

Independence and objectivity of internal auditors within provincial governance systems

Awonke Geqeza¹, Jobo Dubihlela²

¹Cape Peninsula University of Technology, Internal Auditing & FIS - School of Accounting Sciences Cape Town, Republic of South Africa

²University of KwaZulu-Natal, Durban, Republic of South Africa

*Corresponding author email: a.geqeza@gmail.com

ARTICLE INFO

Article history:

Received 2023-11-05

Accepted 2024-03-16

Published 2024-06-25

Keywords:

Audit independence, auditor objectivity, public service accountability, South Africa, Western Cape Government.

DOI:

<https://doi.org/10.20885/jaai.vol28.iss1.art1>

ABSTRACT

The study addresses the dearth of research on internal audit activity independence (IAAI) and internal auditors' objectivity within South Africa's (SA) provincial governance systems, despite their crucial role in government department performance. A mixed research approach was employed, using 260 purposely selected participants. Questionnaires, telephone interviews, and focus group discussions were used as data collection instruments. A triangulation of descriptive statistics and thematic analysis was applied to report the findings. The study found that management is not taking timely corrective action based on audit findings and recommendations. Internal auditors have friendship relationships with auditee employees, sectional heads are not cooperating with the internal audit function (IAF), and management has a negative perception of the IAF, viewing it more as a fault-finder than as adding value to the organization. Furthermore, the study's insights offer practical implications for improving internal audit practices within provincial governance systems, thereby facilitating better governance and operational efficiency.

Introduction

The internal audit function (IAF) is pivotal in ensuring transparency, efficiency, and accountability of governmental operations (Geqeza, 2021). In South Africa's (SA's) context, where provincial governance systems form a crucial part of the administrative apparatus, the effectiveness of IAF is paramount (Geqeza & Dubihlela, 2019). The IAF is currently integrated into the corporate governance system, offering assurance regarding the effectiveness of all organizational functions and providing advisory services to various management levels in fulfilling their responsibilities (Geqeza, 2019). This approach seeks to bring value to the organization (Mirzay Fashami et al., 2020). However, one aspect underpinning the IAF's efficacy is the independence of its activities and the objectivity of internal auditors (IAs) (Mensah, Ngwenya, & Pelsler, 2020). Independence and objectivity have always been the cornerstones of audit philosophy and practice; however, in recent years, this notion has grown in prominence (Eulerich & Eulerich, 2020), presenting the opportunity to understand, assess, and enhance internal audit activity independence (IAAI) and IAs' objectivity within SA's provincial governance systems (Mensah et al., 2020). The systems operating within a distinctive regulatory framework pose a unique challenge that impacts the IAF's ability to fulfill its mandate effectively. One primary challenge lies in the absence of a specific framework designed to evaluate and bolster IAAI and IAO. This gap leaves provincial governance systems vulnerable to risks compromising operational compliance, policy adherence, and statutory requirements, exposing government departments to maladministration (Geqeza, 2021).

Intriguingly, despite the vital importance of IAAI and IAO in ensuring the integrity of governmental operations, a conspicuous dearth of research focuses on these aspects within the context of SA's provincial governance systems. While previous scholars have delved into the effectiveness of the IAF, particularly in local government spheres, scant attention has been devoted to identifying solutions to IAAI and IAO issues (Mamaile, 2018). This paper addresses this critical knowledge gap by comprehensively examining IAAI and IAO within SA's provincial governance systems. It seeks to shed light on the challenges the audit committee (AC) faces in ensuring that the IAF fulfills its purposes and the factors that hinder its independence and objectivity. Furthermore, it provides insights into remedies for these issues, offering a valuable contribution to the existing body of literature, particularly within the unique SA context.

The significance of this paper lies in its potential to inform policy and practice and its capacity to help provincial governments in SA achieve their objectives effectively and uphold the principles of good governance. This study paves the way for more transparent, efficient, and accountable governance within SA provinces by understanding and addressing challenges surrounding IAAI and IAO. Lastly, it could lay a foundation for new studies even in other countries.

