UNIVERSITY OF GHANA

THE ROLE OF INTERNAL AND EXTERNAL AUDITS IN CORPORATE GOVERNANCE STRUCTURE A CASE STUDY OF HOTELS IN HO-VOLTA REGION

BY

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A THESIS SUBMITTED TO THE UNIVERSITY OF GHANA BUSINESS SCHOOL IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE MASTER OF SCIENCE ACCOUNTING AND FINANCE

AUGUST, 2019

DECLARATION

I hereby declare that, except for specific references which have been duly acknowledged, this work is the result of my own field research and it has not been submitted either in part or whole for any other degree elsewhere.

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CERTIFICATION

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

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PROF. JOSHUA Y. ABOR DATE

(Supervisor)

DEDICATION

First and foremost, this work is dedicated to the Almighty God for his grace and blessings which have propelled me this far. Secondly, I dedicate this material to my dear wife, Mrs. Seva Bubuenyo Kortsu-Mensah; the proprietor of Keta Bright Future School, Mr. James Yao Deku and my brother and wife, Mr. & Mrs. David O.K. Kortsu-Mensah.

ACKNOWLEDGEMENT

I am very grateful to the Almighty God for seeing me through this project work. I am also most grateful to my wife for her support through this programme of studies and encouragement to forge ahead with will power. I wish to express my sincere appreciation to my supervisor, Prof. Joshua Y Abor whose guidance, support and corrections have made me come out successful with this piece of work. My warmest gratitude goes to all workers and management of the ten hotels in Ho, the Volta Regional Capital for their support.

I am highly indebted to my wife Mrs. Kortsu-Mensah, my foster parents Mr. and Mrs. James Yao Deku and my brother and wife Mr. and Mrs. David Kortsu-Mensah for their constant prayers and support which has brought this project work to a successful end. Finally, my profound appreciation goes to all persons who in diverse ways have contributed to the success of this project especially Mr. Simon Nayo, Mr. Andrew Deku, and Mr. Jabir Ibrahim

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ABSTRACT

The purpose of this study is to determine the roles of internal and external audits in corporate governance structure. This study was conducted in ten hotels in Ho, the Volta Regional Capital. In this research, the stratified sampling method was used in attaining the sample size by concentrating on the various units of the selected Hotels for the study. This enabled the researcher to highlight differences between groups in a population which ensured different views obtained on the subject matter and also allowed for 100% response rate. The research design used was mixed method. Qualitative and quantitative data were analyzed by using the Statistical Package for the Social Science (SPSS). Chi-Square Test was performed to establish whether there is a relationship among the variables understudied with a null hypothesis of corporate governance which is independent of internal and external audit. The results of the analysis show that the significances of these tools are clear as these tools coordinate in providing assurance, enhancing and improving internal control systems, risk assessments and management, enhancing financial reporting, ensuring funds are spent as expected as well as enhancing good corporate governance by providing oversight, foresight and insight roles in relation to compliance to law and regulations both internal and external. It was also found that, even though management is aware of these significance and the expectations of stakeholders, they are reluctant to acquire and use these services. The internal and external audits as demonstrated in this study are two other tools that can help to protect these investments when acquired and allowed to function as expected. If management is reluctant of acquiring these services, it could me that either, they are not fully aware of the significance these tools bring or they intentionally do not want to use them because of their own personal benefits.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Until recently the growing concern about the need for greater transparency and accountability in the management of corporate bodies (such as hotels) could not be over emphasized. There is the need for focus on good corporate governance practices, internal audit, and external audit. Recently, the performance of auditors has undoubtedly fallen short of the expectations of stakeholders and the public at large despite all the well-developed regulatory frameworks such as national laws, the GAAP, the accounting concepts and conventions, the international standards and other international issues, leading to litigation issues raised against some audit firms for instance KMPG and PWC. Current happenings in the Ghanaian banking and financial industries have questioned the significance of audit works in organizations. Audit firms have been questioned as to the relevance of their work as independent “policemen” and watchdogs to sniff or sense any problem(s) and report on them as well as express opinion on the performance and position statements of the organizations they work for. Many hotels have collapsed over the years due to mismanagement, for instance Meridian Hotel at Tema, Ambassador, Continental and Star Hotels in Accra, the Atlantic Hotel in Takoradi and City Hotel in Kumasi and those that still exist are just skeletons of their former glories and others that were not out in the news.

Also, at the beginning of the year 2000 saw major corporate and accounting scandals resulted in collapses of companies like Enron, WorldCom, Ahold and Parmalat (Lakis & Giriunas, 2012, p. 146). These shook investors’ confidence and resulted in the tightened laws in the form of Sarbanes-Oxley Act of 2002 and many other regulations, recommendations, and legislation around the world. However, tightened regulations are not impermeable as the recent fraud cases such as ABB in South Korea of $100 million; Konecranes in one of its subsidiaries of 17 million € in 2015; alleged bribery cases of Caverion in Germany and of Shindler in China or internal audit scandal of Toshiba (Revill, 2017, Business Insurance, 2015, Caverion.com, 2016, France-Presse, 2015 & Bhattacharyya, 2015) proves. Such cases resulted in damaged reputation, financial losses and loss of trust for the management of companies. In order to assure shareholders and to manage those risks, companies increased their interest in internal control and internal audit, corporate governance and external audit. “Internal Audit’s objectivity, perspective, and skills can assist stakeholders and provide valuable insight” (McDonnell, Kinsella & Healy, 2017, p.1). “Internal control is recognized as a key corporate governance mechanism and disclosure of information about internal control systems is viewed as a significant component in the process of restoring public trust in corporate probity in the wake of financial scandal” (Spira & Gowthorpe, 2008, p.5). The primary mission of the external audit is to provide an independent opinion on the organization's financial statements and its main objective is to make the independent auditors to confirm assertions made by those charged with governance through Financial Statements and information that these information prepared by those charged with governance are true and fair in all material respects, and whether those financial statements and information are prepared, in all material respects, in accordance with an applicable financial reporting frameworks.

Berle and Means, (1932) suggested that the separation of ownership from control as a result of entity concept which lead to agency theory, produces a condition where the interests of owners and ultimate managers may, and often do diverge, and where many checks which formerly operated to limit the use of power disappear. It carries the risk to investors that management, will misuse the resources entrusted to them and act in their own self-interest, even if it is detrimental to the shareholders (Jensen & Meckling, 1976). These risks are better managed within the framework of corporate governance through accountability mechanisms such as financial reporting, internal control and auditing (internal and external audit). The importance of corporate governance cannot therefore be overemphasized given the fact that shareholders typically face the problem of moral hazard and adverse selection in the face of separation of ownership and control (Berle and Means, 1932).

Despite the well-developed literature on corporate governance, the role of internal and external audit on firm performance in the developed economies and lately developing countries such as Ghana (see Kyereboah-Coleman, et al., 2005), empirical literature on the role of internal and external audit in corporate governance practices of the hospitality industry for instance hotels remains very scanty. Most empirical literatures in Ghana have considered only listed companies and some SMEs but the hospitality industry is currently not captured by the Ghana Stock Exchange industry classification because none of the firms listed is in the hospitality industry.

In addition, the hospitality industry is being packaged by the governments of Ghana as the next major source of foreign exchange earner for the country. Given that little scientific study has been carried out in this area to ascertain the industry's governance practices and the role internal and external audit play and also coupled with the fact that it is not one of the industries highly regulated by the government like the financial services industry, this study seeks to ascertain as per the governance practices of the hospitality industry (hotels), the role internal and external audits play in this governance practices. It also seeks to pave the way for the interest of other researchers to look at studying into this topic further.

This study is theoretically founded on two main theories; namely the agency theory and institutional theory. The agency theory describes the relationship between contract parties under which one or more person(s) (principal(s)) who is/are the economic resource owner(s) engage another person (agent) who is charged with using and controlling these resources to carry out some services on their behalf, which involve delegating some decision-making controller to the agent. However, this theory proposes that such kind of relationship between the principal and the agent is not very firm for some reasons for instance the agents may not be trusted to take the best action because they can act in their own interests and they usually have more information than principal leading to information asymmetry. Thus, different internal and external corporate governance mechanisms have been suggested to limit agency problems and costs and make an approach between the principal's interest and agent's interest simultaneously. Moreover, separating ownership from management functions such as controlling corporate resources can cause a lot of conflicts. Mainly, the manager could misuse the company's resources. Accordingly, Internal Audit Functions (IAF) and External Audit Functions (EAF) assist the board of directors and audit committee to reduce agency conflicts through monitoring and supervising both, the top managements and the internal control system.

On the other hand, the institutional theory highlights the importance of organizational structures in terms of conformity to rules and social accountability. Practically, the board of directors plays two primary roles in developing the organizational structure and performance of companies. First, the board of directors establishes linkage between the company and the external environment.

Secondly, it assists IAF and EAF to oversee the management and administrative procedures that lead to the company's performance.

Respectively, the combination of these two theories would be helpful in better understanding of board functions and companies performance. As the agency theory encourages boards to improve company's performance through corporate governance and monitoring principals, the institutional theory emphasizes the significance of administrative practices and adherence to regulations to improve the organizational effectiveness. This will help the researcher to examine the roles of both internal and external audit in the structure of corporate governance.

1.2 Problem Statement

Risk is inherent in the decisions that an organization takes to manage and run its business and in the business processes established to assist in the achievement of its business objectives. The economic slowdown in recent years; and the various fraud, related bankruptcy and poor performance of business institutions have led Board and Audit Committees to leverage on both internal and external audit functions to mitigate a wide array of risks that they face. Internal audit and external audits are two of the important tools for management to confirm and verify the compliance of administrative units in the financial and administrative policies, legislatures, financial and administrative systems and the adopted public policies.

Internal audit does play an important assurance role in an organization's governance processes, particularly in the area of risk management and control. Internal Audit is expected to contribute to the continuous improvement of strategies of an organization without impairing its objectivity and independence. The Internal Audit Role involves providing guidance and expertise in areas including but not limited to corporate governance, Enterprise Risk Management (ERM), Fraud Policies, and prevention, Information Technology Systems in addition to the traditional area of internal controls. As a result of the broad scope of audit, internal audit is now required to highly educate, and have increased knowledge and expertise.

