ROLE OF INTERNAL AUDIT IN THE EFFICIENT
AND EFFECTIVE FINANCIAL MANAGEMENT OF THE COCOA RESEARCH
INSTITUTE OF GHANA

BY

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REQUIREMENT FOR THE AWARD OF MASTER OF SCIENCE DEGREE IN
ACCOUNTING AND FINANCE

AUGUST, 2019.
DECLARATION

I do hereby declare that this work is a result of my own research and has not been presented by anyone for any academic award in this or any other University. All references used in this study has been fully acknowledged.

I bear sole responsibility for any shortcomings.

...................................................... ..............................................

DORIS AMANING                               DATE
CERTIFICATION

I hereby certify that this long essay was supervised in accordance with the procedures laid down by the University of Ghana.

........................................ ........................................

DAMOAH OBI BERKO (PhD) DATE
DEDICATION

This research is dedicated to my husband Mr. Bernard Asare Twumasi and my children Vicentia Amanor, Karyn Amanor and Prince Twumasi Asare who have been my motivation throughout my educational process. I really appreciate you.
ACKNOWLEDGEMENT

“Trust in the Lord with all thine heart; and lean not unto thine own understanding, in all thy ways acknowledge him and he shall direct your paths” (Proverbs 3:5-6 KJV)

Firstly, I give thanks to God Almighty for the strength to work on this research. This work could not have materialized without the assistance of certain people whose contribution was immense to its success.

I would like to express my sincere gratitude to my supervisor Dr. Obi Berko Damoah for his help and guidance throughout this research. I would also like to thank the staff of Cocoa Research Institute of Ghana for their support and time; this research would not have been possible without them. Finally, I would like to thank my colleagues for the great motivation and support during this time.
ABSTRACT

The aim of the study was to ascertain the role of internal audit in the effective and efficient financial management of the Cocoa Research Institute of Ghana. Specifically, the study examined the role of internal audit at the Cocoa Research Institute of Ghana, ascertained the effective and efficient financial management of the Cocoa Research Institute of Ghana, determined the relationship between the role of internal audit and the effective and efficient financial management of the Cocoa Research Institute of Ghana, and identified the factors hampering the effective and efficient financial management at the Cocoa Research Institute of Ghana. A survey research strategy coupled with a quantitative methodology approach was used in the study in order to achieve the objectives of the study. A structured questionnaire was used to conveniently gather data from the respondents, and the items on the questionnaire were measured on a five-point ranking scale. Overall, 81 respondents were sampled for the study. A non-parametric spearman correlation was used to relate the role of internal audit and financial management practices at the Cocoa Research Institute. The study revealed that the internal auditors performed their role frequently, regularly, and effectively; the Institute was effective and efficient with regards to prudent financial management and the internal audit function had significant positive relationship with the financial management practices of the Institute. The study recommends that the internal audit staff must be well-motivated and frequent training and retraining must be undertaken in order to improve upon, not only the role of the internal auditors, but ultimately, the effective and efficient financial management of the Cocoa Research Institute of Ghana.
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CHAPTER ONE
INTRODUCTION
1.1 Background of the Study
The efficient and effective management of financial resources in organizations is considered critical in bringing about the needed change and results from the activities for which funds have been made available (Mc-Gee, 2012). However, sometimes, this essential resource is mismanaged and misappropriated by those put in charge (Tumwine, 2011). According to Pickett (2014), public sector organizations deal with large amounts of funds and operate in a largely political environment, thereby necessitating the need for a high degree of confidence in the way in which their financial affairs are conducted. Furthermore, all other aspects of the financial management of public sector organizations should be done prudently (McGee, 2012). These obligations, towards the government and other stakeholders, can be inextricably bound up with taxing and spending activities (Mulgan, 2013). The study examined the role of internal audit in the efficient and effective financial management of the Cocoa Research Institute of Ghana.

An effective and efficient financial management, including the maintenance of proper accounting records helps to ensure that public organizations and institutions, are not unnecessarily exposed to financial risks and that the financial information used are within the scope of their operations (Saycuk, 2007). This contributes to the safeguarding of assets, prevention and detection of frauds, internal financial controls, information technology controls, application controls, and the determination of the audit strategy needed to carry out an efficient financial management system at such institutions (Ackerman, 2015).
Internal auditing is an independent, an objective assurance, and a consulting-based activity, designed to add value and improve upon the overall organizational operations and performance (Institute of Internal Auditors, 2011). It helps the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. It is apparent from this definition that internal auditing (IA) is expected to add value to the organization by providing a wide range of services including assurance and operational (performance) audits as well as consulting-management on a variety of issues (Millichamp, 2011). The internal audit function is an indispensable tool in any public expenditure management system. It ensures that, public spending is within budgetary provisions; disbursements comply with specified procedures, and also provides for the timely reconciliation of accounts and the effective management of both physical and financial assets (Ahmad, 2015).

The role of internal audit in the efficient and effective financial management of public organizations such as the Cocoa Research Institute of Ghana, gives provision for the reduction in costs on the activities made by government, identifying inefficiencies and investigates potential theft or frauds and ensuring compliance with applicable acts and policies (Tumwine, 2011). Internal Audit is intended to target the financial controls used for the delivery of funds, projects and programs, exclusive of the obligations stemming from the policy of Financial Management Governance, particularly in terms of development, communication and maintenance of financial management control framework for regular programs, projects and disbursement of funds (Mc-Gee, 2012). Therefore, the internal audit function plays a unique role in corporate governance by monitoring organizational risks and ensuring that organizational processes are efficient and effectively controlled (Institute of Internal Auditors Research Foundation, 2013).
Financial management within the Cocoa Research Institute of Ghana, basically includes the legal and organizational framework for supervising all phases of the budget cycle, including the preparation of the budget, internal control and audit, procurement, monitoring reporting arrangements, and the external audit (Asare, 2008). The effectiveness of the financial management activities of the institute can therefore be enhanced through effective and efficient internal audit functions. The current study examines the role of internal audit in the efficient and effective financial management of the Cocoa Research Institute of Ghana

1.2 Statement of the Problem
In Ghana, there are laws and institutional frameworks that are established to ensure sound financial administration including the efficient and effective financial management of public sector organizations (Asare, 2008). Among these are the 1992 Constitution of the Republic of Ghana, the Criminal Code of 1960 (Act 29), the Financial Administration Act (Act 654), the Public Procurement Act (Act 663), the Internal Audit Agency Act (Act 658) and other various legal frameworks to enhance the effectiveness and efficiency of internal financial controls and to ensure financial accountability in the financial administration of public sector organizations in Ghana (Ahmad, 2015). The Cocoa Research Institute of Ghana, is therefore no exception.

Evidence from the extant literature has however revealed weakness in the internal audit functions of some organizations in Ghana particularly, those within the public sector. A study carried out by the World Bank in 2006 on Financial Management Practices in Ghana, revealed that there is insufficient understanding of the role of internal audit in ensuring appropriate controls in an environment where the accounting officer is formally held accountable for his/her expenditure, combined with weak capacities amongst Internal Audit Unit staffs, thus undermining the effectiveness and efficiency of the internal audit function in carrying out it roles (World Bank, 2006).
The above raises key issues about the role of internal audit in the efficient and effective financial management of public organizations, the level of financial accountability in such organizations, and the challenges of the internal audit in the performance of their functions. The study intends to fill the gap in the extant literature, by critically examining the role of internal audit in the efficient and effective financial management of the Cocoa Research Institute of Ghana. Finding answers to the above concerns is the main reason for the current study.

1.3 Purpose of the Study
The purpose of this research is basically to ascertain the role of internal audit in the efficient and effective financial management of the Cocoa Research Institute of Ghana.

1.4 Objectives of the Study
In order to achieve the purpose of the study as stipulated above, the following specific objectives were outlined:

i. To examine the role of internal audit at the Cocoa Research Institute
ii. To ascertain the effective and efficient financial management of the Cocoa Research Institute
iii. To determine the relationship between the role of internal audit and the effective financial management of the Cocoa Research Institute
iv. To identify the factors hampering the effective and efficient financial management at the Cocoa Research Institute
1.5 Research Questions
The following research questions were addressed in the study:

i. What is the role of internal audit function at the Cocoa Research Institute?

ii. How effective is the financial management practices of the Cocoa Research Institute?

iii. What is the relationship between the role of internal audit and the effective financial management of the Cocoa Research Institute?

iv. What are the factors hampering the effective and efficient financial management at the Cocoa Research Institute?

1.6 Significance of the Study
The study will make the following contributions to academia, policy and practice. Firstly, the study will add to the extant literature by carrying out an original work which will address the role of internal audit in the efficient and effective financial management of public organizations in Ghana, with particular reference on the Cocoa Research Institute of Ghana, thereby serving as a reference material for future researchers. This is critical because the study was undertaken in a developing country context with a focus on the relationship between internal audit and the effective and efficient financial management of the Cocoa Research Institute of Ghana.