Literature Review

IAAI and IAO

To foster IAAI and IAO, the Public Finance Management Act (PFMA) and treasury regulations issued for the PFMA require the chief audit executive (CAE) to report at a level within the government department, allowing the IAF to perform its duties independently. For this level to be effective, it must have the authority to advance independence, ensure extensive coverage, and take appropriate action on engagement recommendations (Mirzay Fashami et al., 2020). Attribute Standard 1110 of the International Standards for the Professional Practice of Internal Auditing (ISPPA, 2012) also supports this criterion, stating that the IAF must report to the highest level within the institution to fulfill its obligations. The standard also reiterates that the IAF must be allowed to execute its activities independently and objectively (Wakil et al., 2020)

To further enforce IAF independence and objectivity, the CAE must report administratively to the accounting officer (AO) and operationally to the AC (Siyaya et al., 2021). According to ISPPA Advisory Standard 1110-2, besides the CAE having a functional reporting relationship with the AC, it must have an administrative reporting relationship with senior management and receive the necessary support for internal audit day-to-day activities. The support must include putting the IAF and the CAE in the organization's structure to have an appropriate status and full access to staff, sufficient resources, information, and documentation (Siyaya et al., 2021). The IAF's organizational standing and objectivity help it attain independence. Senior management and the AC must support the IAF in executing its duties freely and objectively (Shalimova & Kuzmenko, 2022). The literature related to the IAAI and IAO was examined to identify the gaps from previous studies. Correlated studies include but are not limited to Nkonki Accountants on the study entitled *Challenges Facing the Public Sector AC*, Motubatse, Barac and Odendaal's study entitled *Perceived Challenges Faced by the IAF in the South African Public Sector: A case study of The National Treasury* (2015), and Mamaile on the study entitled *Developing of a Framework to Evaluate the IAF at Municipalities in South Africa* (2018). These scholars have documented similar studies on the problem of this paper; however, their studies were conducted in a government sphere different from this paper.

Previous scholars have also missed an essential part-element relating to the problem of this study: the lack of independence and objectivity of IAs within provincial governance systems, resulting in the mismanagement of government funds. The study of a similar problem has never been documented in the Provincial Governance Systems. Therefore, this research paper intends to fill that gap.

Theoretical Framework

This paper's discussions underpin the institutional, principal agency, and communication theories. The institutional theory acknowledges that departments and officials could provide, sustain, and deliver public services using various mechanisms, such as complying with laws, IAF services, and accountability systems (Camilleri, 2018). It applies to this study because the extent to which IAs can be objective and their activities can be independent is limited to institutional compliance, practices, adherence to accountability systems, and AO support (Aksom & Tymchenko, 2020). The principal agency theory was applied in this paper because IAF only works as agents of the principal, the key employer (the government) (Abdulkadir & Alifiah, 2020). The government employs IAF to ensure that internal financial controls, rules, and regulations are followed to prevent unauthorized, irregular, fruitless, and wasteful expenditures (Mamaile, 2018). The extent to which IAF can be effective in their role is only limited to the level of their freedom or the freedoms they are getting (Geqeza & Dubihlela, 2019). Communication theory is an element of communication auditing. According to Tourish and Hargie (2017), communication audits assist the department in identifying its internal communication hurdles and offer solutions for guaranteeing efficient communication channels. The theory was applied in this study because IAF ensures that the information about how the provincial government funds are managed is communicated adequately through financial statements (Razzaq & Thijeeel, 2019; Wakil et al., 2020).

Research Method

This article used a mixed research approach, as Lichtman (2012) believes they are complementary rather than antagonistic. This approach enhances the rigor, validity, and depth of the research findings, leading to a richer understanding of the complexity of IAAI and IAO phenomena.

This study’s target population was the Western Cape Government (WCG). A purposive sampling method was used to select the prospective respondents. It was used because the researcher wanted only to select the IAF since it possesses knowledge and experience about IAAI, and it is the IAs that must be objective when conducting assessments and passing recommendations (Surbhi, 2016). The selection criteria were that all respondents must have worked for the WCG IAF and should have at least two years of working experience in the IAF. This subjective selection can introduce bias when the researcher’s criteria for selection are not well-defined or if some population characteristics are overlooked. Furthermore, since purposive sampling involves selecting participants based on specific criteria, the sample might not represent the broader population. Therefore, findings on purposive sampling studies might have limited generalizability beyond the selected sample. Nonetheless, two hundred sixty (260) WCG IAF employees constituted the sampled unit. Assertion can be made that this sample size represented the target population, as it far exceeds the proposed minimum of 30 for a quantitative study (Eichler et al., 2018).

The researcher ensured that the respondents met the established selection criteria to avoid data collection bias. After that, 260 interviewer-administered questionnaires were circulated to the identified sample, and 260 fully completed questionnaires were returned and received for analysis. The data acquired via the questionnaire instrument was analyzed using SPSS software, and the outcomes were provided as descriptive statistics. These outcomes were triangulated with personal interviews with a CAE and three deputy directors and two focus group discussions of four and six participants, which lasted 20 minutes each. Thematical analysis was conducted using personal interviews and focus group discussions for qualitative data.