External audit on the other hand is an integral tool for the enhancement of the quality of financial reporting and part of the external control system of organizations. This is because the external audit provides a yardstick to which the various reports of organizations are measured. The importance of external audit system cannot be underrated, since organizations have recognized external audit function as a tool complimenting internal audit for ensuring effective workings of the control system. Okolo, (2001) describes external audit functions as an aspect of control mechanism, within a business, manned by specially assigned professionals.

In the past, ownership and management of businesses were joint in the sense that the owners of funds were often the managers of such funds and decides for themselves the various organizations into which these funds were to be channeled. This was possible then since most of these organizations were in small scale (sole proprietorship) activities. But as a result of growth and expansion in the business world as well as the advent of specialization, it became impracticable for the owners of businesses to manage such businesses partly because of the rate of specialization required as well as the sophisticated nature of modern management practices. As a result, owners of funds relinquishes the management of such funds to people specialized in the act of modern management. This, however, gave rise to the problem of reporting since as custodians, the managers have to give reports of their stewardship to the owners of these funds. The shareholders on their own need not take the managers at their words; they therefore need verifications by an independent third party on the truthfulness and fairness of such reports and also to ascertain if such reports conform to the International Financial Reporting Standards (IFRSs) or the regulatory frameworks they were prepared to conform with. More so, as a result of globalization, it is now possible for investors all over the world to contribute their funds into a pool to be channeled into organizations irrespective of geographical borders. Therefore, the role of the external audit became very important as it serves as both a watch dog and a standard to which reports are provided in a way to meet the reporting needs of the various investors. However, the role of external Audit in enhancing the Quality of Financial Reporting in Ghana has not been fully taped. This could be seen in the numerous cases of errors, intent to defraud and other fraudulent acts that exist in most organizations. It is therefore, no wonder that the distress in the banking sub-sector in the recent times reflected lack of effective control mechanism of the audit functions in the industry.

Corporate entities in Ghana have played down on the USA experience which energy giants crumpled down due to ineffectiveness on the part of auditors. In recent times, banks, hotels and other institutions have experienced bankruptcy and liquidation due to abysmal corporate governance as a result of negligence in the role internal and external audit of the various institutions. It is perceived that the inefficient and ineffective corporate governance among other things was mainly the cause of and poor internal and external audit practices due to lack of independence has led to the abysmal performance of the corporate entities.

In a study to investigate the effect of corporate governance practices on firms' performance, with a special reference to the Indian tourism sector by Yameen, Farhan, and Tabash, (2019), among the findings it shows that board of directors' composition; board of directors' diligence; audit committee's composition; and audit committee's diligence have a negative impact on the performance of Indian hotels. The study uses a panel dataset of 39 hotels listed on Bombay Stock Exchange (BSE) for the period from 2013/2014 to 2015/2016. The ordinary least square regression model is run for estimating the results. This indicates that there is a relationship between corporate governance practices and performance.

Also in a study to examine the governance practices of the hospitality industry in Ghana by Godfred and Eunice, (2009) the study, compared the governance practices of two sets of hotels (3-star and 4-star hotels) within the context of best practices around the world. The study adopted a comparative case study methodology by comparing the governance structures of 3-star and 4-star hotels. This was meant to ascertain whether these classes of hotels exhibit different or similar governance practices. The findings revealed that governance practices did not meet best practices around the world. Even though, the corporate governance practices are in line with the provisions of the Companies Act, lapses are widespread reflected in board composition and board sub-committee (audit committee) to account of other procedures that depart from international best practices. This raises serious concerns which must be addressed if the hospitality industry is to offer the needed boost to the economy of Ghana. The originality of the paper lied in the fact that it was considered a unique sector often neglected by researchers in Ghana and also within Sub-Saharan Africa. It is against this background that this study seeks to empirically investigate the roles of the internal and external audits in corporate governance practices.

1.3 Research Objectives

The aim of this research is to investigate the roles of internal and external audits in corporate governance structure in the hospitality industry looking at hotels in the Volta Region specifically Ho. In order to achieve the preceding aim, the following objectives will be examined based on the data or information obtained during the studies:

1. To investigate the roles and see whether the internal and external audit functions are seen as important and value adding function to the organization's operations;

2. To investigate whether internal and external audit functions really can enhance good corporate governance;
3. To investigate the expectations of external stakeholders in regards to internal and external audit.

1.4 Research Questions

This research sought in providing answers to the following questions:

1. What are the specific roles internal and external audits play in corporate governance that are important and value additions?
2. What expectations of those charged with governance when met by the principles of auditing, enhance corporate governance? and
3. What missing link exist relevant to meeting transparency and accountability which has not been considered by stakeholders which make the stakeholders reluctant to acquire these services?

1.5 Scope of the Study

The study was conducted to assess the roles of internal and external audits in corporate governance structure in selected hotels in the Volta region, namely, SkyPlus Hotel, Volta Serene Hotel, Chances Hotel, Africa Hill Resort, Stevens Hotel, Freedom Hotel, Phil Plaza Hotel, Lawnia Hotel, Tarso Hotel and Work and Happiness.

This study is limited to investigating the roles of internal and external audit in corporate governance structure in Hotels. It is a case study approach of some hotels in Ho in the Volta Region. The study has not look at other mechanisms that can equally play significant roles in corporate governance structure such as caliber of management team, the policies being implemented, ethics, etc.

1.6 Significance of the Study

This research is to add to existing scanty literature and guide other researchers into areas which they can explore. It is also to help policy makers to formulate improved policies in the areas of good corporate governance, amend any practices causing doubt on and preventing the realization of the purposes of internal and external audits roles in the hospitality industry especially the hotels and also help management of the this industry understand and implement policies which will help the full realization of the benefits of good corporate governance practices, especially now that governments are putting in place policies to revamp this industry in Ghana.

1.7 Organization of the Study

The study is structured into five chapters. Chapter one is the Background to the study and it entails Introduction, Background to the study, Problem Statement, Research Objectives, Research Questions, Scope and Limitations of the study and Significance of the study and organization of the study. Chapter two is Literature Review. This chapter presents a text of a scholarly paper, which includes the current knowledge including substantive findings as well as theoretical and methodological contributions towards the study.

Chapter three is Research Methodology. It entails a systematic procedure on the choice and rating pertaining to all decisions in planning and implementation of strategies that was adopted to collect data and undertake analytical aspects. Chapter four is the Discussion and Presentation of major findings. This chapter presents analysis of data gathered from respondents and established it relationship with the study. Chapter five presents the Conclusions and Recommendations. This chapter entails the researcher's conclusions on main findings and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.0.0. Introduction

Chapter one of this study described the research problem, objectives and questions to answer, among others. The aim of this chapter among other things is to provide a comprehensive insight into the theories and related empirical studies on the corporate governance practices, roles of internal and external audits and the importance of these roles in corporate institutions.

The chapter first presents literatures on the concept of corporate governance and their contributions or significance to adding value to organization operations. The roles of board of directors in corporate governance as well as principles of good corporate governance. Secondly the chapter presents literatures on the concept of internal and external audit in general and its contributions to corporate governance. The roles of internal and external audit then the significance as well as impacts of these roles on corporate governance.

Corporate governance is the application of governance principles and values towards directing effectively and efficiently companies affairs in order to give a balanced interest to stakeholders. For this to be achieved corporate governance needs to include effective internal control systems (such as policies and procedures) as well as oversight and independent checks to direct management to serve the specific needs of all stakeholders though all stakeholders cannot be satisfied equally because of the differences in their stakes. Internal and external audit, an increasingly relevant tools aim to streamline internal controls systems in order to add value and safeguard assets (investments) in currently rapidly expanding global business environment and has garnered recognition to the effect of its invaluable significance to business operations.

The internal and external audit literatures have grown substantially since the passage of Sarbanes-Oxley (SOX) Act of 2002 which mandates reporting on the effectiveness of Internal Controls in an organization over Financial Reporting by company management and auditors as well as International accounting and auditing standards. Internal and external audit have significant roles in the achievements corporate governance seeks to achieve. Hence the question is what are these roles?

2.1.0. Corporate Governance

2.1.1. The Concept of Corporate Governance

In Ghana, Companies are regulated by the Companies Act, 1963 (Act 179), so the Legal and regulatory framework for corporate governance hinges on the Companies Act. The Companies Act includes general provisions relating to the organizational framework of all companies, both public and private, as well as special provisions for public companies only, relating to invitations to the public for the acquisition or disposal of listed securities, standards for financial reporting, procedures for appointing directors, etc. The Securities and Exchange Commission of Ghana in 2010, established the Ghana Code of Best Practices in Corporate Governance which provides corporate governance guidelines for the regulation of listed firms on the Ghana Stock Exchange, even though it is not mandatory like the provisions of the Companies Act as well as disclosure obligations and financial reporting standards for listed companies. There are other industry-specific regulations such as the Banking Act, 2004 (Act 673) and the Insurance Law. The Securities Industry Law, 1993 (PNDCL 333) as amended by the Securities Industry (Amendment) Act 2000, (Act 590), which also provides among other things for governance of all stock exchanges, investment advisors, securities dealers, and collective investment schemes licensed under the Securities & Exchange Commission (SEC). Also in addition to the above sources of regulation/governance, there are other voluntary codes of good corporate governance including the Ghana Corporate Manual, Institute of Directors (Ghana) Code of Ethics for Directors and the Ghana Business Code.

Other than the Corporate Governance Code, compliance with the various laws and regulations relevant to listed companies is strictly compulsory; subject to certain special circumstances when waivers in respect of some specific provisions or requirements may be granted by the appropriate supervisory body under conditions imposed by the supervisory body. Compliance with the Corporate Governance Code is entirely voluntary, and listed companies are not obliged to explain their reasons for not complying with the best practices identified therein.

The Hotel Proprietors Act of 1956 defines a hotel as "an establishment held out by the proprietor as offering food and drink and, if so required sleeping accommodation without special contract, to any traveler presenting himself who appears able and willing to pay a reasonable sum for the services and facilities provided and who is in a fit state to be received". Therefore, by common law a hotel must offer food and accommodation to its guests; but it must also assume a liability for the property of guests, conform to public health and safety regulations, and provide a high standard of cleanliness and sanitation. On the other hand, a restaurant covers a broad range of food service operations. The term comes from the French word *restaurant,* meaning "restorer of energy." In the mid-1700s restaurant is described as public places that offered soup and bread. Today, according to Barrows, Powers, and Reynolds, (2012) any public place that specializes in the sale of prepared food for consumption on- or off-premise can be described as a restaurant.