It is believed that the findings of the study would benefit a wide spectrum of people. These would include the Ghana Internal Audit Agency, the government, public sector organizations, and future researchers. The effectiveness of the internal audit unit requires the scope of internal audit work to be clearly defined in the internal auditor charter. This information would help the Internal Audit Agency and other regulatory bodies to define the scope of work, the responsibilities, and audit requirements of internal auditors in the charter. Also, the challenges of the internal audit will be identified for redress by the Cocoa Research Institute. The study would emphasize the need for internal auditors to approach their work with professionalism,
integrity, confidentiality, good ethical behaviour, and competencies in order to contribute meaningfully to the realization of the financial management objectives of public organizations in Ghana.

To the Government, the findings of the study will ensure some form of transparency in the use of public resources that has been allocated to the various public organizations, thereby enhancing public confidence in the ability of governments to fund public organizations and institutions. It will also ensure that the management of such public organizations are fully accountable to the government and the general public about the use of public funds.

To future studies, the study will also contribute to the existing literature on the role of internal audit in ensuring sound financial management practices in public organizations.

1.7 Scope of the Study
The scope of the study is limited to the Cocoa Research Institute, which is a subsidiary of the Ghana Cocoa Board, and also located in the Eastern Region of Ghana. Five key departments of the Cocoa Research Institute of Ghana in the Eastern Region constituted the target population of the study. They include the accounts department, internal audit department, the department of entomology, the department of new product development, and the department of social science and statistics. Contextually, the study focused on the role of the internal audit functions at the Cocoa Research Institute of Ghana and the efficiency and effectiveness of financial management at the Institute. The study further examined the challenges of the internal audit department in the execution of their functions at the Institute. Methodologically, a survey research with a quantitative approach was adopted in order to achieve the purpose of the study.

1.8 Organization of the Study
The study is organized into five main chapters. Chapter One gives an overview of the background of the study, covering the problem statement, the main objective of the study, the
specific objectives of the study, the research questions, research hypotheses, the significance of the study, scope and limitations of the study, and the organization of the study. Chapter Two examines the relevant literature concerning the study. This comprised of the theoretical literature review, the conceptual framework, and the empirical literature reviews on the role of internal audit in the efficient and effective financial management of organizations in general, and public organizations in particular. Chapter Three presents the methodology of the study, as well as other methods of analysis, covering the research design, the target population of the study, the sample size, the sampling techniques, the data collection instruments, and the statistical tools, questionnaire design, and data analysis. Chapter Four focuses on the results and discuss the findings of the study with respect to the data collected on the field. The chapter presents the data collected from the field and summarize them via tables and graphs. The chapter also discusses the findings of the study relative to the extant empirical literatures. Chapter Five draws conclusions based on the collected and analysed data, and finally make recommendations for future studies.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction
The literature review section of the study, brings to bear the information from other researchers who have carried out their research in similar fields of study. The specific areas covered in this chapter includes the theoretical literature review, the concepts of internal auditing (scope and objectives of internal auditing, evolution of internal auditing, types of internal auditing, role of the internal auditor, internal auditing in public sector institutions, internal auditing and financial management), and a review of the extant empirical literatures on the role of internal auditing in the efficient and effective financial management of the Cocoa Research Institute of Ghana.

2.2 Theoretical Literature
Different theories have been propounded to explain the relationship between the role of internal audit in public sector organizations and the efficiency and effectiveness of financial management in public organizations. Scholars and other researchers continue to produce comprehensive theories based on the relevance of the internal audit function in public sector organizations. Their aim is to provide a framework for understanding, not just the factors and challenges influencing the role of the internal audit function in organizations, but also how the role can result in the efficient and effective financial management of public funds (Tumwine, 2011). The theoretical principles underlying the study includes the Policeman Theory, the Lending Credibility Theory, the Theory of Inspired Confidence, and the Agency Theory. The theories are briefly explained below:

2.2.1 The Policeman Theory
This theory of auditing was purely based on the arithmetical accuracy and on the prevention and detection of fraud. This theory makes the auditor to detect and prevent errors and fraud found in public and other governmental agencies (Chambers & Oda, 2015).
2.2.2 The Lending Credibility Theory
This theory of auditing regards the primary function of auditing to be the addition of credibility to the financial statements. Lenz and Hahn (2015) states that, “audited financial statements can enhance the stakeholder’s faith in management’s stewardship”.

2.2.3 Theory of Inspired Confidence
This theory states that stakeholders demand accountability from the management in return for their contribution to the organization (Bourn, 2007).

2.2.4 The Moderator of Claiman’ Theory
This theory states that it is important that all vital participants in an organization continue to contribute. In order to continue these contributions, it is important that each group believes it receives a fair share of the organizational income.

2.2.5 Agency Theory
This theory is associated with conflicting interests of shareholders and management of organizations, suggesting that the less informed party will have to demand for information that monitors the behavior of informed managers (Chambers & Oda, 2015). According to Millichamp (2011), the agency theory can be used to explain the supply side of the audit market. The contribution of an audit to third parties is basically determined by the probability that the auditor will detect errors in the financial statements and the auditor’s willingness to report these errors.

According to Konrath (2006), the Agency theory describes firms as necessary structures to maintain contracts, and through firms, it is possible to exercise control which minimizes opportunistic behaviour of agents. In order to harmonize the interest of the agent and the
principal, a comprehensive contract is written to address the interest of both the agent and the principal; they further explain that the relationship is further strengthened by the principal employing an expert to monitor the agent. Other related reviews include the Sarbanes-Oxley act of 2002 (SOX) which requires companies to report on the effectiveness as part of an overall effort to reduce fraud and restore integrity to the financial reporting process.

2.3 The Conceptual Framework
2.3.1 Concept of Internal Auditing
In order to determine internal audit efficiency evaluation principles, it is important to analyse the concept of internal audit (Savcuk, 2007). Undoubtedly, the large amount of definitions that is given by many researchers depicts the great importance of internal auditing. More specifically, the Institute of Internal Auditors, (Institute of Internal Auditors, 2011, Taylor and Glezen, 2004; and Konrath, 2006) defined internal auditing as “an independent appraisal function, established within an organization to examine and evaluate its activities as a service to the organization”. By measuring and evaluating the effectiveness of organizational controls, internal auditing, itself, becomes an important managerial control device (Bourn, 2007), which is directly linked to the organizational structure and the general rules of the business (Millichamp, 2011).

A more specific definition is given by Ackerman (2015), who stated that internal auditing is “a systematic, objective appraisal by internal auditors of the diverse operations and controls within an organization to determine whether (1) financial and operating information is accurate and reliable, (2) risks to the enterprise are identified and minimized, (3) external regulations and acceptable internal policies and procedures are followed, (4) satisfactory operating criteria are met, (5) resources are used efficiently and economically and (6) the organization’s objectives are effectively achieved – all for the purpose of consulting with management and for assisting members of the organization in the effective discharge of their governance responsibilities”.
Picket (2014) observed that auditing is the accumulation and evaluation of evidence about information to determine and report on the degree of correspondence between the information and established criteria and communicating result to interested users. Studying the two definitions, some key words and phrases have been found to be common. These are discussed accordingly. Evidence is defined as any information used by the auditor to determine whether the information being audited is stated in accordance with the established criteria (Bourn, 2007). To have an unbiased and clear communication, criteria must exist whereby an Independent observer can access whether the assertions made are appropriate. Statement of Auditing Standards and the Generally Accepted Accounting Principles, provides the criteria for financial statement audits.

Whether in the private or public sectors, confidence in auditing rests to a great degree on the independence and objectivity of the auditor (McGee, 2012). This can be absolute when there is a goal that is worked toward, and it can be achieved to a certain degree (Lenz & Hahn, 2015). For example, even though an auditor in publishing the financial statements of an organization, is paid the audit fee by the organization, he or she may still be sufficiently independent to conduct audits that can be relied upon by users.

It is apparent from the above definitions that, organizations can accomplish their objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The role of internal auditing in organizations is basically to add value by providing a wide range of services including assurance and operational (performance) audits as well as consulting management on a variety of issues.
2.3.2 Scope and Objectives of Internal Audit

The scope and objectives of internal audit may vary widely and they are usually determined by the management. According to Tumwine (2011), the scope and objectives of the internal audit depend upon the responsibilities assigned to the internal audit unit by the management, the size and structure of the enterprise and the skills and experience of internal auditor. The objects of an audit can be classified into primary and subsidiary (Millichamp, 2011). Accounting to Millichamp (2011), the primary objective is to produce a report by the auditor of his opinion of the truth and fairness of financial statements so that any person reading and using them can have beliefs in them. The subsidiary objects include:

i. To detect errors and fraud;

ii. To prevent errors and fraud by the determining the moral effect of the audit;

iii. To provide spin-off effects. The auditor will be able to assist his client with accounting, systems, taxation, financial, risk management and other problems.