Reliability and Validity of The Results

The reliability of the survey results was evaluated using Cronbach’s Alpha. According to Morgan and Waring (2004), data reliability involves adequate, comprehensive, and correct data collection to measure the relevant concept under investigation. As such, Cronbach’s Alpha was used to determine the extent to which various variables in a questionnaire measure the same concept. The survey instrument for this study attained a 0.90 internal consistency reliability, thus 90%. Table 1 shows the results of the reliability test.

Table 1. Cronbach’s Alpha values for the reliability test

Constructs	Cronbach’s Alpha	Cronbach’s Alpha based on standardized items
IAAI	.971	.972
IAO	.965	.967
IAE	.957	.962

NOTE: IAAI = internal audit activity independence; IAO = internal auditor objectivity; IAE = internal audit effectiveness; IAOC = internal audit operational challenges

According to Kerlinger and Lee (2000), the reliability test results at 0.60 and above indicate the level of reliability and are accepted as dependable. Accordingly, the lowest Cronbach’s Alpha test value documented was on construct IAOC as .820. Based on these alpha values, a conclusion was made that the data are deemed reliable.

Results and Discussion

Even though personal interviews were conducted, the survey questionnaire is the core source of primary data in this study. Consequently, the interviewer-administered questionnaire outcome is addressed first, followed by direct quotes from personal interviews to supplement and corroborate the survey questionnaire outcomes.

Table 2. IAAI, IAO and IAE

	1	2	3	4	5	Total agreement
Management is not taking timely corrective action based on audit findings and recommendations	2%	6%	5%	6%	82%	88%
The implementation of recommendation rate is low	1%	2%	3%	6%	88%	94%
IA findings are not solved within the required period	2%	5%	3%	7%	83%	90%
IA have friendship relationships with auditee employees	10%	5%	3%	32%	49%	81%
Sectional heads are not cooperating with the IAF	2%	4%	7%	44%	42%	87%
IAF is given low status in the management structure	3%	5%	8%	39%	46%	84%
Management has a bad perception of IAF as a fault finder rather than adding value to the organization	4%	5%	5%	52%	34%	86%

Of the respondents, 87% alluded to the notion that management is not taking timely corrective action based on the audit findings and recommendations, 93% indicated that the implementation of recommendation rate is low, 90% indicated that the IA findings are not solved within the required period, 86% indicated that sectional

heads are not cooperating with the IAF, 84% indicated that the IAF is given a low status in the management structure, and 86% agreed that the management has a bad perception about IAF as a fault finder than adding value to the organization.

The participants of the telephone interviews and focus group discussion concurred with these results, but further noted the following: *“When the reports issued highlights that controls are adequate and effective, the management is naturally happy with the result. However, when it comes to audit findings, client will argue findings despite evidence provided and this causes delays in finalizing reports”* (Participant #6).

- a. Management does not timely provide actual plans.
- b. IAF is being undermined and auditors are seen as police not adding value activity.
- c. People do not want a change, lack of buy in from management, capacity issues in our organizations, limited budget to improve and train the internal auditors.
- d. IA needs more budget/resources as these affects scope coverage such field verification” (Participants #1, #4 & #6)

“There is a lack of rotating IA resulting in them being familiar with working on the same client often becomes a problem as friendship relationships are forged, which makes it difficult for IAs to remain objective.” (Participants #1, #4 & #6)

Correlation Analysis

Correlation analysis was conducted to evaluate the validity of the survey results. The statistical tool Pearson correlation (r) was employed to study and ascertain the learner relationship in the data and assess the statistical significance of the relationship between each variable. The first constructs evaluated were the IAAI, IAO, and IAE (Table 3).

Table 3. Inter-item correlation analysis – IAAI, IAO, and IAE

Correlations					
	Means	SDV	IAAI	IAO	IAE
IAAI	4,91	.508	1		
IAO	4,86	.575	.867**	1	
IAE	4,78	.631	.769**	.646**	1

** The correlation is significant at the 0.01 level (2-tailed).
 NOTE: IAAI = Internal audit activity independence; IAO = Internal auditor objectivity;
 IAE = Internal audit effectiveness

The inter-item correlation analysis for each construct above was conducted to establish the relationship among constructs. The result indicates a positive, strong correlation with each other at a 95% significant level ($p = 0.01$). The correlation analysis for inter-item correlation for IAO is presented in Table 3.

Structural Equation Modeling (SEM)

Bag (2015) describes SEM as a general linear model (GLM) extension that evaluates various regression equations simultaneously. This study used SEM to explore relationships among the endogenous and or exogenous variables, usually dependent and independent variables, respectively. The SEM was further used to assess models and more complex associations and models, such as confirmatory factor analysis (CFA). Additionally, SEM can graphically depict the structural linkages to aid in comprehending the framework being developed.