To ensure that hotels and restaurants in Ghana conform to their mandates, the Harmonized Standards for Accommodation and Catering Establishments in Ghana was formulated in 2004. Following its introduction, the general standards governing the operation of accommodation establishments, contained in the L.I. 1205 (Accommodation and Catering Enterprises Regulations, 1979), was revised, taking into consideration the new areas, which have been introduced as well as inputs from the relevant trade associations. The combination of the existing standards with the ECOWAS Standards has resulted in the set of standards prescribed in The New Harmonized Standards for Accommodation and Catering Establishments in Ghana which hotels and similar establishments including those that were under construction from 2005 are expected to comply with. The Ghana Tourism Authority which is the main implementing agency of the Ministry of Tourism, Ghana, has been given the responsibility to ensure its implementation (Tourism Act, 2011, Act 817).

Corporate governance has become a prominent business management concept and practice following the collapse of a number of large companies in the UK (such as Maxwell Communications, Polly Peck, the Mirror Group Newspapers and BCCI) in the 1980s, and in the US (such as Enron Energy Corporation, WorldCom, Adelphia, Peregrine Systems and Tyco International) in the 1990s, which has question the key role that corporate governance plays in both external and internal audit and this is emphasized in Abor and Adjasi, (2007) when they said Key debate recently is the role that corporate governance plays in the efficient internal audit in an organization. The importance of corporate governance in curbing financial malfeasance and ensuring probity in reporting cannot be overlooked.

2.1.2. Empirical Literature of Corporate Governance

Corporate governance as defined in the Cadbury Report (1992) is the system by which companies are directed and controlled. This definition has become the most universally accepted definition of corporate governance and the basis of modern theory and practice of corporate governance, looking at investments/commitments of the providers and the separations that exist, in terms of management. According Zarkasyi (2008), Good Corporate Governance (GCG) is basically a system (input, process, output) and a set of rules that govern the relationship between the various interested parties (stakeholders), especially in the narrow sense of the relationship between shareholders, board of commissioners and board of directors for the achievement of the company's goals.

From the above, corporate governance can be referred to as a system of rules, practices, and processes by which an organization is directed and controlled. It involves leading, communicating and motivating organization members towards the attainment of organizational objectives and also include establishing objectives, measuring performance and taking corrective actions to ensure that actual performances conform to set objectives. Good corporate governance essentially involves balancing the interests of an organization's many stakeholders such as shareholders by maximizing their interests, and satisfying the interests of management, customers, suppliers, financiers, government and the community since organizations do not operate in a closed system but rather an opened system where they interact with factors and people in the environment they operate in.

Two managerial concepts that reinforce the principle of corporate governance which has been underpinned in institutional theory are directing and controlling. Directing implies the use of communication, leadership and motivation to guide organizational members towards the attainment of organizational objectives, Nwachukwu, (1988). Baridam, (1995) explained it as the process of achieving organizational objectives by motivating and guiding subordinates. Thus the need for a well-designed communication system, effective leadership system/structure and well balanced rewarding system is essential to good corporate governance. Controlling on the other hand is the measurement and correction of performance in order to make sure that organization's objectives and plans devised to attain them are being accomplished, Weirich, Cannice and Koontz, (2010). Control involves three steps which are: establishment of standards, which are simply criteria for performance; measurement of performance, which involves comparing performance against established standards; and correction of deviations, which involves taking actions to rectify variations from standards and plans. In specific terms, the managerial function of control involves ensuring that the actual activities of employees correspond to the planned activities, Nwokoye and Ahiauzu, (1984). The important elements in the control function are setting standards, which involves establishing objectives and predetermined levels of performance against which actual results or performances are compared; obtaining information on employees' activities and performances, which involves monitoring the activities of employees by observing them, this can also be done through establishing a system of audit or review of subordinates' activities; and adopting appropriate corrective action, which involves introducing measures to ensure that actual performances conform with set standards.

The issues of corporate governance have attracted the attention of scholars on a broad scale over the last three decades, even though these issues have long existed, Okpara, (2011). Corporate governance systems are defined in a variety of contexts, Pergola and Joseph, (2011). In this respect, Hussey, (1999) defines corporate governance as the manner in which organizations are managed and the nature of accountability of the managers to the owners. The management of an organization has a stewardship relationship which demand they manage the resources entrusted to them in the form of capital/investments and account for them to the various stakeholders especially the shareholders. This can be achieved when there is some level of relationships among the parties of governance and other stakeholders. The OECD (1999), defined corporate governance as “A set of relationships between a company’s management, its board, its shareholders and other stakeholders.

Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined. Good corporate governance should provide proper incentives for the board and management to pursue objectives that are in the interests of the company and shareholders and should facilitate effective monitoring, thereby encouraging firms to use resources more efficiently.

Economists and social scientists, also, tend to define it broadly as “the institutions that influence how business corporations allocate resources and returns”; and “the organizations and rules that affect expectations about the exercise of control of resources in firms.” Jeswald, (2004). This definition encompasses not only the formal rules and institutions of corporate governance, but also the informal practices that evolve in the absence or weakness of formal rules known as informal organization.

For corporate managers, investors, policy makers, and lawyers, corporate governance is the system of rules and institutions that determines the control and direction of the corporation and that defines relations among the corporation’s primary participants. The definition used in the United Kingdom’s 1992 Cadbury Report is widely cited from this perspective, and it reads: “Corporate governance is the system by which businesses are directed and controlled”. This definition focuses almost exclusively on the internal structure and operation of the corporation's decision-making processes, and is central to public policy discussions about corporate governance in most countries.

Khan, (2011) illustrated that corporate governance is the processes, customs, policies, laws and institutions that regulates the organizations and corporations in the way they act, administer and control their operations. It is required to accomplish the organization's goals and manage the stakeholders' relationship including the shareholders and board of directors. It as well works with the individuals' accountability via a mechanism which decreases the principal-agent issue in the organization (Khan, 2011). A necessary task which is needed to solve conflict of interest which arises as a result of agency theory.

According to Shleifer and Vishny, (1997), corporate governance deals with the ways in which suppliers of finance to corporations assure themselves of getting a return on their investment. It is generally impossible for principals in a modern firm to be charged with responsibility for corporate operations, hence they delegate their authority to agents to manage the operations of the organization in their interests. Naturally in this context, governance problems such as conflicts of interest occur, particularly if shareholders are disappointed by their return on investments. Principals must weigh the costs of monitoring and controlling agents (agency costs) against the costs they are likely to incur from negative managerial behaviour in the absence of efficient monitoring and control which could lead to lost investments. Thus, corporate governance issues arise due to the necessity of counteracting agency problems, Hart (1995), and fundamentally from shareholders' attempts to protect themselves from the expropriation of their wealth (Shleifer & Vishny, 1997). Keasey, et al. (2005), saw corporate governance as: "The set of mechanisms – both institutional and market based – that induce the self-interested controllers of a company (those that make decisions regarding how the company will be operated) to make decisions that maximize the value of the company to its owners (the suppliers of capital)".

A consensus has been reached amongst practitioners and scholars that the optimal form of corporate governance is specific to firms; as such, the context for the operations of a particular firm dictates the best structure for governance, even for firms that compete in the same sector of the market place, (Ararat & Dallas, 2011). Shleifer and Vishny (1997) and La Porta et al. (1999) have argued that the concentration of ownership is high in emerging markets, where the rights of the shareholders is weak due to the lack, or inadequacy, of the regulations provided by the relevant laws. In countries where ownership is concentrated among just a handful of major shareholders, agency problems occur because of a misalignment of interests between managers and owners and, thus, agency problems are inherent with large or small shareholders. Agency problems can exist between one or more owners and managers and, furthermore, even if it is assumed that managers and large shareholders are the same person, as is common in family companies, conflict still exists because of the potential misalignment of interests between managers and owners. Therefore, if it is assumed that the ownership is concentrated then agency theory can explain the conflict between managers and owners.

Shleifer and Vishny (1986) argued out that when the ownership structure is concentrated, large and controlling shareholders contribute to the mitigation of the agency problems because they have the incentives, motivations and capacity to monitor the managers for the shared benefit of control (i.e. to the mutual benefit of all shareholders, whether large or small). On the other hand, large controlling shareholders might collude with managers to expropriate the firm resources and work for their own benefit which will result in increasing the agency problems leading to lower firm performance (Johnson et al., 2000).

Moreover, it has been shown that the nature of the relationship between the board and business performance is determined by ownership structure (Claessens & Yurtoglu, 2013). The ability of a board to act on behalf of the shareholders and monitor managers effectively is of crucial importance for a corporation in emerging markets where corporate governance mechanisms tend to be weak (Douma et al., 2006). La Porta et al., (1998), mentioned that in listed firms in emerging economies, it is common for controlling families to occupy key managerial posts, and the succession planning of a firm is usually focused upon the appointment of other family members to managerial roles rather than external professionals.

A high degree of independence for the board has been commonly recommended within corporate codes for governance, such as the UK Combined Code, and in the Cadbury Report. It is considered that there ought to be a high level of independence from the management within a board, with Non-Executive Directors (NED) forming a high proportion of the members and the roles of Chairman and Chief Executive Officer (CEO) being split, so that monitoring can improve and agency problems can reduce (Fama & Jensen, 1983; Shleifer & Vishny, 1997).

2.1.3. Principles of Good Corporate Governance

The UK Corporate Governance Code stated five core principles that must be adhered to in order to make governance of an organization a good governance. These five principles are

- ***Leadership*** which talked about the role of the board, division of responsibilities, the responsibilities of the chairperson, and the non-executive directors' responsibilities;
- ***Effectiveness*** which talked about the composition of the board, the appointments to the board, commitment of the board through allocation of sufficient time to the organization, development requirements of the board to make them effective, information and support, evaluation, and re-election;
- ***Accountability*** talked about financial and business reporting, risk management and internal control, and audit committee and auditors;
- ***Remuneration*** suggesting the level and components of remuneration, and procedure for developing policy of executive remuneration and for fixing remuneration packages of individual directors;
- ***Relations with Shareholders*** which talked about dialoguing with shareholders on a mutual understanding of objectives and constructive use of AGM to communicate with investors and to encourage their participation.

Also ASX (2010) corporate governance code (amended) has eight principles that should improve good corporate governance: such as laying solid foundations for management and oversight; structuring of the board to add value to the organization; promoting ethical and responsible decision-making; safeguarding integrity in financial reporting; making timely and balanced disclosure; respecting the rights of shareholders; recognising and managing risk; and remunerating fairly and responsibly.