Other objects of audit could be to satisfy statutory requirement, for the purposes of mergers and acquisitions, among others. They include:

i. Review of accounting system and related internal controls

ii. Examination of financial and operating information for management including detailed testing of transaction, balances and business processes.

iii. Review of the economy, the efficiency and effectiveness of operations and the functioning of the non-financial controls.
2.3.3 Evolution of Internal Auditing
The figure below provides an indication of the growth and development of the internal auditing profession. The evolution and development of internal audit has gone through the following steps:

Figure 2.1: Evolution of Internal Auditing

<table>
<thead>
<tr>
<th>Step Description</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Check accounting records</td>
<td>1950</td>
</tr>
<tr>
<td>2. Assess compliance</td>
<td>1960</td>
</tr>
<tr>
<td>3. Examine procedures</td>
<td>1970</td>
</tr>
<tr>
<td>4. Evaluate controls</td>
<td>1980</td>
</tr>
<tr>
<td>5. Report on SIC</td>
<td>1990</td>
</tr>
<tr>
<td>6. Assess risk management</td>
<td>2000</td>
</tr>
<tr>
<td>7. Facilitate risk management</td>
<td>2001</td>
</tr>
<tr>
<td>8. Assure risk/control</td>
<td>2002</td>
</tr>
<tr>
<td>9. Add value</td>
<td>2003</td>
</tr>
<tr>
<td>10. ?</td>
<td>2004</td>
</tr>
</tbody>
</table>


Check accounting records: It has already been argued that internal auditing started out as a way of double-checking accounting records. A small team would be set up in the accounts section to examine as many financial transactions as possible and determine whether they were correct or not.

Assess compliance: Over the years, there has been some attempt to move away from focusing only on the financial aspects. Audit teams would also assess the extent to which operations staff complied with financial and basic office procedures. This would typically be performed at a remote site where the rules on the receipt and banking of money, payment of vendors, staff claims, stock management and petty cash would be checked by the internal auditor.
Examine procedures: An interesting development came in around the 1960s, when more attention was placed on getting the procedures right. The audit team would thus review files and records and, upon finding problems, try to suggest improvements and list the errors for correction.

Evaluate controls: Further advancement was possible, where the focus on procedures was broadened to the much more dynamic concept of controls. Proper performance was seen to relate to more than simply following the procedures manual.

Report on systems of internal control (SIC): The next stage of development appeared in the form of the auditors providing an independent view on various systems of internal control employed by the organization.

Assess risk management: Nothing stands still, and the 1990s saw the boom in risk management to stave off criticism of organizations that had been damaged or even destroyed by scandals, mismanagement, or events that had a major adverse impact on their business.

Facilitate risk management: Just when the auditor thought it was safe to go back to the comfort of standard systems audits, one further development has spread to many larger organizations. The popularity of enterprise risk management meant that there was a great demand for people skilled in facilitating the identification, assessment and proactive management of risk in a way that embeds the process into adopted business strategies.
**Report risk and assure controls:** Notwithstanding the model applied above, there is still the need to officially report the results of all auditing work to a high-level body in the organization. In turn, the board reports on its system of internal control in the annual report.

**Add value:** It has more recently arrived at a new point in the internal auditor’s role that is loosely described as adding value to the organization. Adding value is described by the Institute of Internal Auditors (IIA) in the following way: Organizations exist to create value or benefit to their owners, other stakeholders, customers, and clients. This concept provides the purpose for their existence. Value is provided through the development of products and services and their use of resources to promote those products and services. In the process of gathering data to understand and assess risk, internal auditors develop significant insight into operations and opportunities for improvement that can be extremely beneficial to their organization.

**2.3.4 Types of Internal Audit**
Saycuk (2007) identified the following types of audit: financial statements audit, compliance audit, operational audit, and comprehensive audit. Financial statement audit is conducted to determine whether the overall financial statements, the information being verified are stated in accordance with specific criteria. According to Millichamp (2011), there are three types of internal audit:

i. Compliance auditing: This is concerned with determining whether the company’s system to control and record distribution costs were operating as laid down by management, and whether distribution costs have been properly determined and disclosed in the account.
ii. Efficiency audit: this is concern with determining whether resources are being used optimally with the bounds of what is practically feasible.

iii. Effectiveness auditing: it involves determining whether resources are being used to proper effect. Efficiency and Effectiveness audits are both elements of value-for-money audit which as indicated earlier is widely practiced among governmental organizations and local authorities as well as non-profit making organizations.

2.3.5 The Role of the Internal Auditor

Ackerman (2015) suggests that, although the modern work of the internal auditor involves acting at times as a management consultant and auditing for efficiency and effectiveness as much as for financial propriety, such activity has not always been among the internal auditor’s core duties. The profession of internal auditing has changed considerably over the past half century. Before 1941, internal auditing was essentially a clerical function with no organization and no particular standards of conduct. The internal auditing function was essentially an arm of the accounting function. Because much of the record-keeping at that time was performed manually, auditors were needed to check the accounting work after it was completed in order to locate errors in posting and footings.

Manual processing also made fraud easier. Combining the need for uncovering errors and misappropriations resulted in the internal auditor being little more than a verifier. Today, the internal auditor is accepted as an integral part of the management team (Asare, 2008). A look at the evolution of internal auditing provides a perspective on the function of internal auditing in today’s world; a function that includes not only financial auditing, but also operational auditing. The internal audit function constitutes a separate component of internal controls undertaken by specifically assigned staff within the entity with the objectives of determining whether other internal controls are well designed and properly operated (Saycuk, 2007).
Accordingly, Millichamp (2011) had highlighted that the functions of internal auditors include among others: reviewing accounting systems and internal control; examining financial and operation information for management, including detailed testing of transactions and balances; special investigation; and review of compliance with laws, regulations and other external requirements.

2.3.6 Role of Internal Audit in Public Organizations
The audit function has become an integral part of government financial management and an instrument for improving performance within public organizations, such as the Cocoa Research Institute of Ghana. The need for good governance and accountability has compelled governments to demonstrate a stronger sense of responsibility in the use of public funds and efficiency in the delivery of services (Bourn, 2007). Management of national economies today is more complex and demands greater competency and professionalism from internal auditors if they are to be able to assist government in ensuring that scarce resources are deployed more efficiently and to also effectively deal with the associated risks (Mc Gee, 2012). Effective internal oversight and monitoring are crucial to good governance and effective Public Financial Management (PFM). Internal oversight includes the internal audit function that must be effective and should comply with generally accepted auditing standards with regards to practice and approach (Millichamp, 2011).

The focus of internal auditing is to determine whether public funds have been spent for the purposes for which they were appropriated and thereby promoting accountability (PEFA, 2005). Internal audit undertakes reviews of individual systems and processes and consequently makes recommendations to heads of public sector entities on how internal controls could be improved (Asare, 2008). An internal audit function is an essential part of any public expenditure management system and should ensure that public spending is within budgetary
provisions; disbursements comply with specified procedures, provides for the timely reconciliation of accounts and effective systems for managing and accounting for physical and financial assets (Tumwine, 2011).

2.3.7 Internal Auditing and Financial Management
Internal Audit has evolved from a primarily financial compliance function to a key component of an organization’s governance framework. Internal auditing plays a vital role in the financial management of any organization. This is because in every framework of financial management (Planning and Analysis, Asset and Liability Management, Transaction Processing and Control) Internal Audit seems to have an interest it. Figure 2.1 below is the hierarchical framework of Financial Management as per the Financial Management Framework (FMF) developed in the United States in 1987.

Figure 2.2: Hierarchical Framework of Financial Management

Source: [ McGee, 2012]
The Control component of the Framework underpins all other components in the hierarchy. Transaction processing supports asset and liability management and reporting which in turn provide the tools for effective planning and analysis. This implies that internal auditing, with its main aim of examining and evaluating the activities of management coupled with its value-added service of improving the effectiveness of risk management and control systems is crucial to strengthening the governance process of an organization. Woven into the fabrics of the public sector, internal auditing has been accepted as a concrete element to ensuring good governance and accountability.

2.4 Empirical Literature
Empirical literature in the area of the objectives of the study are presented in the subsections below.

2.4.1 Role of internal audit
Internal auditing in an organisation plays a very important and relevant role in the organization as they ensures that, there is effective and efficient internal control system in the organization to help foster the growth of the organisation.

The extant empirical literatures on internal auditing has focused mainly on the characteristics of an effective internal audit function in ensuring efficiency and effectiveness in the financial management of public funds. Much of the research has involved the various characteristics that affect the independence and/or objectivity of internal auditors. McGee (2012), revealed that financial statement users’ perceptions of the reliability of financial statements was lower in cases where internal audit was outsourced to the company’s own external auditor than when the function was performed in-house or by a different CPA firm. Similarly, Lenz and Hahn (2015), found that financial analysts perceived external auditor independence to be greater
when internal audit was in-house or outsourced to a firm other than the company’s external auditor than when it was outsourced to the company’s external auditor.

2.4.2 Effective and efficient financial management
Financial management is defined as “the process of managing financial resources, including management decisions concerning accounting and financial reporting, forecasting, and budgeting, as well as capital budgeting decisions, which include decisions whether to lease or buy, and whether to issue debt or equity” (Lightbody, 2000). Financial management in organization is very important as it ensures that, the entire organizational operations are carried on in the right order which leads to improve financial performance of the organization. Financial management in an organization focuses on mainly some important components like planning and budgeting for the organization, decisions on sources of financing, management of the organizational working capital, decisions on capital budgeting or investment, decisions on dividend policy by the entity and finally reporting to the organizational stakeholders the financial performance of the entity (Oduware 2011). Financial management is therefore very essential in the organization as it focuses on the overall issues with the financing of an organizational activities.