Furthermore, assessing the complete model in a single analysis is an advantage of SEM (Shadfar & Malekmohammadi, 2013). AMOS software was used to analyze data to attain the effectiveness of SEM. Kline (2011) states that SEM is typically applied to large samples. Therefore, it is critical to determine whether a model is appropriate to be used by comparing it to the data collected (Zhu et al., 2022). SEM combines partial least squares, pathway modeling, and factor analysis (Chen et al., 2014). Lastly, according to Shadfar and Malshekmohammadi (2013), specific fit statistics must be evaluated and confirmed before a decision can be made to use SEM. Table 4 summarizes the SEM statistical fit.

Fit index for the IA effectiveness model

Various fit indices have been established over time. Consequently, interpretations might differ (Hox & Bechger, 1998). At least three fit indices for the structural model are ideal (Hair et al., 2010). The following fit indices were obtained for IAAI and IAO within the provincial governance systems model.

Table 4. Model fit indices

Fit Index	Recommended Value	Observed Value
Cmin		243.833
Df		290
p-value	As close to 1.0	.977
RMSEA	<0.05 (Hox & Bechger, 1998)	.000
NFI	0.0–1.0 (Iacobucci)	.786
NNFI	≥0.95 (Hox & Bechger, 1998)	1.098
CFI	0.0–1.0 (Iacobucci, 2010)	1.000
IFI	≥0.90 (Hox & Bechger, 1998)	1.054
RFI	>0.9	.679
GFI	≥0.90 (Hox & Bechger, 1998)	.937
Cmin/DF	≤3.0 (Schreiber et al., 2006)	.841

Sources: IBM, SPSS, AMOS, SEM

Table 4 lists the CFA model’s overall fit indices; the accepted standard is at least three fit indices (Hair et al., 2010). CFA is a statistical technique that explains variations among associated factors for a potentially lower number of unnoticed variables (Chen et al., 2014). This is typically followed by a model hypothesis, which is subsequently compared to the covariance matrix (Schreiber et al., 2006). The comparative fit index (CFI), whose ideal value is 1.000, compares one set of data to many models to see whether the hypothesized model is more accurate than a simple model. The CFA determines how well the model fits the data (Iacobucci, 2010) for the model under consideration.

Supporting the viewpoint of Hair et al. (2010), at least five indices were within the necessary fit, with the normed fit index (NFI) at .786, the non-normed fit index (NNFI) at 1.098, the incremental fit index (IFI) at 1.054, the root-mean-square error of approximation (RMSEA) at .000, and the goodness for fit index (GFI) at .937. Table 5 provides the regression weight results for independent and dependent variables.

Table 5. Regression weights of the independent and dependent variables

Path	Estimate	S.E	C.R.	P	Significance level
IAE ← IAAI	.319	.066	4.819	***	Accepted at p <0.001
IAE ← IAO	.073	.025	2.908	.004	Accepted at p <0.05

IAAI = internal audit activity independence, IAO, IA effectiveness, construct reliability. *, $p < 0.001$

The norm value of p must be less than 0.05. The p -value below .0001 is expressed by ***, confirming the relationship between IAAI and IAE and IAO and IAE. Figure 1 depicts the IAAI, IAO, and IAE models.

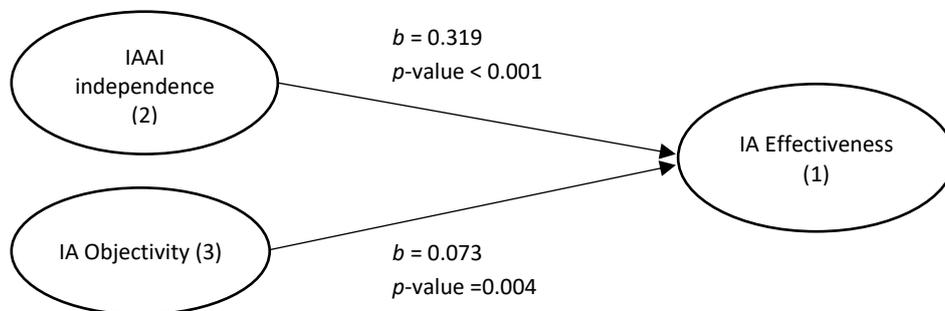


Figure 1. SEM Sketch

Figure 1 illustrates the SEM for IAF effectiveness within the provincial governance systems; three primary variables were identified and subdivided: IAAI, IAO, and IAE, with estimated values of 0.319, 0.073, and 1.00, respectively.