The OECD (2015), asserted that *ensuring the basis for an effective corporate governance framework; the rights and equitable treatment of shareholders and key ownership functions; institutional investors, stock markets and other intermediaries; the role of stakeholders in* *corporate governance; disclosure and transparency; and the responsibilities of the board*; are the principles of corporate governance and are “intended to help evaluate and improve legal, regulatory and institutional framework for corporate governance with view to support economic efficiency, sustainable growth and financial stability”. All these codes and others not mentioned seek for fairness and transparency among the others and also explicitly and implicitly talked about auditing and management of risk.

2.1.4. Role and Responsibility of Board of Directors in Corporate Governance

Recent corporate events have underlined the critical role of board of directors in promoting good corporate governance practices. These events have also highlighted the critical role internal and external audit can play in supporting the board in ensuring adequate oversight for internal controls and the effectiveness of corporate governance. Particularly, among other responsibilities, boards are charged with the ultimate responsibility for the effectiveness of their organization’s internal control systems which are meant to add value to the operations of the organization, by reducing risk through detection and prevention, protecting assets of the organization and the investments in these assets.

In many countries shareholders have a dominant role in appointing board of directors. Shareholders believe that appointed board and senior managers will act in their interests. Senior managers are responsible of directing; planning and controlling work and taking corrective actions when necessary. They are to manage risk in order to reduce it, have appropriate control systems, provide accurate information through their financial reporting and act ethically. Shareholders place their trust in board’s decisions in supervising senior manager’s actions and ability who are more focused on corporate management procedures. However, in many incidents this is not the case and agency problem persist. When existing and potential investors are considering buying or selling stocks of any company, they often rely on financial information which is not forward looking, subjective and sometimes incorrect. In this case, shareholders confidence for an effective role and responsibilities of the board in supervising and selecting senior managers is crucial. In order for corporate governance to function efficiently, several dimensions might be taken into consideration including role and responsibilities of the board, board composition, management process, relationship between board members, and duality of CEO and Chairman, Shleifer and Vishny (1997). The board oversees the conduct of the business and supervises management. Corporate statutes allow directors to delegate certain powers to the officers of the corporation such as the CEO or CFO. The board delegates responsibility for the company's day-to-day affairs to the executives.

The King IV Report (2016), cited Tricker (2012) which says the primary governance role and responsibilities of the governing body of an organization are depicted as part of the dynamic of the organization's business cycle. These roles and responsibilities include the following (quote):

> "Steers and sets strategic direction with regards to both the organizations strategy and the way in which specific governance areas are to be approached, addressed and conducted; approves policy and planning that give effect to the strategy and the set direction; ensures accountability for organizational performance by means of, among others reporting and disclosure; and oversees and monitors implementation and execution by management"

The OECD (2004) states that, the corporate governance framework should ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board's accountability to the company and the shareholders. This suggests that board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders. The board is the highest decision making body in the organization that aligns the interest of shareholders, board members, the organization, management and other stakeholders. Also "The corporate governance framework should ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board's accountability to the company and the shareholders", OECD (1960). It went on to enumerate the following as key functions that the board should perform:

1. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestitures.
2. Monitoring the effectiveness of the company's governance practices and making changes as needed.
3. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.
4. Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.
5. Ensuring a formal and transparent board nomination and election process.
6. Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
7. Ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in

particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.

8. Overseeing the process of disclosure and communications.

Minichilli, Zattoni and Zona, (2009) on the functions of the board explained that the board provides advice to and support to managers to improve and run the affairs of the firm. Ferrer and Banderlipe (2012) have posited that a board with greater accountability, honesty, expertise, integrity and ethical responsibility will ensure sustainability in business partnership between the company and its stakeholders. This to the researcher's point of view the major role among others.

2.1.5. Importance of Corporate Governance

The researcher understood Gregory and Simms (1999), when they said, corporate governance has direct impact on: the efficiency with which a corporation employs assets; its ability to attract low-cost capital; its ability to meet the expectations of society; and its overall performance shows the importance of quality of corporate governance. Corporate governance is essential due to the separation of ownership and control in companies. In corporations, shareholders (principals) delegate decision making rights to management (agents), expecting agents to act in the best interest of the principals, however, the "agency problem" arises when the agents do not make their decision to the best interest of the principal or the agents are engaged in self-interest at the expense of shareholders interest. Therefore, instituting good corporate governance is primarily aimed at minimizing the potential loss to shareholders due to conflict of interest between shareholders and management. As a primary means of reducing this conflict of interest, the shareholders of corporations elect and appoint members of board of directors in order to monitor the actions of management and to make strategic decisions about the corporation on behalf of the shareholders.

Good corporate governance improves economic efficiency and growth as well as enhances investor confidence. It also increases access to external financing by firms, lowers cost of capital and increases operational performance. Many scholars indicated that investors are willing to pay large premiums for companies with effective corporate governance. Hence, it can be argued that good corporate governance will lead to increase in firm value as well as better firm performance if the principles of good corporate governance are adhered. Most importantly, corporate governance also provides the instruments through which corporate objectives are set, monitored and achieved. Central to corporate governance thinking and practice are the shareholders and most especially board of directors and management.

2.2.0. Internal and External Audit

The researcher focused on specific areas of significance of internal and external audit in promoting governance in the hospitality industry especially hotels in the Volta Region, where he perceived a need for further research. Those charged with governance (Board of Directors) and Audit committees are directly responsible for internal control framework which when properly implemented will lead to reduce risk and lead to value additions. This governance responsibility is carried out via the help of internal audit. But since internal auditors are mostly part of management, there is an unavoidable independence problem. They are employed by management of the organisation and yet are expected to give an objective opinion on matters for which management are responsible. For fair and faithful representations of matter for which management are responsible, external audit is instituted which is seen as an independent check on the overall activities of the organisation.

Gramling (2004) states that one of the four cornerstones of corporate governance is internal audit function. Hence, the internal audit function of internal auditors has an important role in assisting the board of directors monitor the effectiveness of its governance. The effectiveness of internal audit helps the company to operate in accordance with standards and regulations by evaluating specific controls and procedures and assure those charged with governance that internal company processes are adequate and functional. Also external audit function being an external control mechanism is another cornerstone of good corporate governance. The external audit is responsible for providing reasonable assurance on the financial statements audited that they are presented fairly and in conformity with GAAP and that they reflect true representation of the organization's financial position and results of operations.

2.2.1. Definitions of Internal and External Audit

Internal audit is defined as an objective assurance with the aim 'to evaluate and improve the effectiveness of risk management, control and governance processes' (IIA, 2010b). 'Assurance' is also used by the international accounting body in tandem with auditing standards (IFAC, 2010). Although auditing standards are applicable for audits of financial information, the assurance standards are for other engagements. Internal audit has also been described as an independent appraisal of the effectiveness of internal control within an entity of its management process in achieving set objectives and goals (Gill & Cosserat, 1993; Haron et al., 2010).

The IIA, 2002 expanded the meaning of internal auditing when it defined internal auditing as an independent, objective assurance and consulting activity designed to add value and improve an organisations operations. Washerbrook (1978), cited in Kumar and Sharma (2001), defined internal auditing as an audit that is carried out by the specialist staff of the organisation being audited, and concern itself mainly with the routine checking of accounting transactions on a daily basis, with the object of quickly locating irregularities, thus making it more difficult for fraud to be perpetrated, because of the constant nature of the checking.

Okolo, (2001) describes external audit functions as an aspect of control mechanism, within a business, manned by specially assigned professionals. External audit is an integral tool for the enhancement of the quality of financial reporting and part of the external control system of organizations in Ghana. This is because the external audit provide a yardstick to which the various reports of organizations are measured. The importance of external audit system cannot be underrated, since organizations have recognized external audit function as a tool for ensuring effective workings of their control systems. These auditors are qualified and independent, and the external auditor performs the audit in accordance with the international auditing standards (Lotfii, 2005). External audit is considered as one of the most important processes contributing to the achievement of reliable accounting information, which produces accurate and reliable information through using controls tools for different activities in the organization (Youssef, 2013).

2.2.2. The Concept of Internal Control

A variety of meanings have been attributed to the term 'internal auditing'. The concept of internal audit is a popular concept in auditing and accounting literature and as such many authors and professional bodies have provided definitions of the concept. In its simplest term, internal audit is an audit conducted in respect of the affairs of an organisation by its employees or by an external service provider (Eke, 2015). This definition recognizes that internal audit is performed by the employees of an organisation and focuses on the operations of the enterprise; it also indicates that the internal audit function can be outsourced to a vendor who perform same tasks as in-house internal auditors and report to management. Outsourcing in the researcher's view will enhance the independence which is lacked when the same activities are performed by employee of the organization.

Traditionally, the internal audit function was designed to safeguard firm's assets and assist in the production of reliable accounting information for decision-making purposes (Ibrahim El-Sayed Ebaid, 2011). Nowadays, the role of internal audit has been dramatically altered. In this concept, one of the most comprehensive definition is given by Sawyer, (2003) who stated that internal auditing/audit is "a systematic, objective appraisal by internal auditors of the diverse operations and controls within an organization to determine whether financial and operating information is accurate and reliable, risks to the enterprise are identified and minimized, external regulations and acceptable internal policies and procedures are followed, satisfactory operating criteria are met, resources are used efficiently and economically and 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". This definition shows that the role of internal audit has been dramatically shifted from compliance assurance and assets safeguarding to value-added assurance and consulting services through its role in monitoring, evaluating, and improving risk management, control, and governance process which are critical to preserving and enhancing stakeholders value (Bou - Raad, 2000). The internal auditor is part of management and management together direct the affairs of the organization to its intended desires, the desires of the various stakeholders. Thus as opined by IIA, (2005) an effective internal audit has become an integral part of the corporate governance structures and processes.

According to the Institute of Internal Auditors, "Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes". This definition actually demonstrates the depth and breadth of the internal audit activities within an organization as against the previous orientation of reviewing payment transactions over the years, safeguarding assets and reporting to management.