2.4.3 Role of internal audit and the effective financial management
Tumwine (2011), established how internal audit function and employee attitudes affect the financial performance of Public Universities. The study focused in examining the relationship between the internal audit function and financial performance, the relationship between employee attitude and financial performance in Public Universities. The study adopted the quantitative research methodology employing a cross sectional research design. A population of 434 was selected from some selected departments of KYU and MUK using stratified simple random sampling. The findings of the study revealed a significant and positive relationship
between internal audit function and financial performance and between employee attitudes and financial performance in public Universities.

Chambers and Oda (2015) examined the role of internal audit and the accountability of public funds in local government; a case of Mbarara District Local Government. Using a survey study, it was found out that internal audit has a great stake in the accountability of Public funds. In this regard, in local Governments, internal Audit is described as a consulting activity. The implied situation being that all the stakeholders in the use of public funds have to be aware of the nature of internal Audit. Van Gansbeghe (2015) also shares the view that, the present requirement of internal audit is not the detection and prevention of fraud and errors but reviewing the system of internal control. This is because in public organizations, internal audit is meant to carry out an independent appraisal of the effectiveness of internal controls and other financial controls operating in such ministry.

In a similar research conducted by Saycuk (2007) on the topic “Internal audit as a tool for enhancing accountability in local government; a case study of Michika local Government, the researcher concluded that the internal audit function of Michika local government has been examined and it was obvious that internal audit enhances accountability in this local government system, it also improves the quality of internal control, prevent fraud and enhance transparency.

2.4.4 Factors hampering the effective and efficient financial management

The effectiveness in financial management in an organization is affected by several factors within the economy and in the industry within which an organization operates that affects the efficiency in the operations of the entity. Financial management as a concept in the literature is influenced by the uncertainty in the organizational environment. A review of the literature
demonstrates that, the uncertainties that affects organizations can be specific to the organization and the financial management practices that are adopted by the entity (Dixit and Pindyck, 1994).

For instance, optimal investment criterion can be altered by specific uncertainties (Smith, 2003) from the game theory perspective. That is, in the financial management process of an entity, there is the need for the examination of the financial management practices in the organization and how these factors are affected by the risks in the organization.

Also, attitude by employees of the organization in the financial decision making and management practices are essential components that affects the effectiveness of the financial management function of the organization. Management of an organizational financial activities requires compliance by the employees of the entity in many regards to ensure better financial performance (Zhu & Weyant, 2003)

2.5 Conceptual Framework of Internal Auditing and Financial Management

The concept of internal auditing and financial management have been studied across varying literatures in the world. There are however evidence that the effectiveness of internal auditing have significant influence on the successful financial management. Studies that have been conducted in these regards have posited that, various components of internal auditing like the qualifications of the internal auditors, the scope of internal auditing, the independence of the internal auditors, the size of the internal auditors (Al-Matari, Al-Swidi & Fadzil, 2014), professional competence, internal auditors experience, internal control, audit quality (Ali, 2017) have effects on financial management and then the financial performance of organizations. The various components of the internal auditing framework that affects financial management of a firm. The framework below is developed from the review of the internal auditing literature.
The conceptual framework modeled above is an indication of the various factors that according to the literature influences the audit quality and the internal control system that are established in the organization which also determines the impacts on the organizational financial management.

That is, from the model it is seen that, the qualifications of the internal auditors, the professional competence of the internal auditors, the scope of the organizational internal audit roles, the size of the internal auditors, the independence of the internal auditors in the execution of their roles as auditors, and the experience of the internal auditors affects the audit quality of the information produced and the internal control system that are established in the organization which consequentially results to the financial management practices in the organization.

(Source: Researcher, 2019)
CHAPTER THREE

METHODOLOGY

3.1 Introduction
As defined by Wahyuni (2012), the research methodology is the procedural framework within which the study is conducted. It comprises the theoretical and ideological basics as well as the fundamental principles that guides a researcher in the selection of a particular research method over the other (Burns & Bush, 2013). This section of the research proposal provides a description of the research methodology to be employed in the study and discusses how the study would be conducted in order to achieve the objectives as outlined at the introductory section. The section also discusses the research design and provides justification for the choice of the survey research strategy. It also describes the sample and population considered as well as the sampling procedures employed in the study. The sources of data, the data collection procedures, and the type of research instrument used are also discussed. The chapter ends with a discussion on the description of the method of data analysis adopted for the study.

3.2 Research Design
A research design is a plan or blueprint of how the researcher intends on conducting the research (Babbie, 2015). It considers the constraints such as access to data, time, location and money that would be inevitably encountered, as well as ethical issues relating to the research (Creswell, 2013). The research design consists of research strategies, research choices, and the time horizons of the research. It gives the strategy of enquiry, which moves from the underlying philosophical assumption to the research design and data collection (Ary, Jacobs, & Razavieh, 2012). The study is both descriptive and explanatory in design. Descriptive research is a scientific method that focuses on observing and describing the behavior of a subject without influencing it in any way (Schutt, 2011). The study is descriptive because it focuses on describing the role of internal audit at the Cocoa Research Institute in the Eastern Region of Ghana. The study is also explanatory because it is aimed at examining the efficiency and
effectiveness of financial management at the Cocoa Research Institute. The research is therefore, a conclusive study on the role of internal audit in the efficient and effective financial management of the Cocoa Research Institute of Ghana.

3.3 Research Approach
A survey strategy with a quantitative methodological approach was adopted in the study to examine the role of internal audit in the efficient and effective financial management of the Cocoa Research Institute of Ghana. According to Creswell (2013), the quantitative research method primarily deals with quantifying relationships that exist between the various factors or variables under study through the use of statistical measures such as the correlation coefficient, mean difference, or the relative frequency. The research strategy employed in the study was the survey method (Schutt, 2011).

The survey strategy was adopted because it allowed the researcher to gather information from a large sample of people relatively quickly and inexpensively. Conducting surveys allows the collection of a sizeable amount of data from a defined population in a highly economical way (Fisher, 2010). The survey method is used to collect data from a sample of individuals systematically and also provide important information for all kinds of research including preferences, and behaviors; depending on the purpose and source (Hair, Money, Samuel, & Page, 2012). It is also economical as compared to the complete enumeration of the entire population (Quinn, 2010).

3.4 Study and Target Population
Population refers to a group of individuals or items that share one or more characteristics from which data is being collected to be analysed. It is the larger pool from which sampling elements are drawn and to which findings can be generalized. The population encompasses all the
elements that make up the unit of analysis (Hair, Money, Samuel, & Page, 2012). The target population for this study consisted of one hundred and two (102) permanent staffs, made up of thirty one (31) account officers, thirty (30) entomologists, twenty (20) social scientists and statisticians, fifteen (15) officers from the new product development department, and six (6) staffs from the internal audit department. Both management and non-management staff constituted the target population.

3.5 Sampling and Sampling Techniques
One of the most indispensable aspects of a research is the data collection, since it essentially contributes to the overall understanding of the theoretical framework (Ary, Jacobs, & Razavieh, 2012). It is however essential that the method used in obtaining the data and the selection process of respondents be executed with sound judgement (Tongco, 2007). It is impractically impossible for a study like this to cover the entire Cocoa Research Institute in the Eastern Region of Ghana. For this very reason, choosing a representative sample becomes a crucial task (Wahyuni, 2012). A quantitative research aims at getting a sample which is representative enough of the target population, so as to be able to generalize the results (Ary, Jacobs, & Razavieh, 2012; Babbie, 2015; Creswell, 2013; Young, 2009; Wahyumi, 2012). As noted by Schutt (2011), a larger sample size from a defined target population is more likely to minimize sampling errors and thus the accuracy and the quality of a quantitative research is largely dependent on the suitability of the chosen sample size. Table 3.1 shows the sampling distribution of staffs drawn from the five (5) main departments at the Cocoa Research Institute of Ghana for the purposes of the study.
Table 3.1: Sampling Distribution of Respondents at the Cocoa Research Institute

<table>
<thead>
<tr>
<th>Name of Department</th>
<th>Target Population</th>
<th>Expected Sample Size</th>
<th>Response Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Audit</td>
<td>6</td>
<td>6</td>
<td>100.00%</td>
</tr>
<tr>
<td>Accounts</td>
<td>31</td>
<td>31</td>
<td>100.00%</td>
</tr>
<tr>
<td>New product development</td>
<td>15</td>
<td>10</td>
<td>66.67%</td>
</tr>
<tr>
<td>Social science &amp; statistics</td>
<td>20</td>
<td>10</td>
<td>75.00%</td>
</tr>
<tr>
<td>Entomology</td>
<td>30</td>
<td>24</td>
<td>58.82%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>102</strong></td>
<td><strong>81</strong></td>
<td><strong>74.80%</strong></td>
</tr>
</tbody>
</table>

Source: Field Data Report, 2018

The study employed a sample size of eighty-one (81) respondents, with a margin of error of \(0.05\) and a confidence interval of 5 percent and 95 percent respectively. This, according to Babbie (2015) is suitable for social science studies, and for that matter, suitable for this particular study.