Research Implementation

The findings are examined in this section regarding theoretical, managerial, and institutional requirement implications.

Theoretical Implications

The central theoretical proposition of this study is that the characteristics of Internal Audit Activity Independence (IAAI) and Internal Audit Objectivity (IAO) serve as foundational elements for fostering Internal Audit Effectiveness (IAE). These characteristics should be actively cultivated within provincial governance systems. The implications of this proposition can be understood through the lenses of institutional theory, principal-agent theory, and communication theory.

From the perspective of principal-agent theory, the lack of timely corrective action by management on audit findings and recommendations highlights a disconnect between the objectives of the principal (management) and the agent (Internal Audit Function, IAF). To address this misalignment, management must prioritize actions that enhance organizational performance by aligning their interests with the broader goals of the organization. Institutional theory suggests that the Western Cape Government (WCG) must cultivate a culture that values and enforces audit recommendations, ensuring that these become integral to the organizational ethos. Moreover, communication theory emphasizes the need for effective communication channels between the IAF and management to ensure that the urgency and importance of audit recommendations are clearly understood and acted upon.

The friendship relationships between internal auditors and auditee employees raise concerns from a principal-agent theory standpoint, as they can lead to conflicts of interest, compromising the independence and objectivity of the IAF. Institutional theory posits that such relationships reflect informal norms and social structures that undermine the professionalism expected of internal auditors. Communication theory further suggests that these personal relationships can obstruct the open exchange of information necessary for effective auditing. When sectional heads do not cooperate with the IAF, it points to a breakdown in the principal-agent relationship. Principal-agent theory underscores the need for sectional heads to understand that the IAF serves the broader interests of the WCG, not just their sectional concerns. Institutional theory suggests that the institution must ensure that established norms and power dynamics do not discourage cooperation with the IAF, particularly when such cooperation might challenge entrenched authority structures. Communication theory advocates for effective communication strategies to avoid interpersonal dynamics that hinder collaboration, leading to resistance or misunderstanding of audit processes.

Lastly, the negative perception of the IAF as a faultfinder rather than a value-adding entity highlights the need for better alignment between management's expectations and the objectives of the IAF, as posited by principal-agent theory. Institutional theory advocates for promoting the significance of the IAF in organizational governance and accountability. Communication theory emphasizes the importance of clearly outlining the value that the IAF adds to the organization to change management's perception.

In summary, the effectiveness of internal auditing and management oversight can be better understood by analyzing these issues through the perspectives of principal-agent theory, institutional theory, and communication theory. These theoretical frameworks provide valuable insights into the organizational dynamics that impact the effectiveness of internal audit activities.

Managerial Implications

To improve oversight and accountability, management must enhance its mechanisms to ensure that corrective actions are taken promptly in response to audit findings and recommendations. This requires establishing clear accountability structures and monitoring processes to track the implementation of recommendations. Additionally, improving communication channels between the IAF and relevant stakeholders is essential to ensure that audit findings are communicated effectively and acted upon in a timely manner.

Addressing relationship dynamics within the organization is also crucial. Management should take steps to mitigate any friendship relationships between auditors and auditee employees that might compromise the objectivity and independence of the IAF. This can be achieved by implementing policies that promote professionalism and reduce conflicts of interest. Moreover, management must address institutional barriers and cultural norms that hinder the effectiveness of the IAF. This may involve structural changes such as revising reporting lines, reallocating resources, and fostering a culture of accountability and transparency.

Recognition of the strategic importance of the IAF within the organization is vital. Management should elevate the status of the IAF by acknowledging its role in improving governance, risk management, and internal controls. Investing in training and development programs for both auditors and auditee employees will enhance their skills and understanding of audit processes, fostering cooperation and professionalism across the organization. Incorporating management's cooperation with the IAF into performance evaluation and incentive systems can further reinforce desired behaviors. By recognizing and rewarding adherence to audit standards, timely resolution of audit findings, and effective communication, the WCG can encourage a culture of continuous improvement. Overall, addressing these managerial implications requires a proactive approach from management to prioritize governance, accountability, and communication within the organization.

Institutional Implications

When management ignores audit findings, it erodes accountability and transparency within the organization. This attitude can permeate various levels, leading to a culture where employees feel less responsible for adhering to policies, procedures, and controls. Moreover, friendship relationships between IA staff and auditee employees can compromise the independence and objectivity of the IAF, potentially resulting in biased audit findings and affecting the quality and reliability of audit reports.