Modern internal audit covers all activities of the organization. Therefore the scope of internal audit are no longer restricted to the processes and systems in the accounts and finance functions. It goes beyond this scope as Fadzil et al. (2005) looked at the internal audit practices and its effect on the quality of internal control. They summarized the services performed by the Internal Audit Functions (IAF) to cover four areas: Reviewing the adequacy and effectiveness of the control systems (accounting, financial, operational); Ascertaining the compliance to policies, rules and regulations which could impact significantly on the business operations; Reviewing the means of safeguarding the company's assets including efficiency and economy of resources employed;

and Reviewing operations or programs to determine that the results are as established by management.

Internal audit has undergone dramatic changes which have expanded its scope in a manner that allows it to make significant input to the organization it serves. The move away from a narrower scope of measuring and evaluating the usefulness of the Internal Audit Functions (IAF) toward a wider range of activities has created opportunities for the profession and academics to re-examine its role in the light of an ever increasing competitive market place and demand of corporate governance activities to be transparent and protecting stakes of various stakeholders. It then became quite natural that the vital role it plays be explored and to establish its proper place in the organization and awareness created for such.

The primary purpose of internal auditing is to improve organizational efficiency and effectiveness through constructive scrutiny of internal processes, policies and procedures. Also, internal auditing ensures that weaknesses are detected in management operations and provides a basis for correcting deficiencies that have escaped the first line of defense before these deficiencies becomes uncontrollable or are exposed to the external auditors (Jensen & Meckling, 1976). It is meant to be the internal 'watchdog' sniffing and detecting any risk (foul play, irregularities, etc.) for corrections, prevention and improvements.

2.2.3. Factors for the Effectiveness of Internal Audit Activity

IIA (2010) defined internal audit effectiveness as the degree to which established objectives are achieved. Internal audit could assist organizations in better accomplishment of their objectives by fetching a systematic and disciplined approach to improve and evaluate the control, risk management, and the governance processes effectiveness (IIA, 2009). Accordingly, an effective

Internal Audit Functions (IAF) is one of the four foundations of corporate governance alongside with the management, the board of audit committees and the external auditor (IIA, 2005). Paape et al. (2003), Carcello et al. (2005), Sarens (2009) and Soh and Mortinov-Bennie, (2011) are with the view that IAF is also an important corporate governance device that plays a significant role in organizational governance by overseeing the organizational risk, evaluating and assessing control mechanisms. The professional guidance of the Institute of Internal Auditors (IIA), states that an effective internal audit activity strengthens governance by materially increasing stakeholders ability to hold management accountable.

Auditors perform an especially important function in those aspects of governance that are critical in all organizations that are significant for promoting credibility, transparency, equity and appropriate behavior of high level officials in the organizations, while reducing financial, business and compliance risk. Therefore, it is crucial that internal audit activities are shaped appropriately and have a broad mandate to achieve these objectives.

The audit activity must be empowered to act with integrity as well as upholding the principle of independence and to produce reliable services, although the specific means by which auditors achieve these goals vary. At a minimum, internal audit activities need organizational independence, audit charter, unrestricted access to any forms of audit evidence, stakeholders support, audit standards and unlimited scope (IIA, 2006).

To demonstrate the prominent factors on which audit effectiveness is anchored the office assigned for the internal audit functions must have the capability to provide quality audit findings and recommendations. The performance standards of the IIA (1999b) require that the auditor to plan and perform the work such that he or she would be able to arrive at useful audit findings and forward recommendations for improvement. The office's ability to properly plan, perform and communicate the results of audits is a proxy for audit quality. Therefore, audit quality is arguably a function of extensive staff expertise; reasonableness of the scope of service; and effective planning, execution and communication of internal audits IIA (1999b).

Hence an effective manager could be defined as that one who cannot feel afraid of internal auditor when identifying issues in the operations. Badara and Saidin, (2013) stated that instead, managers have to encourage their internal auditor by a proactive policy and do not worry about whether or not the issue will be reported. What is important is to show that actions have already been taken after the issue was found. Kaplan et al. (2008) noted that auditors' judgments could be influenced by the management if the information provided serves management's self-interest, if not that information will be viewed with less suspicion.

Similarly the Institute Of Internal Auditors' 'Core Principles for the Professional Practice of Internal Auditing': demonstrating integrity; demonstrating competence and due professional care; being objective and free from undue influence (independent); aligning with the strategies, objectives and risks of the organization; being appropriately positioned and adequately resourced; demonstrating quality and continuous improvement; communicating effectively; providing risk-based assurance; being insightful, proactive and future-focused; and promoting organizational improvement when taken as a whole articulate internal audit effectiveness. Effectiveness of internal audit implies that all these principles must be present and operating effectively. The demonstration of the achievements of these principles though may defer from organization to organization, an organization cannot state explicitly that it has effective internal audit if it fails to achieve any of the principles, IIA (2019).

2.2.4. Role of Internal Audit in Corporate Governance

The value of the modern-day internal auditor lies in his/her ability to help management to achieve its' objectives. According to a research conducted by the Institute of Internal Auditors, UK. "Improved attitudes toward internal audit are built on a belief that internal audit functions are creating greater value for their organizations". As per the definition above by the Institute of Internal Auditors (IIA), an internal audit function could be viewed as a "first line defense" against inadequate organizational governance and financial reporting. This can be achieved if the functions of the internal audit are effective and independence of this unit is upheld. If not then with appropriate support from Board of Directors' and Audit Committee, the internal audit staff is in the best position to gather intelligence on inappropriate accounting practices, inadequate internal controls and ineffective corporate governance.

Since the roles of Internal Audit in promoting good governance have not been studied extensively in Ghana particularly in hotels, it is the intention of this study to investigate these roles and identify the relative importance of each of them and measure the performance of Hotels' Internal Audit unit in light of promoting good corporate governance.

The much publicized corporate collapses of the past few years have focused global attention on the need for strong corporate governance. Simultaneously, the Sarbanes-Oxley Act of 2002 and the new expanded role of internal audit preoccupied researchers and scientists.

2.2.5. Internal Audit and Corporate Governance

The contribution of internal audit to corporate governance is depicted via demarcating the relationship between internal audit and key practices of corporate governance. The governance practices considered in this study include the board of directors and the audit committee.

In this concept, it is a fact that the Board of Directors has been recognized as the key players in corporate governance by regulators and governance committees around the world (US Congress, 2002; ASX, 2003). Because of the fact that the Board of Directors are ultimately responsible for the entity's accomplishment of its objectives, the internal auditor's contribution is to providing information to that group (Colbert, 2002). Apart from the above, internal audit's role is crucial to assisting the Board of Directors in its governance self-assessment.

Based on the Audit Committee, on the one hand internal auditing contribute to corporate governance by: bringing best practice ideas about internal controls and risk management processes to the audit committee, providing information about any fraudulent activities or irregularities (Rezaee & Lander, 1993), conducting annual audits and reporting the results to the audit Committee and encouraging audit committee to conduct periodic reviews of its activities and practices compared with current best practices to ensure that its activities are constituent with leading practices (Karagiorgos et al., 2010). From the other hand, an effective audit committee strengthens the position of the internal audit function by providing an independent and supportive environment and reviews the effectiveness of the internal audit function. More precisely, the audit committee should review with management and chief audit executive the plans, activities and organizational structure of the internal audit function; ensure that there are no unjustified limitations and review the effectiveness of the internal audit function (Sawyer, 2003).

As it is mentioned before, internal auditing is a critical component of an organization's management and a foundation for its safe and sound operations (Drogalas et al., 2005; Karagiorgos et al., 2010).

2.2.6. The Concept of External Audit

The concept of external audit is viewed as a systematic process of objectively obtaining and evaluating evidence regarding assertions about economic actions and events to ascertain the degree of correspondence between those assertions and established criteria and communicating the results to interested users (Messier, 2003). This shows that external audit is both an investigative and reporting process needed to give some level of assurance and credibility enhanced by the independent nature of the practitioner(s). The external auditor's duty during external audit is to express an opinion on whether the financial statements show a true and fair view, which is the main purpose for their appointment by the shareholders. This stemmed out because of separation of ownership from the business and the need for 'an external watchdog' on the operations of the organization due to information asymmetry.

The concept of true and fair view, according to Kershaw, (2006) means compliance with applicable and relevant accounting standards. The external audit is to increase the confidence of the stakeholders in the financial information included in the financial statements, to give a reasonable and affirm assertion that the financial information is free from errors and presented in accordance with the accounting standards and with the general accepted accounting principles (GAAP). According to the International Standards on Auditing issued by International Auditing and Assurance Standards Board (IAASB), the external audit should enhance the degree of confidence of various users in the financial statements, by expressing an opinion "on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework... and financial statements give a true and fair view in accordance with the framework" (ISA 200). The big question is how independent is the auditor if huge amounts of money is still going missing amidst strict laws and bureaucracy involves in approving expenditures? (Barton & Bruder, 2014).

According to Deegan et al. (2011) the external auditor is responsible for the verification of the financial statements and report that they are reliable and correct for the purposes of decision making. In an external audit, the financial statements are evaluated by the external auditor, who is objective and knowledgeable about auditing, accounting, and financial reporting matters. In order to perform an external audit of an entity in the best possible manner, the external auditor needs to possess the characteristic of independence which is fundamental for the expression of an unbiased and independent audit report. Wines, (2011), stated that external auditor need to be independent since the latter reviews the financial statements on behalf of the shareholders which should be done without impartially and without bias. The external auditor must not only be independent of the organization being audited but also must be seen by other parties as independent to serve the purpose of his/her appointment.

According to Knapp, (1985), auditor independence refers to the ability and willingness to resist client pressure. In other words the ability of the auditor to stay honest and focus. The ability of the auditor to exercise his or her rights and duties without any constraints and interferences from management. Independence helps to instill confidence and enhance the credibility of the financial statements in the minds of stakeholders, most particularly the shareholders, that the audit was performed in the most effective manner and that the financial statements are free from material misstatements and that they show a true and fair view. This will enable the audit to come out with information fully representing the performance of the organisation. Likewise the Independence Standards Board (ISB), (2000) defined auditor independence as the: "freedom from those pressures and other factors that compromise, or can reasonably be expected to compromise an auditors' ability to realize unbiased audit decisions".

Tandon, Sudharsanam, and Sundharabahu, (2006) states audit to mean a critical and intelligent examination of facts-financial and otherwise, to give in the form of certificate or report an attestation, an expert opinion or an expert advice. This definition view audit beyond the examination of financial statements only but also includes non-financial events of an organization and goes further to portray explicitly that the exercise is carried out by one who is a professional as in terms of being a certified accountant and independent.