Regarding the number of participants to be included in the study, the Tabachnick and Fidell (2006), formula was adopted with the assumption that the target population is unrestricted:

\[ n = \frac{N}{1 + Ne^2} \]

In the formula above, “\(n\)” represents the sample size to be calculated, while “\(N\)” is the target population. The value of “\(e\)” (standard error) depends on the required confidence level set by the researcher. If the confidence level is 95 percent, then the “\(e\)” value would be 0.05. In this study, 95% confidence level will be adopted. Over 102 staff, made up of account officers,
internal auditors, entomologists, social scientists and statisticians, and new product developers. Out of this number, 81 staff, constituted the sample size of the study.

Using the target population of 103 staffs of the Cocoa Research Institute, that is, \( N = 102 \) and a 5% margin of error (\( e = 0.05 \)), the sample size, \( n \) is calculated as follows:

\[
 n = \frac{N}{1 + Ne^2} = 81
\]

The sample size of 81 respondents was thus used in the study. The sampling technique adopted in the study was the non-probability sampling technique, specifically, the purposive and convenient sampling techniques (Schutt, 2011).

The purposive sampling technique was deployed to specifically target the sampled departments. This is supposed to aid the researcher achieve her objectives, as stated in the introductory chapter. The convenient sampling technique was also used to select the staff from the sampled departments of the Cocoa Research Institute. By the convenient sampling technique, only the targeted staffs of the Institute, who were present at the time of the data collection, and willing to participate in the study were considered for the study (Fisher, 2010).

### 3.6 Questionnaire Development

Research techniques are the step-by-step procedures in the collection and analysis of data (Ary, Jacobs, & Razavieh, 2012). The procedure employed in this study was to solicit data through the use of structured questionnaires. The questionnaires were structured based on the research objectives. The first section of the questionnaire elicited information on the biographic data of the respondents, such as gender, age, educational background and other socio-economic
characteristics. The second and third sections dealt with all the issues relating to the various research objectives.

The adoption of the closed-ended questions made it easier for the responses to be coded and analyzed systematically (Babbie, 2015). It also made it easier for the researcher to collect the data within the shortest period of time. The respondents were basically ticking the appropriate answers after reading the questions and with the response choices given; there was no need to further explain the questions to the respondents. However, questionnaires can be limiting by suggesting ideas to the respondents to which he or she will not otherwise have thought about. Again, the respondents can answer questions any how or even misinterpret some questions. All in all, comparing both the merits and the demerits of using questionnaires, the merits far outweigh the demerits in a study like this, and thus it is expected that the use of the questionnaires will have a good impact on the study (Fisher, 2010).

All the items intended to be used in measuring the variables were adapted from previously validated instruments (Creswell, 2013). They were modified such that the focus was from the Ghanaian perspective and within the Ghanaian context. The model was rated on a five-point Likert-Scale, ranging from 1, which indicates strongly disagree to 5 indicating strongly agree. Each scale will be scored by aggregating the total scores for each question on a given measure and reporting the total score as the composite score for the measure.

3.7 Data Collection
According to Creswell (2015), there are essentially two kinds of data collection methods: primary data collection and secondary data collection. Babbie (2015) posit that, primary data are data gathered purposely for a particular research problem or study through the use of procedures that well fit the research problem. They further noted that, each time primary data
is collected, fresh data set are subsequently added to the already existing store of social knowledge about the phenomenon under study. This store of knowledge generated by other researchers is made available and may be utilized by other researchers or the general research community which then becomes secondary data (Quinn, 2010).

The study basically relied on primary data. Primary data was collected through the use of the structured questionnaires which were administered using both face-to-face and self-administration. The questionnaires were distributed to the employees and staffs from the sampled departments of the Cocoa Research Institute of Ghana. The task of designing a questionnaire involves the development of a wording that is precise, concise and unambiguous, which for that matter allows respondents to successfully answer the questions that it sought to ask (Hair, Money, Samuel, & Page (2012).

In view of this, Hair, Money, Samuel, & Page (2012), suggest that the questionnaire for a study should be pre-tested for the purposes of re-wording, deleting, and or adding new items should it be necessary for better comprehension of the questionnaire by respondents. For these reasons, the questionnaires for the study will be pre-tested at the institute. The researcher personally distributed the questionnaires to a total of 10 respondents from the sampled departments, and who were also willing to participate in the pretest. The feedback was then analyzed and the necessary changes subsequently effected.

3.8 Validity and Reliability
To ensure validity of the research instrument, a draft copy of the questionnaire was given to the Supervisor of this study, who read through and made the necessary corrections to ensure face, content and construct validities.
3.9 Analysis of Data

This section discusses the descriptive and inferential statistical methods that used in analysing the collected data. Previous studies about the functions of internal audit regarding its efficiency and effectiveness in financial management mainly used descriptive statistics and regression statistics (Pallant, 2013). For this study, the survey data collected was analyzed using the Statistical Package for the Social Sciences (SPSS, Version 23). The demographic characteristics of the respondents were also analysed using tables, and other descriptive statistics such as the frequency, percentages, mean, and standard deviation.
CHAPTER FOUR
RESULTS AND DISCUSSIONS

4.1 Introduction
This chapter presents the empirical findings of the study in the context of the objectives as stated in chapter one. The study focused on examining the role of internal audit in the efficient and effective financial management of the Cocoa Research Institute in Ghana. The chapter deals with the bio- graphic data of respondents, sampled from various departments within the Cocoa Research Institute of Ghana. The section further undertakes a descriptive analysis of the endogenous and exogenous variables, correlational analysis and regression analysis. The results of the study are eventually discussed relative to the research objectives, and the other extant empirical literatures. At each stage, the analyses were based on the objectives being addressed by the study, which could be recalled as follows:

- To examine the role of internal audit at the Cocoa Research Institute
- To ascertain the effective and efficient financial management of the Cocoa Research Institute
- To determine the relationship between the role of internal audit and the effective and efficient financial management of the Cocoa Research Institute
- To identify the factors hampering the effective and efficient financial management at the Cocoa Research Institute

4.2 Demographic Profile of Respondents
This section presents the demographic characteristics of the respondents who are sampled employees drawn from five (5) main departments of the Cocoa Research Institute. The profile of the respondents included; gender, age, educational background, tenure of work, and position held in the bank. Overall, 81 employees were sampled from five (5) main departments of the Cocoa Research Institute.
4.2.1 Gender Distribution of Respondents
From the gender distribution of the 81 respondents, majority were male and the minority were females. 51.9% were males and the rest, 48.1% represented females. This means that the information regarding the role of internal audit in the efficient and effective financial management of the Cocoa Research Institute, was obtained from both male and female employees, and therefore the findings are not gender biased. The above distribution is presented in Table 4.1 below.

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>42</td>
<td>51.9</td>
</tr>
<tr>
<td>Female</td>
<td>39</td>
<td>48.1</td>
</tr>
<tr>
<td>Total</td>
<td>81</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Field Survey Data, 2019

4.2.2 Age Distribution of Respondents
The age of the respondents has implication on the ability of the participants to determine their voluntary participation in the study. As demonstrated on Table 4.2, 34.5% indicated that, they were between 20-29 years of age, and 28.4% indicated they were within the age group of 30-39 years. While 17.3% of the respondents were 40-81 years of age, the remaining 19.8% were 50 years and above. Overall, all 81 respondents who participated in the study, were above 20 years of age. This means that, they were matured enough to determine their participation in the study.

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Ghana <a href="http://ugspace.ug.edu.gh">http://ugspace.ug.edu.gh</a></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.2.3 Educational Qualification

The educational qualification of respondents, is of prime significance in every research. The educational qualification of the respondents has significance on the ability of the respondents to read, critically analyse, understand, and interpret all the issues being raised on the research instrument, most especially regarding the topic under discussion. The educational qualification of the respondents is therefore illustrated on table 4.3.

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SHS/O/A-Level</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Diploma</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Degree</td>
<td>81</td>
<td>60.5</td>
</tr>
<tr>
<td>Masters/PHD</td>
<td>32</td>
<td>39.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>81</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: Field Survey Data, 2019

As demonstrated on table 4.3, out of the total number of 81 respondents, far more than half, that is 60.5%, equivalent to 81 respondents had a minimum qualification of a bachelor’s degree. The next on the scale of higher frequencies, are those with a Master’s degree representing 39.5%, equivalent to 32 respondents. None of the respondents had a diploma nor an SHS/O/A-
level qualification. The implication is that, all the respondents could be said to have the ability to read, analyse, evaluate, and fully comprehend all the issues raised on the research instrument.

4.2.4 Position held at the Cocoa Research Institute of Ghana
In order to achieve the main objective of the study, the respondents sampled were made up of both management and non-management staff. They were sampled from a broad spectrum of positions, including general managers, accountants, human resource managers, account officers, internal audit officers, audit managers, and other auxiliary staffs. Regarding their position at their various places of work, the respondents were classified as either management or non-management staff. Table 4.4 is an illustration of the position held by the respondents.

Table 4.4: Position Held at the Cocoa Research Institute

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management staff</td>
<td>14</td>
<td>17.3</td>
</tr>
<tr>
<td>Non-management staff</td>
<td>67</td>
<td>82.7</td>
</tr>
<tr>
<td>Total</td>
<td>81</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Field Survey Data, 2019

From table 4.4, out of the total number of 81 respondents, far more than half, that is 82.7%, equivalent to 67 respondents were non-management staff, and 17.3%, equivalent to 14 respondents, were management staff. The inference is that information regarding the role of internal audit in the efficient and effective financial management, was obtained from both management and non-management staffs of the Cocoa Research Institute of Ghana.