The perception of the IAF as merely a faultfinder diminishes its effectiveness. If sectional heads and other staff view the audit function with suspicion or hostility, they may be less willing to provide necessary information or take corrective actions recommended by audits. This attitude can hinder proactive risk management and continuous improvement practices, ultimately increasing the organization's exposure to financial, operational, legal, or reputational risks.

The underlying issues also point to a problematic organizational culture that does not value oversight, accountability, or continuous improvement. Such a culture can damage the organization's ability to achieve its objectives, attract and retain talent, and maintain public trust. Additionally, failure to act on audit findings can lead to regulatory and legal consequences, including breaches of the Public Finance Management Act (PFMA), treasury regulations, and constitutional requirements, potentially resulting in fines, sanctions, or legal action against the organization.

To address these institutional implications, the WCG should consider several strategic actions. Strengthening governance structures is crucial to ensure clear lines of accountability and responsibility are outlined in standard operating procedures and governing policies. Senior management should actively support the IAF, positioning it as a partner in achieving organizational objectives rather than just a faultfinder.

Ensuring the independence and objectivity of the IAF is also essential. Implementing strict policies and training programs to manage conflicts of interest can help maintain the integrity of the audit process. Additionally, fostering a culture of transparency and continuous improvement can encourage open communication and view audits as opportunities for growth rather than threats.

Regular training and awareness programs can educate employees about the importance of the IAF and its contribution to the organization's success. Addressing these issues requires a concerted effort from all levels of the organization, particularly from top management, to foster a culture that values accountability, transparency, and continuous improvement.

Conclusions

This paper noted that the lack of IAAI and IAO within the provincial governance systems significantly hinders the IAF from effectively adding value to the operations of the provincial government sphere. These invite irregularities threatening the attainment of the provincial government objectives to thrive easily. The outcomes of the data collected and analyzed showed that IAFs can only be effective when their activities are independent and when they have objective minds. However, it was established that management does not support the IAF role to the extent required. Although the IAF's position was regarded as beneficial in giving consulting and reasonable assurance on risk exposure, the results also revealed operational issues the IAF faces within the WCG. Such operational constraints significantly affect the IAF's ability to add value to the operations within the provincial governance systems. The causal and predictive elements contributing to IAAI and IAO problems were a shortage of IAF staff to successfully perform its duties, an insufficient budget to successfully perform its duties, the low status in the management structure, management have a bad perception of the IAF as fault finders as opposed to adding value to the organization, management is not taking timely corrective action based on audit findings, and recommendations, are not promptly implemented.

The department must address the concerns surrounding the IAF's role since they relate to IAAI and IAO within the provincial governance systems, particularly a crucial government like the WCG. This could be accomplished through various purposeful initiatives designed to improve organizational dynamics and communication inside the department. Regular seminars, team-building exercises, and ongoing monitoring and assessment could produce beneficial results. The techniques might need to be policy-driven to produce beneficial results and moderate stakeholder behavior.

This study has focused on IAAI and IAO within the WCG. Future research could explore these concepts in other government institutions or across various South African government departments. Since institutional structures and processes can vary significantly, even within the same legislative framework, comparative studies could reveal best practices that could be shared among provincial departments. Additionally, this study's findings are based on a sample of 260 IAF employees. Future research might engage with a larger sample size and use a triangulation of data from different South African provinces to enhance the generalizability of the findings and address provincial imbalances. A comparative study across different government departments could provide valuable insights for future research, potentially leading to more effective internal audit practices across the country.