External audit is an integral tool for the enhancement of the quality of financial reporting and part of the external control system of organizations in Ghana. This is because the external audit provides a yardstick to which the various reports of organizations are measured. The importance of external audit system cannot be underrated, since organizations have recognized external audit function as a tool for ensuring effective workings of the control system. Okolo, (2001) describes external audit functions as an aspect of control mechanism, within a business, manned by specially assigned professionals.

Good corporate governance mechanisms demands, a significant role is assigned to the external auditor an independent individual or firm, which because of the increasing public's pressure and the collapses as well as the increasing financial malfeasance due to misappropriations and mismanagements is asked to prove the significance of external audit in testing the reliability of financial reporting processes in an organization. In order to achieve this objective, Sikka et al,

(2009) suggested that external auditor should have a full knowledge of the complexity of accounting and financial rules, starting from the premise that external auditor is the person authorised that should be able to properly assess the effectiveness of the way the directors are managing the financial health of the companies.

The concept of agency theory clearly outlined a set of rules binding on management who are obliged to offer assurance by availing their financial records to be assessed by independent evaluators to express their opinion on the true state of affairs stakeholders (Herron & Crawford, 2016). A related theory that reaffirms this concept is the enterprise risk management which equally caution management of risk of financial misappropriation and fraud that is capable of crippling the entire organisations as it occurred in the Enron's case and many other companies that collapsed due to high level financial scandals due to the lack of due process and monitoring in the United states of America which finally resulted in the enactment of the Sarbanes-Oxley Act of 2002 (Blair, 2016).

Literature has it that the genesis of financial audit and the entire auditing concept came into being at the time the market needed evidence on fraudulent activities of some unscrupulous public sector auditors who took advantage of owners and investors in the early 1930's and connived with managers and chief finance officers to outsmart all forms of controls systems and diverted funds illegally (Thibodeau & Freier, 2014). It implies that auditors need a high degree of independence to pass judgment on accounting records involving finance and resources management and appropriation in a fair and productive manner, The auditing practice has gained grounds in both public and private sectors of Ghana and it application is well appreciated however the challenge of ensuring a total independence of management or government is a matter of concern which needs to be addressed with urgency considering the public outcry for lack of confidence and integrity in private and state institutions.

2.2.7. Factors for Effectiveness of External Audit Activity

Many researchers defined the effectiveness of the external audit. Al-Jaafreh, (2008) defined it as: "It is represented in achieving the objectives of external audit in terms of the emphasis that all financial accounting operations have been recorded according to generally accepted accounting principles and that the published financial statements matches up with the data contained in the records, and that the report of the auditor witnesses of the justice of the representation of these data of work results for a certain period, the financial position on a specific date, based on the audit standards and rules of professional conduct and evidence of adequate appropriate audit. The report shall reflect on the extent to which this data is free of errors and material distortions, and not to give the opinion of an error in the financial statements prepared by the administration." Al-Obeidi, (2012) also defined the effectiveness of external audit as; “the ability of audit means and their evidence to ensure that the audit process to achieve the desired objectives of the audit process and protection from relevant risks.” The effectiveness of external audit activities depends on the ability to achieve the desired objectives and effectiveness of the auditor is measured by the extent of his/her ability to accomplish the objectives set by himself or herself, or those that are set by others with less time, effort and cost.

From the above, the researcher define effectiveness as selecting or identifying the best ways that the auditor performs to achieve the desired objectives identified in advance without wasting time and with less cost and effort. It can be inferred that effectiveness is linked to the ability of the auditor to achieve his objectives, whereas the auditor who achieves his objectives, his audit to be considered effective, meanwhile, the auditor who does not achieves his objectives, his audit to be considered ineffective. For the effectiveness, the following influential factors are essential: Basis of selecting auditors; Auditors' independence and Audit fees.

Basis of Selecting Auditors

The Generally Accepted Auditing Standards (GAAS) is interested in personal qualities of the auditor including the first criterion and particularly with scientific and practical qualification, and this requires that the performance of audit process have to be done by persons who have received the appropriate level of training and have appropriate technical skill to work as auditors. The Auditing standard requires auditors to possess an adequate degree of formal education in accounting and auditing, which is one of the most important conditions for certified public accountant in most countries. The process of selecting the external auditor in developed countries is a complex process, but more it is complex in developing countries, due to short life of profession or lack of completion of fundamental pillars organizing the profession (Jomaa, 2005).

According to Almer, et al (2014) regulatory changes resulting from the Sarbanes-Oxley Act of 2002 (SOX), consolidation of firms within the public accounting profession, mandated escalation of audit firms' quality control procedures regarding consultation with national firm experts, and increasing financial pressures within audit firms all have contributed to this transformed setting that has led to tremendous changes in the environment in which public companies select external auditors. SOX requires audit committees to be ''directly responsible for the appointment, compensation, and oversight of the work of any registered public accounting firm'' (U.S. House of Representatives 2002, SOX Section 301). This is to enhance the quality of work performed by the firm.

Almer, et al (2014) asserted that Pre-SOX research on auditor selection generally focuses on how auditor characteristics impact the likelihood of selection. Their study examine predictor variables, including the auditor's industry specialization (Abbott & Parker 2000, 2001; Beasley & Petroni 2001; Addams & Allred 2002), audit firm size (e.g., Addams & Allred, 2002) and quality (Eichenseher, 1985), audit firm technical expertise, and the quality of audit firm personnel (Hermanson et al., 1994). Their research also considered the importance of audit committee characteristics on the audit selection process (Abbott & Parker 2000).

Auditors' Independence

The requirement to ensure reliable and high quality of audit work has largely focused on auditor's independence to ensure an auditor is not too familiar with his client which is a threat to independence, because if an auditor is too familiar with his/her client it will jeopardize their integrity and in return impair their independent opinion expected from the auditor. Auditors' independence may be defined as an auditor's unbiased rational attitude in making decisions throughout the audit and financial reporting process. Auditors are to be independent and be seen to be independent. Auditors' lack of independence rises the possibility of being perceived as not being objective. This means that the auditor will not likely report a discovered breach (Deangelo, 1981). Adeyemi and Okpala (2011), pronounced that an audit firm's tenure can result in a loss of auditor's independence. A long audit-client relationship could lead to an alignment of the auditor's interest and that of its client which makes truly independent behaviour of the auditor a probability. The major threats to auditor independence are the fees perceived by the auditor for audit and non-audit services and the length of the auditor – client relationship. The impaired independence of an auditor result in poor audit quality and allows for greater earnings management and lower earnings quality (Okolie, 2014). Auditor's independence may be impaired by auditor tenure. As the auditor client relationship lengthens, the auditor may develop close relationship with the client and become more likely to act in favour of management, resulting in reduced objectivity and audit quality.

Audit Fees

Audit fee refers to the remuneration payable to an auditor for audit and non-audit services rendered. In other words, an audit fee is a fee that a company pays an external auditor in exchange for performing an audit. Audit process requires time and effort by the auditor. This effort and time are reflected in the form of cost or costs of the executing the whole service, like examining it, checking its risk and reporting about it (Mohammad & Surror, 2009). The amount of fees paid to external auditors is of great importance to a number of stakeholders that is why disclosure practices requires that such information be disclosed in the financial statements of companies (Kikhia, 2015; Hentati &Jilani, 2013). The Ghanaian audit industry is regulated by Institutes of Chartered Accountants, Ghana (ICAG). Accountants in Ghana have to be cautious when entering into negotiations for professional work to avoid any issue that can ruin their independent professional judgment (ICAG, 2006). Additionally, it is a cost spent on seeking a benefit that justifies bearing it and this is related to quality and effectiveness that offers that service, which is necessary for auditors seeking to upgrade the profession and keeping the customers of this profession who expect good effectiveness of this service for what they pay for having it (Al-Shateri & Al-Anqari, 2006).

The 2012 UK Corporate Governance Code introduced a requirement for the audit committee to explain in the annual report how it has assessed the effectiveness of the audit process. A new recommendation of the 2012 Guidance on Audit Committees was that the audit committee report to the board on the effectiveness of the external audit process, EY (2013). In accordance to a publications by Ernst and Young (EY) in 2013, assessing the effectiveness of the external audit process- A guide for audit committees, stated the following as requirements for effective external audit processes:

1. An audit process tailored to the risks facing the entity, the business structure and the regulatory environment.
2. An audit team that is technically strong, perceptive, intellectually curious and independent-minded - bringing an informed professional scepticism to bear on management's approach and assertions.
3. An audit approach that is based on an understanding of the control environment, including the role of information technology in supporting the financial reporting process.
4. An audit culture that seeks continuous improvement and increased quality.

The auditor in a greater part responsible for the effectiveness of the audit process activities, but management (the Board of Directors) and the audit committee have an important influence to play. Their contributions should also be considered in the overall assessment of effectiveness.

Fundamentally, an effective audit process activities must deliver the right audit opinion, in which shareholders have confidence. EY (2013), also enumerated other characteristics of an effective audit which include:

1. Communications and reports to those charged with governance that reflect the audit team's thought processes and rationale for conclusions. These should discuss management's approach, alternatives considered, relevant comparators and a clear articulation of the final conclusion.
2. Effective interaction with management and the audit committee throughout its performance - everyone must understand what the 'audit issues' are, why they are 'issues' and how they will be resolved.

2.2.8. Role of External Audit in Corporate Governance

Under ISA 240, "an auditor conducting an audit in accordance with ISAs is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error" (paras 5). Paragraphs 25 to 32 explain the need to identify, assess and response to the risk of material misstatement due to fraud. Paragraph 10 of the same standard enumerated the objectives of the auditor such as the following:

1. To identify and assess the risks of material misstatement of the financial statements due to fraud;
2. To obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
3. To respond appropriately to fraud or suspected fraud identified during the audit.

Cadbury, (1992) declared that "the annual audit is one of the cornerstone of corporate governance...The audit provides an external and objective check on the way in which the financial statements have been prepared and presented..." Coyle, (2010) explained that the role of external audit in corporate governance suggested that it is imperative to appoint independent expert to audit the financial statements for the shareholders and other stakeholders to believe the information in the financial statements. Solomon, (2011) argued that, to enhance transparency in a company external audit play the role, by helping the shareholders monitor and control management.