4.2.5 Job Tenure
The number of years’ working experience regarding the topic under study is of extreme significance in achieving the main objective of the study. The results on the job tenure of respondents is indicated on table 4.5.
<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2 years</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>3 years and up to 5 years</td>
<td>17</td>
<td>21.0</td>
</tr>
<tr>
<td>6-9 years</td>
<td>26</td>
<td>32.1</td>
</tr>
<tr>
<td>10 years and above</td>
<td>38</td>
<td>46.9</td>
</tr>
<tr>
<td>Total</td>
<td>81</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Field Survey Data, 2019

From table 4.5, 17 respondents representing 21.0% have been working with the Cocoa Research Institute of Ghana from between 3 years up to 5 years. 32.1% have been working with the Institute from 6 to 9 years. And finally, 46.9% have over 10 years working experience with the Institute. Overall, 79.0% of the respondents have been working for more than 5 years with the Institute. And since more than half of the respondents having been working with the Institute for over 5 years, they were poised to better understand all the issues relating to the efficient and effective financial management of the Cocoa Research Institute regarding the role of the internal audit function. Table 4.5 is therefore an illustration of the pragmatic experience of respondents, indicating the number of years that they have been working with the Institute.

4.3 Role of Internal Audit at the Cocoa Research Institute of Ghana
The first specific objective of the study was to examine the role of internal audit at the Cocoa Research Institute of Ghana. This objective was achieved by asking the sampled respondents to indicate their perception regarding the activities of the internal auditors in the execution of their functions at the Institute, using a Five-Point Likert Scale. Means and standard deviations were used to present the findings. If the mean value is 4.0 or higher, then the internal auditors
can be said to perform their role and functions frequently (often times). The outcome is presented in Table 4.6 below.

Table 4.6: Role of Internal Audit at the Cocoa Research Institute

<table>
<thead>
<tr>
<th>Activities of internal audit functions (Chron Bach Alpha=0.895)</th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensure compliance of the institution to laid down rules and regulations</td>
<td>81</td>
<td>4.14</td>
<td>0.88</td>
</tr>
<tr>
<td>Check accounting records of the institution for fraud and irregularities</td>
<td>81</td>
<td>4.12</td>
<td>0.94</td>
</tr>
<tr>
<td>Examine procedures governing the utilization of resources at the Institute</td>
<td>78</td>
<td>4.10</td>
<td>0.67</td>
</tr>
<tr>
<td>Evaluate all departments and units of the Institute, ensuring that they are working effectively</td>
<td>81</td>
<td>4.04</td>
<td>0.88</td>
</tr>
<tr>
<td>Ensure accurate, comprehensive, and temporariness of financial reporting</td>
<td>79</td>
<td>4.00</td>
<td>0.74</td>
</tr>
<tr>
<td>Reports on all systems of the internal control (SIC) process</td>
<td>79</td>
<td>3.93</td>
<td>0.66</td>
</tr>
<tr>
<td>Provides the external auditor, members of the audit board, and the management team members with relevant information</td>
<td>79</td>
<td>3.91</td>
<td>0.82</td>
</tr>
<tr>
<td>Add value to the Institute by ensuring financial accountability</td>
<td>79</td>
<td>3.91</td>
<td>0.89</td>
</tr>
<tr>
<td>Ensure the application of generally accepted accounting principles in financial reporting</td>
<td>81</td>
<td>3.89</td>
<td>0.84</td>
</tr>
<tr>
<td>Facilitate risk management practices at the Institute</td>
<td>77</td>
<td>3.73</td>
<td>0.74</td>
</tr>
<tr>
<td>Focus on performance audit</td>
<td>76</td>
<td>3.59</td>
<td>0.79</td>
</tr>
<tr>
<td>Oversees the overall efficiency and effectiveness of the Cocoa Research Institute of Ghana</td>
<td>81</td>
<td>4.14</td>
<td>0.70</td>
</tr>
</tbody>
</table>

Source: Field Survey Data, 2019

Scale: 1= Not at all, 2= Rare Occasion, 3=Sometimes, 4= Frequently, 5= Very frequently

The outcome of the analysis revealed that, frequently (Mean: 4.00-5.00) the internal auditors at the Cocoa Research Institute performs each of the following roles, including ensuring compliance of the Institute to laid down rules and regulations (M=4.14, SD=0.88), checking
accounting records of the Institute for fraud and irregularities (M=4.12, SD=0.94), examining procedures governing the utilization of resources at the Institute (M=4.10, SD=0.67), evaluates all departments and units of the Institute, ensuring that they are working effectively (M=4.04, SD=0.88), and ensuring accurate, comprehensive, and temporariness of financial reporting (M=4.00, SD=0.74).

The findings further revealed that the internal auditors performed each of the following activities sometimes at the Institute (Mean: 3.00-3.99). That activities includes: reporting on all systems of the internal control process (SIC) (M=3.93, SD=0.66), providing the external auditor, members of the audit board, and the management team members with relevant and necessary information (M=3.91, SD=0.82), adding value to the Institute by ensuring financial accountability (M=3.91, SD=0.89), ensuring the application of generally accepted accounting principles in financial reporting at the Institute (M=3.89, SD=0.84), facilitating risk management practices at the Institute (M=3.73, SD=0.74), and focussing on performance audits at the Institute (M=3.59, SD=0.79).

Overall, however, the internal auditors were found to perform their functions frequently (M=4.14, SD=0.70). This means that the role and functions of the internal audit was quite high and very good. The internal auditors performed their role very well in ensuring the efficient and effective financial management of the Cocoa Research Institute of Ghana.

4.4 Effective and Efficient Financial Management of the Cocoa Research Institute
The second specific objective of the study was to ascertain the effective and efficient financial management practices at the Cocoa Research Institute. The respondents were again asked to indicate the frequency with which the various accountability practices are exhibited at the Institute, in terms of effectiveness and efficiency. The sampled respondents indicated their
thoughts using a Five-Point Likert Scale. Means and standard deviations were used to present the findings. If the mean value is 4.0 (Test value) then the respondents were of the opinion that the financial management practices of the Institute were performed effectively, efficiently and frequently. The outcomes regarding the effective and efficient financial management of the Cocoa Research Institute of Ghana, is therefore is presented in Table 4.7 below.

The findings revealed that overall, the Cocoa Research Institute were effective and efficient in their financial management practices (M=4.00-5.00). The implication is that, the Institute were effective and efficient in their financial management practices by ensuring that; the budgeting process is participated by all stakeholders/units at the Institute (M=4.29, SD=0.82), by budgeting for it projects/activities (M=4.28, SD=0.92), ensuring that the financial reporting at the Institute complies with the International Accounting Standards (M=4.20, SD=0.88), accounting activities are effectively monitored and supervised to ensure value for money (M=4.12, SD=0.78), by demonstrating -legality, probity, accuracy and completeness of its transactions during the year (M=4.12, SD=0.74), by ensuring that tenders are awarded in line with established regulations to ensure value for money in the procurement process (M=4.10, SD=0.90), by ensuring that the budgeting document is distributed to stakeholders/units in the institutions (M=4.10, SD=0.96), by ensuring that every financial transaction at the Institute has complete and accurate records (M=4.02, SD=1.03).

Table 4.7: Effective and Efficient Financial Management at the Cocoa Research Institute of Ghana

<table>
<thead>
<tr>
<th>Chron Bach Alpha=0.942</th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The budgeting process is participated by all stakeholders/units at the Institute in order to ensure efficiency</td>
<td>79</td>
<td>4.29</td>
<td>0.82</td>
</tr>
<tr>
<td>The Institute effectively budgets for all its projects and activities</td>
<td>80</td>
<td>4.28</td>
<td>0.92</td>
</tr>
</tbody>
</table>
Financial Reporting at the Institute complies with the International Accounting Standards (IASs). Accounting activities are effectively monitored and supervised to ensure value for money. The Institute demonstrates legality, probity, accuracy and completeness of its transactions during the year. Tenders are awarded in line with established regulations to ensure value for money in the procurement process. The budgeting document is distributed to all stakeholders/units at the Institute. Every financial transaction at the Institute has complete and accurate records. Internal Audit independently verifies and validates all financial statements and report to the directors accordingly. Whenever it is possible to quantify an activity the estimated value for money is made. Financial reports are timely produced. Funding arrangement for any activity/project at the Institute is done transparently. In the Institute, accountability is always done following its budget. Management periodically produces statement of cash flow to show the organization’s cash inflows and outflows. Management periodically produces statement of financial position to show the financial position of the Institute. Financial statements on their own are entirely satisfactory or broad enough to reflect a meaningful scope of organizational financial performance. All Stakeholders are satisfied with the expenditures due to the effective and efficient financial management process. Overall, the Institute ensures a prudent, an efficient, and an effective financial management process.

Source: Field Survey Data, 2016

Scale: 1= Not at all , 2= Rare Occasion, 3=Sometimes, 4= Frequently, 5= Very frequently “.