References

- Abdullah, Z., Ling, T.Y., Sulaiman, N.S., Radzi, R.A.M., & Putri, K.Y.S. (2020). The effects of verbal communication behaviors on communication competence in the pharmaceutical industry. *Journal of Critical Reviews*, 7(12), 697-703.
- Abdulkadir, U., & Alifiah, M.N. (2020). Review of related literature on the influence of corporate governance attributes on corporate social responsibility disclosure. *Journal of Critical Reviews*, 7(7), 818-882.
- Akther, T., & Xu, F. (2020). Existence of the audit expectation gap and its impact on stakeholders' confidence: the moderating role of the financial reporting council. *International Journal of Financial Studies*, 8(4), 1-25.
- Alander, G. E. (2023). Internal auditor independence as a situated practice: four archetypes. *Accounting, Auditing & Accountability Journal*, 36(9), 108-13.
- Baotham, S., & Ussahawanitchakit, P. (2009). Audit independence, quality and credibility: effects on reputation and sustainable success of CPAs in Thailand. *International Journal of Business Research*, 9(1). Retrieved from <http://www.freepatentsonline.com/article/International-Journal-Business-Research/208535065.html>
- Bag, S. 2015. A short review on structural equation modelling: Applications and future research directions. *Journal of Supply Chain Management Systems*, 4(3), 64-69
- Besterci, D.M., & Hazel, M. (2014). Communication audit of organization: a employees embedded within personnel recovery education & training center. *Communication Audit Report*. Retrieved from <https://static1.squarespace.com/static/58fc23dfe3df2820540323b4/t/59051967c534a5c0bcd9f6ca/1493506408971/Communication-Audit.pdf>
- Biswas, R., Jana, A., Arya, K., & Ramamritham, K. (2019). A good-governance framework for urban management, *Journal of Urban Management*, 8(2), 225-236.
- Boamah, K. (2020). Impact of internal audit and corporate governance practices on the performance of state-owned enterprises in Namibia. Unpublished PhD Thesis, Cape Peninsula University of Technology, South Africa.
- Bryman, A., & Bell, E. (2007). *Business Research Methods*. 2nd edition. Oxford: University Press.
- Castrillón, G., & Alfonso, M. (2021). The concept of corporate governance. *Revista Científica "Visión de Futuro"*, 25(2), 177-190
- Chen, J., Choi, J., Weiss, B.A., & Stapleton, L. (2014). An empirical evaluation of mediation affect analysis with manifest and latent variables using markov chain monte carlo and alternative estimation methods, structural equation modeling. *A Multidisciplinary Journal*, 21(2), 253-262. <https://doi.org/10.1080/10705511.2014.882688>.
- Davis, P.E., Bendickson, J.S., Muldoon, J., & McDowell, W.C. (2021). Agency theory utility and social entrepreneurship: issues of identity and role conflict. *Review of Managerial Science*, 15, 2299–2318. <https://doi.org/10.1007/s11846-020-00423-y>.
- Dubihlela, J., & Chauke, X.D. (2017). A generation x cohort analysis of e-shoppers: satisfaction, loyalty and repurchase intentions in a developing country. *Journal of Social Sciences*, 52(3), 145-154
- Đorđević, M., & Đukić, T. (2017). Independence and objectivity of internal auditors as determinants of their effectiveness. *Economics and Organization*, 14(3), 231-242.
- Dozie, O.B., Mohammed, A.M., & Onipe, A.A. (2019). Assessing the reliability of the internal audit functions: the issues. *Journal of Contemporary Research in Business, Economics and Finance*, 1(1), 46-55.
- Eichler, C. M., Wu, Y., Cox, S. S., Klaus, S., & Boardman, G. D. (2018). Evaluation of sampling techniques for gas-phase siloxanes in biogas. *Biomass and Bioenergy*, 108, 1–6.
- Eulerich, A, & Eulerich, M. (2020). What is the value of internal auditing? – a literature review on qualitative and quantitative perspectives. *Maandblad voor Accountancy en Bedrijfseconomie*, 94(3/4) (2020), 83–92.
- Mirzay Fashami, A., Krishansing Boolaky, P., & Omoteso, K. (2020). Threats to auditor independence: evidence from Iran. *Athens Journal of Business & Economics*, 6(4), 253–302. <https://doi.org/10.30958/ajbe.6-4-1>
- Gao, C., Shi, D., & Maydeu-Olivares, A. (2022). Estimating the maximum likelihood root mean square error of approximation (RMSEA) with non-normal data: a monte-carlo study. structural equation modeling. *A Multidisciplinary Journal*, 27(2), 1–10. <https://doi.org/10.1080/10705511.2019.1637741>.