Basically, the statutory role of the external auditors is to issue audit report of his or her opinion on financial statements. In UK, the functions and duties relating to this role are specified in details under sections 495-498 of the Companies Act 2006. Section 495 provides that external auditor must prepare report on all annual accounts during his tenure as the auditor and present to the shareholders. Such report is to: identify the annual accounts audited and the financial report framework used in the preparation of the financial statements; and describe the scope of the audit, auditing standards used in conducting the audit. In Ghana, the statutory duties and power of the auditor are stated under the Companies Act, 1963 (Act 179), section 136 subsection (1) to (6) and subsection (7) which state "The auditors, in addition to their statutory duties to the members under subsection (1) of this section (i.e. 136), may, under the terms of their contract with the company, expressly or impliedly undertake obligations to the company in relation to the detection of defalcations, and advice on accounting, costing, taxation, raising of finance and other matters".

Another issue surrounding the role of the auditors is the gap between public expectation and their assumed role particularly in detection of fraud (Cousins *et al.,* 1998; Shaikh & Talha, 2003). Stakeholders expect the auditors to detect and report material frauds while the auditors have always claimed that detection of fraud is incidental not primary role of auditors. Sikka, *et al.* (1998) declared that this issue has remained controversial and has lower credibility and prestige of the auditors' work. Even then, studies show that some shareholders still have regard for audited financial statements because it contains some degree of credible information (Kothra, 2001).

2.3.0. Relationship between Internal and External Audit.

Professionally, internal auditors strive to create an effective function whose results can be relied upon by the external auditors as evidence of the overall strength of internal financial control. The detailed background knowledge which internal audit has of the organisation may be of particular value in allowing their external counterparts to understand the background and circumstances of the activity they are reviewing. However, publicity about the role of external audit in high profile private sector cases such as Enron has increased public and parliamentary expectations of external auditors, and has rightly or wrongly made public sector external auditors more cautious about the degree of reliance they place on internal audit (Glass, 2005).

Establishing a professional working relationship between the internal auditor and the external auditor should deliver benefits to both parties. Such relationship allows potential overlaps and gaps in the overall audit activity to be identified and addressed, and assists in maximizing the extent to which external audit is able to rely on the work of internal audit in undertaking its work.

Internal auditors also need to be aware of planned and actual external audit coverage in order to assist in identifying their information needs (ANAO, 2007).

An effective co-operation between internal and external audit helps both parties achieve their objectives and also helps them provide a better service to the bodies they work with and ultimately to the stakeholders. However, such cooperation can only thrive in an environment where there is mutual confidence and the recognition that internal and external audits are both conducted within relevant professional standards and information exchanged is treated professionally and with integrity (NAO, 2000).

To establish strong relationship one of the factors needed is cooperation between the parties and according to ECIIA 'improving cooperation between internal and external audit' this need some minimum levels of interaction and a higher and more frequent level of cooperation. The publication continued to enumerate the minimum level of interaction: "That audit planning by both audit types should be coordinated in order to avoid duplication and overlap; The internal auditors should make available the executive summary of their report to the external auditor and the external auditor should send a copy of their report and management letter to the chief audit executive; The internal and external auditors should meet at least once a year to discuss common issues and concerns and ensure coordination; and The chief audit executive should attend the audit committee (or board) meeting for agenda items relating to the external auditors status report". Also the higher and more frequent level of cooperation include: "The exchange of information and discussion during the risk assessment exercise concerning financial and other types of risks; The evaluation of internal controls evidenced in the detailed internal audit reports could be made available to the external auditors; An exchange of views on methodology and framework in order to establish a mutual understanding of audit approach; Regular information to the external auditor on updates to the internal audit plan; Upon request, and where allowed by law, enable access to specific working papers; Internal audit interim reports including current status and progress on implementation of recommendations could be made available to external audit; Regular meetings between the internal auditors and external auditors to discuss any relevant issues; Depending on the level of risks, the inclusion of the external auditors' recommendations in the internal audit status report; and The regular participation of the chief audit executive in any meetings the audit committee (or board) holds with the external auditor.

Dobroţeanu, & Dobroţeanu, (2002) opined that the essence of the coordination of both internal and external audit is of two points of view. From external audit's point of view it is important because, in this way (i.e. coordination), external auditors have the possibility to raise the efficiency of financial statements audit; and that of the internal audit's point of view the coordination assures for the internal audit a plus of essential information in the assessment of risks control.

International Standards of Audit (610 revised) "*using the work of internal auditors"*, also benched mark the relationship of internal audit and external audit through these provisions: "Many entities establish internal audit functions as part of their internal control and governance structures. The objectives and scope of an internal audit function, the nature of its responsibilities and its organizational status, including the function's authority and accountability, vary widely and depend on the size and structure of the entity and the requirements of management and, where applicable, those charged with governance; ISA 315 (Revised) addresses how the knowledge and experience of the internal audit function can inform the external auditor's understanding of the entity and its environment and identification and assessment of risks of material misstatement. ISA 315 (Revised) also explains how effective communication between the internal and external auditors also creates an environment in which the external auditor can be informed of significant matters that may affect the external auditor's work; Depending on whether the internal audit function's organizational status and relevant policies and procedures adequately support the objectivity of the internal auditors, the level of competency of the internal audit function, and whether the function applies a systematic and disciplined approach, the external auditor may also be able to use the work of the internal audit function in a constructive and complementary manner. This ISA addresses the external auditor's responsibilities when, based on the external auditor's preliminary understanding of the internal audit function obtained as a result of procedures performed under ISA 315 (Revised), the external auditor expects to use the work of the internal audit function as part of the audit evidence obtained. Such use of that work modifies the nature or timing, or reduces the extent, of audit procedures to be performed directly by the external auditor; There may be individuals in an entity that perform procedures similar to those performed by an internal audit function. However, unless performed by an objective and competent function that applies a systematic and disciplined approach, including quality control, such procedures would be considered internal controls and obtaining evidence regarding the effectiveness of such controls would be part of the auditor's responses to assessed risks in accordance with ISA 330".

2.4.0. Summary

Effective corporate governance requires a robust, independent internal and external audit functions, a very necessary parts of healthy and successful business practices. Internal audit's efforts are purposely centered on corporate governance, risk management, and internal control. As part of management of the organization, albeit in an independent role, internal audit are fully vested in the organization's successes, and it function is to cover all organizational operations on a continuous basis. At the conclusion of an audit engagement, internal audits are careful to deliver thorough "made-to-order" reports to the board and/or audit committee that include specific and detailed conclusions about how risks and objectives are currently known and being managed. In addition, internal audit's reports include well-thought-out suggestions for continuous improvement, and help the entire organization accomplish goals and objectives to improve internal control and eliminate identified risks. The bottom line is internal audit functions are the key. To ensure that an organization creates short-, medium-, and long-term value, internal auditing is the undeniable answer, and the internal audit function is best performed by qualified individuals working within a well-resourced and independent internal audit function.

External audit's efforts are focused on giving opinion on the financial statements prepared through the organization's reporting systems which is part of the internal control systems on which internal audit functions are performed. Theoretically, it is widely acknowledged that the role of the external audit is inevitable for good corporate governance. There is no doubt that the role of the external audits have brought about improvement in accountability and transparency in corporate governance thereby reducing agency problems. The faith of the shareholders and other stakeholders in the financial statements has been enhanced by the role of external audits.

Corporate governance is a process which is concerned about how organizations are managed, how managers are governed, what questions face by boards of directors and the accountability organizations have to shareholders. Corporate governance must adhere to some principles outlined in codes developed for the practice, see above. Two of these principles are recognising and managing risk and accountability which are made possible by these functions. These roles also assist management by adding value to the organization's operations, protecting investments in assets, detecting and preventing risk and enhanced financial reporting by management. In the end, corporate governance benefits from the roles of internal and external audits which enhances transparency, accountability and probity.

CHAPTER THREE

RESEARCH METHODS

3.0 Introduction

Hussy and Hussey (1997) and Crotty (1998) as cited in Kripanont, (2007) argue that there are several research types and designs but whichever the type is chosen, the researcher needs to focus on a particular methodology and justify how the chosen methodology is the most appropriate for the study.

This section explains the approaches that were adopted in the study. The study used a mixed method design which utilizes the strengths of both qualitative and quantitative approaches. The mixed design gives the researcher a better understanding of the concept being explored and also helps to overcome the problems that come from single method studies. The population of the study was staff, made up of senior-level managers and junior staff of ten (10) hotels in the Volta region numbering to 247. 150 representing 60.73% respondents were selected for the study all from the accounts and audit department. The frequency distributions showing percentages were used after which a chi-square test of independence was performed on each variable to analyze the various aspects of the roles of internal and external audit and corporate governance practices being considered in the study. The variables were cross tabulated in cells called contingency tables and the hypothesis is that the two variables are independent. The instrument employed in the study was structured questionnaires and semi-structured interviews. The chapter also describes how the data collected are analyzed and managed.

3.1 Research Design

This study engaged the mixed method design which is the combination of qualitative and quantitative approaches to gather and analyze data (Creswell & Tashakkori, 2007). In recent years, integrating qualitative and quantitative methods becomes common in research (Bryman, 2006) because mixed method design can provide thorough and comprehensive data in order to attain the research objectives and answer the research questions. The researcher believes the objectives of this study which are to investigate whether the internal and external audit functions are seen as important and value adding function to the organization's operations; to investigate whether internal and external audit functions really can enhance good corporate governance; to investigate the expectations of external stakeholders in regards to internal and external audit can best be met by this research approach.

Abawi, (2008) indicates that quantitative inquiry is based on testing a theory made up of variables and measured with numbers and characterized by statistical techniques or analysis. Qualitatively, data is derived from staff of the selected hotels through interviews. Ary, Jacobs & Razavie (2002) as cited in Tettey, (2009:22) argue that qualitative inquiries seek to understand human and social behavior from an "insider perspective" resulting in the vivid description of a phenomenon. The qualitative aspect of the study focuses on sampling and deriving data from key officials at the hotels who are to make sure corporate governance practices are adhered to in the hotels through interviews. This research method eliminates the subjectivity of the researcher in a study while endorsing neutrality (Johnson & Onwuegbuzie, 2004).

3.2 Population and Selection of Case

This sub-section of the methodology discusses the population adopted and the selection of the case.