The findings further revealed that the Institute is effective and efficient with regards to their financial accountability practices sometimes (Mean: 3.00-3.99). That is, the internal Audit independently verifies and validates financial statements and report to directors (M=3.97, SD=1.01), whenever it is possible to quantify an activity the estimated value for money is made (M=3.89, SD=0.89), financial reports are timely produced (M=3.88, SD=0.84), funding arrangement for any activity/project in the Institute are done transparently (M=3.87, SD=0.93),
accountability is done following the budget (M=3.87, SD=0.89), management produces statement of cash flow to show the organization’s cash inflows and outflows (M=3.81, SD=1.09), management periodically produces statement of cash-flows to show the Institute’s financial position (M=3.69, SD=1.02), by ensuring that financial statements are entirely satisfactory or broad enough to reflect a meaningful scope of the Institute’s financial performance (M=3.59, SD=0.82), and that all Stakeholders are always satisfied with the Institute’s expenditures (M=3.59, SD=0.93). Overall, however, the Institute ensures a prudent, an efficient, and an effective financial management (M=4.38, SD=0.63). This means that the Institute is effective and efficient with regards to their financial management practices.

4.5 Relationship between the Internal Audit’s Role and Effective Financial Management at the Cocoa Research Institute of Ghana
The study went further to determine the relationship between the Internal Audit Function and Effective Financial Management Practice at the Cocoa Research Institute and financial accountability in public tertiary institutions in Ghana. To achieve this objective, a non-parametric correlation (spearman rho correlation and Kendell tau correlation) were performed. Table 4.8 represent the findings for the interrelationship between internal audit function and financial accountability.

Table 4.8: Correlation between internal audit and financial management
The outcomes of the above correlation matrix indicated that there is a high correlation between the role of internal audit function and financial management (P<0.01) as revealed by both Kendall's tau and Spearman's rho correlation coefficients. The implication is that as the Institute enhances its role in the performance of internal audit, the performance of the Institute in terms of effective and efficient financial management also increases. Therefore, it can be concluded from the above that the internal audit’s role is most significant and crucial in ensuring an effective and efficient financial management at the Cocoa Research Institute of Ghana.

**4.6 Factors Hampering Effective and Efficient Financial Management at the Cocoa Research Institute of Ghana**

The final specific objective of the study was to identify the factors that are most likely to hamper the effective and efficient financial management of the Cocoa Research Institute of Ghana. Again, mean and standard deviations were used to present the findings. The items with
mean values greater than 3.0 (that is, the test value) represents the factors hindering the effective and efficient financial management at the Cocoa Research Institute of Ghana. The outcome is presented in Table 4.9.

The outcome of the analysis as demonstrated on table 4.9 has revealed that there are some factors hampering the effective and efficient financial management at the Cocoa Research Institute of Ghana (Mean values more than 3.00). The main factors therefore hampering the effective and efficient financial management includes; poor remuneration of employees in the internal audit department in the performance of their functions (M=3.19, SD=1.17), lack frequent training and retraining of the internal audit and account staffs (M=3.18, SD=0.86), and inadequate human resource capacity at the internal audit unit of the Institute (M=3.08, SD=1.23).

**Table 4.9: Factors Hampering Effective and Efficient Financial Management at the Institute**

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor remuneration of employees in the internal audit department in carrying out their functions</td>
<td>79</td>
<td>3.19</td>
<td>1.17</td>
</tr>
<tr>
<td>Lack of frequent training and retraining of internal audit and account officers</td>
<td>80</td>
<td>3.18</td>
<td>0.86</td>
</tr>
<tr>
<td>Inadequate human resource capacity at the Internal Audit Unit of the Institute</td>
<td>81</td>
<td>3.08</td>
<td>1.23</td>
</tr>
<tr>
<td>Lack of skilled personnel in IT</td>
<td>77</td>
<td>2.91</td>
<td>1.07</td>
</tr>
<tr>
<td>Lack of implementation of internal audit recommendations by the management of the Institute</td>
<td>79</td>
<td>2.87</td>
<td>1.21</td>
</tr>
<tr>
<td>Lack of cooperation between the various heads at the Institute and the internal audit unit</td>
<td>79</td>
<td>2.77</td>
<td>0.90</td>
</tr>
</tbody>
</table>
Lack of internal auditors’ independence at the Institute  
81  2.67  1.14  
Incompetent staff in the internal audit  
81  2.04  1.01  

Source: Field Survey Data, 2016  
Scale: 1= “Strongly disagree”; 2= “Disagree”; 3 = “Neutral”; 4= “Agree”; 5= “Strongly agree”.

4.6 Discussion of Results  
The findings of the study confirm that observed by other researchers. For example, Tumwine (2011) established how internal audit function affects the efficient financial management of public tertiary institutions. The findings of the study revealed a significant and positive relationship between the role of internal audit function and effective financial management at the Cocoa Research Institute of Ghana. The study also found a significant positive relationship between the internal audit function and the effective financial management of the Cocoa Research Institute, thereby confirming the findings of the above researcher.

The findings confirm similar studies undertaken by Chambers and Oda (2015). In their study, Chambers and Oda (2015), examined the role of internal audit and the accountability of public funds in local government; a case of Mbarara District Local Government. Using a survey study, it was found out that internal audit has a great stake in the accountability of Public funds. In this regard, in local Governments, internal Audit is described as a consulting activity. The implied situation being that all the stakeholders in the use of public funds have to be aware of the nature of internal Audit function, particularly, regarding its role in the effective and efficient financial management of State resources.

The findings of the study further confirm similar studies undertaken by Saycuk (2007), and Van Gansbeghe (2015). Van Gansbeghe (2015), shares the view that, the present requirement
of internal audit is not the detection and prevention of fraud and errors but reviewing the system of internal control. This is because in public organizations, internal audit is meant to carry out an independent appraisal of the effectiveness of internal controls and other financial controls operating in such ministry. In a similar research conducted by Saycuk (2007) on the topic “Internal audit as a tool for enhancing accountability in local government; a case study of Michika local Government, the researcher concluded that the internal audit function of Michika local government has been examined and it was obvious that internal audit enhances accountability in this local government system, it also improves the quality of internal control, prevent fraud and enhance transparency. This study contradicts with the findings of similar studies undertaken by McGee (2012), and Lenz and Hahn (2015).

Internal audit in ensuring efficient and effective management of organisation’s financial management is dependent on factors that ensures that there is audit quality and robust internal control system that would be able to detect any hitch in the organizational financial management practices. This will ensure that, there is continuous flow of financial decision making and financial information within the organization to help improve the financial performance of the entity. These factors identified in the literature that will ensure audit quality are the qualifications of the internal auditors, the scope of internal auditing in the organization, the independence of the internal auditors, the size of the internal auditors (Al-Matari, Al-Swidi & Fadzil, 2014), professional competence and the experience level of the internal auditors experience (Ali, 2017).

Findings of the study on the effectiveness of the internal auditing system in ensuring financial management in Cocoa Research Institute have identified that, the staff of this entity that responded to the questionnaires have higher academic qualification as the study indicated that,
the academic qualification of the respondents are between first degree to Doctorate or PHD for all the staff in the organization. This is however an indication of good qualification for the organizations internal auditors to effectively function as this was identified by Al-Matari, Al-Swdi and Fadzil, (2014). With this qualification of the organizational internal auditors, it is expected that, quality audit information would be provided which will help improve financial management in the firm.

Additionally, auditor’s experience that were identified in the literature to influence the audit quality and the internal control system was seen in the study to be higher among the staff of the organization. The auditors in the organization are identified to have experience on the job ranging above three years and thus, implies a higher audit quality for the organization and a better internal control system. This is in line with findings by Al-Matari, Al-Swdi and Fadzil, (2014)

Again, the scope of the internal audit function in the organization seen from to be broad and the audit and accounts staff of the entity also large signalling that quality audit information and better control system which consequentially lead to a better and efficient financial management in the organization. That is according to Al-Matari, Al-Swdi and Fadzil, (2014), the size of an audit team and the scope of an audit work determines the audit quality and better financial management practices in the organization. Findings of this study therefore confirms the findings by Al-Matari, Al-Swdi and Fadzil, (2014).
CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

The purpose of the study was to ascertain the role of the internal audit function in ensuring an efficient and effective financial management at the Cocoa Research Institute of Ghana. Specifically, the study examined the role of internal audit at the Cocoa Research Institute of Ghana, ascertained the effective and efficient financial management of the Cocoa Research Institute of Ghana, determined the relationship between the role of internal audit and the effective and efficient financial management of the Cocoa Research Institute of Ghana, and identified the factors hampering the effective and efficient financial management at the Cocoa Research Institute of Ghana.

A survey research strategy coupled with a quantitative methodology approach was used in the study in order to achieve the objectives of the study. A structured questionnaire was used to conveniently gather data. The respondents included internal auditors, accountants, finance managers, administrators, general managers, human resource managers, account officers, internal audit officers, audit managers, and other auxiliary staffs. The sample also included respondents from the departments of new product development, social science and statistics department, and the department of entomology. Items on the questionnaire were measured on a five-point ranking scale. Overall, 81 respondents were sampled for the study. A non-parametric spearman correlation was used to relate the role of internal audit and financial management practices at the Cocoa Research Institute.