- Geqeza, A. (2021), September. *Non-compliance to control activities lead to financial misuse of public funds: a case of the eastern cape department of rural development and agrarian reform*. Paper presented at the 10th Annual African Accounting and Finance association (AAFA) Conference and Colloquium Virtual, African Accounting and Finance association.
- Geqeza, A. (2019). *Internal control systems and the compliance support structures of the Eastern Cape Department of Rural Development and Agrarian Reform*. Unpublished master's thesis. Cape Peninsula University of Technology, South Africa.
- Geqeza, A & Dubihlela, D. (2019). Factors leading to non-compliance of control activities within public service: case of the eastern cape department of rural development. *Proceeding of 5th International Conference on Business and Management Dynamics ICBMD-2019: Pragmatic business solutions by Africa for Africa, IFRDs* (137-150). Namibia: International Conference on Business and Management Dynamics,
- Gravetter, F.J., & Wallnau, L.B. (2013). *Essentials of statistics for the behavioral sciences*. (8th ed.). Belmont, CA: Wadsworth Cengage Learning.
- Hair, J.F., Black, W.C., Babin, B.J. and Anderson, R.E. (2010) *Multivariate data analysis*. 7th Edition, Pearson, New York
- Hashim, U.J., Ahmad, N., & Salleh, Z. (2018). Enhancing investors knowledge through the new auditor's report requirement: the underpinning theories. *International Journal of Academic Research in Business and Social Sciences*, 8(12), 658-668.
- Hox, J.J., & Bechger, T.M. (1998). An introduction to structural equation modelling. *Family Science Review*, 11, 354-373.
- Iacobucci, D. (2010). Structural equation modelling: fit indices, sample size, and advanced topics. *Journal of Consumer Psychology*, 20(1), 90-98.
- Ikiseh, B.N. (2020). The internal communication barriers: a communication audit report of a nonprofit organization. *global journal of management and business research: Administration and Management*, 20(6), 26-37
- Jachi, M., & Yona, L. (2019). The impact of ethics & objectivity of internal audit personnel on transparency & accountability case of Zimbabwe local authorities. *European Journal of Business and Management*, 11(7), 108-124.
- Jiyane, N. (2020). *Investigation of the value-added role of internal auditing in the governance of selected South African municipalities*. Unpublished master's Thesis, North-West University, South Africa.
- Kerlinger, F. N., & Lee, H. B. (Eds.). (2000). *Foundations of behavioral research*. Orlando, FL: Harcourt College Publishers
- Kline, R.B. (2011) *Principles and practice of structural equation modeling*. Guilford Press: New York.
- Lichtman, M. (2012). *Qualitative research in education: a user's guide*. California: Sage publications.
- Mamaile, I.J. (2018). *developing of a framework to evaluate the internal audit functions at municipalities in South Africa*. Unpublished PhD thesis. Northwest University, South Africa.
- Mensah, O.A., Ngwenya, B., & Pelsler, T. (2020). 'Investigating the impact of antecedents of internal audit function effectiveness at a private university in Ghana', *Acta Commercii*, 20(1), a778. <https://doi.org/10.4102/ac.v20i1.778>
- Moser, R., Winkler, J., Narayanamurthy, G., & Pereira, V. (2020). Organizational knowledgeable responses to institutional pressures – a review, synthesis and extension. *Journal of Knowledge Management*, 24(9), 2243-2271.
- Musarrat, A., & Harani, B. (2020). Integrated reporting insight: why organisation voluntarily reports. *International Journal of Scientific & Technology Research*, 9(1), 3055-3059.
- Prasad, N.N. (2020). *Exploration of the effectiveness of internal audit function in New Zealand*. Unpublished Accounting PhD Thesis. University of Auckland, New Zealand.
- Razzaq, R.S., & Thijsel, A.M. (2019). The Role of internal auditing in auditing the strategic plan of the organization using strategic: an applied research in the state company for rubber industries and tires. *Journal of Engineering and Applied Sciences*, 14(12), 4116-4123.

- Schreiber, J., Nora, A., Stage, F., Barlow, E., & King, J. (2006). Reporting structural equation modeling and confirmatory factor analysis results: a review. *Journal of Educational Research*, 99, 323–338. <https://doi.org/10.3200/JOER.99.6.323-338>
- Shadfar, S., & Malekmohammadi, I. (2013). Application of structural equation modelling (SEM) in restructuring state intervention strategies toward paddy production development'. *International Journal of Academic Research in Business and Social Sciences*, 3(12), 576-618. <https://doi.org/10.6007/IJARBS/v3-i12/472>.
- Shalimova, N., & Kuzmenko H. (2022). Independence as a mandatory principle of internal auditors. *Innovative Economics and Management*, 9(1), 48-56.
- Siyaya, M.C., Epizitone, A., Jali, L.F., & Olugbara, O.O. (2021). Determinants of internal auditing effectiveness in a public higher education institution. *Academy of Accounting and Financial Studies Journal*, 25(2), 1-18.
- Surbhi, S., (2016). Difference between probability and non-probability sampling, online: Key Difference.
- Syofyan, Misri, Sopian, E., & Usman. (2020). Principal agents and village's fund allocation: from problems to solution. *International Journal of Scientific & Technology Research*, 9(2), 4135-4139.
- Wakil, G.K., Alifiah, M.N., & Teru, P. (2020). Auditor independence and audit quality in Nigeria public sector: a critical review. *Journal of Critical Reviews*, 7(7), 839-845.
- Yong, A., G., & Pearce, S. (2013). A beginner's guide to factor analysis: focusing on exploratory factor analysis. *Tutorials in Quantitative Methods for Psychology*, 9(2), 83-84.