)	(3)	(2)	(1)
25	G. Statements regarding performing the engagement	Internal auditors identify, analyze, evaluate, and document sufficient information to achieve the engagement's objectives.	(5)	(4)	(3)	(2)	(1)
26		Internal auditors base conclusions and engagement results on appropriate analyses and evaluations.	(5)	(4)	(3)	(2)	(1)

27		Internal auditors' document: sufficient, reliable, relevant, and useful information to support the engagement results and conclusions. In addition, appropriate supervision evidences are part of the documentation.	(5)	(4)	(3)	(2)	(1)
28		Audit engagements are properly supervised to ensure that objectives are achieved, quality is assured and staff is developed.	(5)	(4)	(3)	(2)	(1)
29	H. Statements regarding communicating results	Communications include the engagements' objectives, scope, and results.	(5)	(4)	(3)	(2)	(1)
30		Communications are accurate, objective, clear, concise, constructive, complete and timely.	(5)	(4)	(3)	(2)	(1)
31		While a final communication contains a significant error or omission, the chief audit executive communicates the corrected information to all parties who received the original communication.	(5)	(4)	(3)	(2)	(1)
32		Engagements are conducted in conformance with the International Standards of Internal Auditing and it is supported by the results of the quality assurance and improvement programs.	(5)	(4)	(3)	(2)	(1)
33		When non-conformance with the Code of Ethics or the Standards impacts a specific engagement, the results disclose with which full conformance was not achieved, the reason, and its impacts.	(5)	(4)	(3)	(2)	(1)
34		The chief audit executive review and approve the final engagement communication before issuance and for deciding to whom and how it will be disseminated.	(5)	(4)	(3)	(2)	(1)

35		When an overall opinion is issued, it takes into account the strategies objectives and risks of the organization; and the expectations of senior Mgt, the board, and other stakeholders.	(5)	(4)	(3)	(2)	(1)
36	I. Statements regarding monitoring progress	The chief audit executive establishes a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.	(5)	(4)	(3)	(2)	(1)
37	J. Statements regarding the acceptance of risks	When the chief audit executive concludes that management has accepted a level of risk that may be unacceptable to the organization, he/she discusses the matter with senior.	(5)	(4)	(3)	(2)	(1)
	<b>III. Code of Ethics</b>		(5)	(4)	(3)	(2)	(1)
38	K. Statements regarding Code of ethics rule, Integrity, Objectivity, Confidentiality, Competency respectively.	The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.	(5)	(4)	(3)	(2)	(1)
39		Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.	(5)	(4)	(3)	(2)	(1)
40		Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.	(5)	(4)	(3)	(2)	(1)
41		Internal auditors apply the knowledge, skills and experience needed in the performance of internal auditing services.	(5)	(4)	(3)	(2)	(1)

Please suggest if you face any kind of idea in assessment of internal audit practice in your organization that is not addressed in this questionnaire.