With respect to the role of internal audit at the Institute, the study revealed that, overall the internal audit department performed their functions frequently, regularly, and prudently. They performed their functions by achieving each of the following activities; ensuring compliance
of the Institute to laid down rules and regulations, checking the accounting records of the Institute for fraud and irregularities, examining the procedures governing the utilization of resources in the Institute, evaluating all departments and units of the Institute, thereby ensuring that they are working effectively, ensuring accurate, comprehensive, and temporariness of financial reporting.

With regard to the effective and efficient financial management of the Cocoa Research Institute, the study found that the Institute was effective in all matters relating to effective and efficient financial management. This is because the budgeting process is participated by all stakeholders/units in the Institute, the Institute budgets for it projects/activities, financial reporting in the Institute complies with the International Accounting Standards, accounts activities are monitored and supervised to ensure value for money, the Institute demonstrates legality, probity, accuracy and completeness of its transactions during the year, tenders are awarded in line with established regulations to ensure value for money in the procurement process, the budgeting document is distributed to stakeholders/units in the Institute, and that every financial transaction undertaken at the Institute has complete and accurate records.

Concerning the relationship between internal audit function and financial management, the study found a significant positive relationship between the role of internal audit and effective financial management at the Institute.

Regarding the factors hampering the effective and efficient financial management practices at the Cocoa Research Institute, the study found out that; poor remuneration of employees in the internal audit unit, lack frequent training and retraining and inadequate human resource capacity in the internal audit and account departments were some of the major factors that hampered the effective and efficient financial management of the Institute.
5.2 Conclusions
Based on the findings of the study, the study came to the following conclusions:

i. The internal audit department of the Cocoa Research Institute performed their functions frequently and regularly in order to achieve effectiveness.

ii. The functions of the internal audit department correlated significantly and positively with the financial management practices exhibited at the Institute.

iii. Certain factors hampered effective and efficient financial management practices of the Institute, including, poor remuneration of employees at the internal audit department, lack of frequent training and retraining for both internal audit and account officers, and inadequate human resource capacity at the internal audit department.

5.3 Recommendations
Based on the findings of this study, the following are strongly recommended by researcher:

- The function of the internal audit department in performing their roles at the Institute was found to be effective. The study recommends to the internal audit department to continuously work towards achieving effectiveness and efficiency in their functions, in order to maintain their integrity and professional ethics.

- The functions of the internal audit department correlated significantly and positively with the financial management practices exhibited at the Institute. It is recommended to the Institute to continuously improve upon the role and functions of the Internal Audit department.

- Again, the remuneration of internal auditors at the Institute must be enhanced to ensure job motivation, job security, and job performance.


5.4 Limitations of the Study
Time constraint was the main limiting factor on the part of the researcher. As a result, the researcher could not expand the scope of the study to cover other public sector organizations in the country, but limited itself to only, the Cocoa Research Institute in the Eastern Region of the country. Getting timely responses from the respondents in the Institute was another key challenge even with consistent and persistent appeals from the researcher. This became evident due to the busy work schedules of the respondents.

5.5 Further Studies
Future studies can consider expanding the scope of the study to include many public sector organizations to make the findings much more generalizable. Future studies can consider finding out the determinants of internal audit quality among public sector organizations in Ghana.
REFERENCES


APPENDIX 1:
THE QUESTIONNAIRE

TOPIC: Role of Internal Audit in the Efficient and Effective Financial Management of the Cocoa Research Institute in Ghana

Introduction: The researcher of the above topic is an MSc graduate student of the University of Ghana Business School, Legon. This questionnaire is meant to achieve the aforementioned topic, and the successful completion of which will lead to the award of a Master of Science Degree in Accounting and Finance at the University of Ghana, Legon. The researcher of this study pledges to conceal the anonymity and confidentiality of all persons who give out information as required by this study.

SECTION A: Socio-Demographic Profile of Respondents
1) Gender of respondent
   A. Male [ ]    B. Female [ ]

2) Age of respondent
   A. Less than 20yrs [ ]  B. 20-29 yrs [ ]  C. 30-39yrs [ ]  D. 40-49yrs [ ]  E. 50yrs or more [ ]

3) Educational level of Respondent
   A. SHS/ O/A-Level [ ]  B. Diploma [ ]  C. Degree [ ]  D. Masters/PhD[ ]

<table>
<thead>
<tr>
<th>No</th>
<th>ROLE OF INTERNAL AUDIT AT THE INSTITUTE</th>
<th>For each statement choose a number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Description</td>
<td>1</td>
</tr>
<tr>
<td>---</td>
<td>-----------------------------------------------------------------------------</td>
<td>---</td>
</tr>
<tr>
<td>1</td>
<td>Ensure compliance to the laid down rules and regulations</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Check accounting records of the institute for fraud and irregularities</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Examine procedures governing the utilization of resources in the institute</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Evaluates all departments and units of the institute, ensuring that they are working effectively</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Ensure accurate, comprehensive, and temporariness of financial reporting</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Reports on all systems of the internal control (SIC) process</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Provides the external auditor, the members of the audit board, and the management team members with relevant information</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Add value to the institute by ensuring financial accountability</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Ensure the application of generally accepted accounting principles in financial reporting</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Facilitate risk management practices at the institute</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Focuses on performance audit</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Oversees the overall efficiency and effectiveness of the institute</td>
<td></td>
</tr>
</tbody>
</table>

4) How long have you been working with the Cocoa Research Institute? (Tenure of work)
   A. 1-5yrs [ ]  B. 6-10 yrs [ ]  C. 11-15yrs [ ]  D. 16yrs and above [ ]

5) Position held at the Cocoa Research Institute?
A. General manager [ ]  B. Accountant [ ]  C. HR manager [ ]  D. Auxiliary staff [ ]  
E. Management Staff [ ]  F. Non-management Staff  

SECTION B: Role of Internal Audit at the Cocoa Research Institute of Ghana  
This section of the questionnaire seeks to evaluate the role of Internal Audit at the Cocoa Research Institute of Ghana. The section determines the frequency at which the internal audit departments perform their functions in the organization. Please indicate your response using the following scale. 

Please respond to the role of internal audit in your institute by responding to the following scale. 

1= Not at all  
2= Rare occasion  
3 =Sometimes  
4= Frequently  
5 =Very frequently  

SECTION B: Effective and Efficient Financial Management of the Cocoa Research Institute  
This section of the questionnaire examines the effective and efficient financial management practices of the Cocoa Research Institute. Please respond to the level efficiency and effectiveness by responding to the following scale. 

1= Not at all  
2= Rare occasion  
3 =Sometimes  
4= Frequently  
5 =Very frequently  

<table>
<thead>
<tr>
<th>No.</th>
<th>For each statement choose a number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Not at all</td>
</tr>
</tbody>
</table>

57
The budgeting process is participated by all stakeholders at the Institute in order to ensure efficiency.
The Institute effectively budgets for all its projects and activities.
Financial Reporting at the Institute complies with the International Accounting Standards.
Accounting activities are effectively monitored and supervised to ensure value for money.
The Institute demonstrates legality, integrity, precision, and totality of its transactions during the year.
Tenders are awarded in line with established regulations to ensure value for money in the procurement process.
The budgeting document is distributed to all stakeholders at the Institute.
Every financial transaction at the Institute has complete and accurate records.
Internal Audit independently verifies and validates the financial statements and reports to the board of directors.
Financial reports are timely produced.
Funding arrangements for any activity or project at the Institute is done transparently.
In the Institute, accountability is always done following its budget.
Management periodically produces statement of cash-flows to show the organization’s cash inflows and outflows.
Management periodically produces statement of financial position to show the financial position of the organization.
Financial statements on their own are entirely satisfactory or broad enough to reflect a meaningful scope of organizational financial performance.
All Stakeholders are satisfied with the expenditures due to the effective and efficient financial management practices.
Overall, the Institute ensures a prudent, an efficient, and an effective financial management.

SECTION D: Factors hampering the efficient and effective financial management at the Cocoa Research Institute of Ghana

This section determines the factors hampering the effective and efficient financial management of the Cocoa Research Institute of Ghana. Items in this section were measured on a Five-point Likert Type of Scale.

Please indicate your response using the following scale. Circle

1=Strongly disagree
2= Disagree  
3=Neutral  
4=Agree  
5= Strongly agree

<table>
<thead>
<tr>
<th>No.</th>
<th>FACTORS HAMPERING THE EFFECTIVE AND EFFICIENT FINANCIAL MANAGEMENT AT THE INSTITUTE</th>
<th>For each statement choose a number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Strongly disagree</td>
</tr>
<tr>
<td>1</td>
<td>Poor remuneration of employees in the internal audit department in the performance of their functions</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Lack of frequent training and retraining</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>Inadequate human resource capacity at the internal audit unit of the Institute</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Lack of skilled personnel in ICT</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>Lack of the proper implementation of internal control recommendations by management</td>
<td>1</td>
</tr>
<tr>
<td>6</td>
<td>Lack of cooperation between the various heads at the Institute and the internal audit unit</td>
<td>1</td>
</tr>
<tr>
<td>7</td>
<td>Lack of internal auditors’ independence at the Institute</td>
<td>1</td>
</tr>
<tr>
<td>8</td>
<td>Incompetent staff in the internal audit unit</td>
<td>1</td>
</tr>
</tbody>
</table>

THANK YOU