3.2.1 Population of the Study

A population in a study by Burns and Grove, (1993) is "all elements (individuals, objects and events) that meet the sample criteria for inclusion in a study". Parahoo, (1997) also sees population as "the total number of units from which data can be collected, such as individuals, artifacts, events or organizations". The target population of this research is defined to be included hotels specifically in Ho, in the Volta Region. There are forty-one (41) hotels in the Volta Region and in Ho, the number stood sixteen (16) at the time of this research (source: https://travel.jumia.com). Ten (10) of these hotels have been selected for the study representing 62.5%.

3.2.2 Selection of Cases

The objective of the study is to investigate the roles of internal and external audit in corporate governance structure in the hospitality industry looking at hotels in the Volta Region specifically Ho. This entails a detailed study of the roles of internal and external audit in corporate governance structure in the hospitality industry looking at hotels that will ensure accountability, transparency, economy, efficiency and effectiveness to achieve the objectives of the organization and satisfy all other stakeholders. An emphasis has led to "the adoption of an interpretive stance, which seeks to uncover the truth by understanding the phenomena in their real-life context" (Walsham, 1995). The case study design is therefore, employed to investigate the roles of internal and external audit in corporate governance structure in hotels in the Volta Region specifically Ho (SkyPlus Hotel, Volta Serene Hotel, Chances Hotel, Africa Hill Resort, Stevens Hotel, Freedom Hotel, Phil Plaza Hotel, Lawnia Hotel, Tarso Hotel and Work and Happiness).

The use of these cases was based on the corporate governance challenges that has been faced by hotels in the country and the ability to get access to these facilities. Obtaining access to the respondents was not easy to obtain. For instance, in the course of this research, ten hotels were approach some of the hotels that were approached rejected to be used but were replaced luckily.

With regards to sampling respondents, the stratified sampling technique was used in this study. This is a type of sampling method in which the total population of the study is divided into smaller groups or strata. The strata is formed based on some common characteristics in the population. According to Frankel, Wallen and Hyun (2012), stratified random sampling is "a process in which a certain subgroups, or strata, are selected for the sample in the same proportion as they exist in the population". David (2005) said that it is the "process of selecting a random sample from subgroups or strata into which a population has been subdivided. The rationale for choosing this approach was that the researcher was seeking knowledge about the Management and staff opinion on the role of internal and external audit in corporate governance structures, which the participants would make available by virtue of their experience.

So, a total of One hundred and fifty (150) respondents out of the staff of the ten cases were included in the study. This number comprises one hundred (100) staff and fifty (50) management members. A total of 27 senior level managers were interviewed (at least 2 from each hotel) due to their time schedules and other responsibilities.

3.3 Sources of Data and Data Collection Instruments

This section of the methodology discusses the sources from which data were gathered and the data collection instruments used.

3.3.1 Sources of Data

Both primary and secondary data was gathered for the study. According to Malhotra and Birks (2007), "the researcher should locate and analyze secondary data before collecting primary data". Secondary data was indicated as "data that have already been collected for the purpose other than the problem at hand but which can help in sample designs and in the details of primary research methods". The researcher therefore adopted the use of primary and secondary data. The questionnaire and interviews were the main sources of the primary data.

3.3.2 Data Collection Instruments

The researcher adopted the use of questionnaires and interviews in the data collection. The questionnaires were used to collect data from both junior staff in accounting and finance, and internal audit departments and the interviews were conducted to solicit data from senior level managers. The researcher decided on the administration of the questionnaires because they are quick and easy to use. It is also faster to administer and due to the grace period, that was given the respondents to answer the questions, respondents are able to think over the questions and answer accordingly. Some merits of the questionnaires are that the answers are gathered in a standardized way, so questionnaires are more dispassionate, certainly more so than interviews (Carter & Williamson, 1996). Also, generally it is relatively quick to collect information using a questionnaire. However, in some situations, they can take a long time not only to design but also to apply the analysis. Another advantage over the other instruments is that potentially information can be collected from a large portion of a group. This potential is not often realized, as returns from questionnaires are usually low.

"Semi-structured and unstructured interviews are the major forms of qualitative interviews and the use of an interview guide is typical in a semi-structured interview" (Edwards & Holland, 2013). The use of the semi-structure interviews enables the interviewees to answer questions and lead the conversation to areas that are very relevant but which may not have been considered. It also allows flexibility to probe, pursue a line of questioning or provide clarification. Moreover, the use of an interview as data collection technique has "a major advantage of the interview as a tool to collect data lies in its power to facilitate access to the interviewees" opinions and perspectives" (Babbie, Mouton, Vorster & Prozesky, 2001).

3.4 Instrumentation, Pre-Testing and Method of Data Collection

The researcher used designed interview guide and questionnaires as instruments for the data collection. A trial examination was done with a small group representative of the population of Sky Plus Hotel to evaluate the face validity of the questionnaire and the interview guide. Thus, staff and management who were accessed and were ready to answer the questionnaires were interviewed. Ten staff and three management members were selected for the pilot study (Cooper & Schindler, 2003). Respondents were informed to fill out the questionnaire together with interviews in order to enhance the meaning, understanding, formatting and wording of the questionnaire. During the individual initial test, the researcher and with the help of the respondents went through the questions to know what they (respondents) think the questions are trying to ask. Likewise, a list of questions was used to crosscheck on relevant issues associated with the pre-test questionnaire. From the response, recommendations and comments, revisions were made to the instrument. Thus, it will be easy for respondents in the large survey to answer the questions. There were typographical errors, improper numbering of the questions and unclear meaning of certain sentences. These were corrected by the researcher. Subsequent to this, the questionnaires were administered and the interviews were also conducted. The purpose of the study was explained in a paragraph in the questionnaire.

In this study, senior level managers were interviewed face to face in to access the role of internal and external audit in their organizations. The interviews were semi-structured interviews. The interview guide was in two parts. Part A deals with the general and background information of the respondents and background information of the hotel and Part B deals with information on the role of internal and external audit in corporate governance structure in hotels selected for the study. It lasted the researcher about thirty minutes to interview each senior level manager.

3.5 Data Analysis and Management

The primary data were collected by administering questionnaires to the respondents. These questionnaires were analyzed and presented using tables and chi-square test of independence was performed on each variable for the two qualitative variables to determine whether there is enough evidence to differ that the two nominal or ordinal variables are related. It was also used to infer whether differences exist among the two populations of nominal or ordinal variables. In order to ascertain the true evidence of the study, the data was gathered, sorted, cleaned and coded prior to the analysis. The variables which were derived based on the review in chapter two were codded as follows:

Coding of Internal Audit variables

x_1 *Internal audit provides assurance by assessing and reporting on the effectiveness of governance*

x_2 *Internal audit provides assurance by assessing and reporting on the risk management procedures in the hotel*

x_3 *Internal audit provides assurance by assessing and reporting on the control procedures of the hotel*

x_4 *All the above is meant to help the hotel to achieve strategic, operational, financial and compliance objectives*

x_5 *Internal audit provides insight by acting as a catalyst for management and the board to have a deeper understanding of governance processes and structures*

x_6 *Internal audit provides insight on governance, risk and control which provokes positive change and innovation within the hotel*

x_7 *Internal audit provides foresight to the hotel by identifying trends and bringing attention to emerging challenges before they become crises*

x_8 *Internal audit helps to evaluate the hotel's operational performance*

x_9 *Internal audit helps to ensure adequacy and effective internal control systems*

x_{10} *Internal audit helps to ensure responsible corporate governance*

x_{11} *Internal audit helps to detect, prevent and correct fraud in financial statements which may threaten the integrity and quality of reports*

Coding of External Audit variables

e_1 *External audit functions help to protect the interest of shareholders*

e_2 *External audit function is seen as an independent function to protect the interest of shareholders*

e_3 *External audit promotes accountability*

e_4 *External audit introduce compelling measures and policies to enforce accountability in the hotel*

e_5 *External audit helps in risk assessment as an independent unit*

e_6 *External audit is an essential element of the hotel governance system*

e_7 *External audit provides oversight role by evaluating whether the hotel is doing what it is supposed to do.*

e_8 *External audit provides oversight role by making sure that the hotel spends funds for the intended purposes and complying with law and regulation*

e_9 *External audit provides support to governance by verifying reports of financial and programs performance and by testing adherence to the hotel's rules and aims*

e_{10} *External audit provides oversight role to detect and deter the hotel fraud, wastes, abuse and other misuses of power and resources entrusted to management*

e_{11} *External audit provides insight to assist decision-makers by assessing which programs and policies are working and which are not*

e_{12} *External audit provides insight to assist decision-makers by sharing best practices and benchmarking information*

e_{13} *External audit provides insight role by looking horizontally across the hotel and vertically among the levels of the hotel to find opportunities to borrow, adapt or reengineer management practices*

e_{14} *It provides insight role to institutionalized the hotel learning by providing ongoing feedback to adjust policies*

e_{15} *It provides foresight by helping the hotel to look forward and by identifying trends and bringing attention to emerging challenges before they become crises*

e_{16} *It also provides foresight role by highlighting challenges to come*

Coding of Corporate Governance variables (these questions are meant to establish the corporate governance structures the hotels operate in):

d_1 *The hotel has not adopted any corporate governance code*

d_2 *Corporate governance code is irrelevant to the operations of the hotel*

d_3 *Implementation of corporate governance code is too expensive*

d_4 *Internal and external audit help in adhering to corporate governance and that is enough*

d_5 *Management appreciates the functions of auditing but these functions are too expensive to acquire*

d_6 *It is important to have a board with diverse background/experience*

d_7 *It is the responsibility of the board to ensure that there is no any malpractices*

d_8 *It is unnecessary to know details about the duties and responsibilities of the board*

d_9 *Employees are aware of the benefits of good corporate governance for their company*

d_{10} *Company management promotes compliance with legal requirements and rules*

d_{11} *The internal audit team is able to evaluate and enhance the internal control system of the company*

d_{12} *Corporate governance is a key to organisation success*

d_{13} *It is essential to have a training about the governance issues*

d_{14} *Internal auditors have the resources needed to perform their individual responsibilities*

d_{15} *The internal audit team is able to evaluate and enhance the internal control system of the company*

The variables were cross tabulated in cells called contingency tables and the hypothesis is that the two variable are independent. According to Healey, (1993), SPSS was used because it is easily used to define variables, and assigned codes to respondents, enter data and generate outputs (tables and charts).

The data from the interview were summarized qualitatively and interspersed with the results obtained from the questionnaires. All the interviews were transcribed, coded and analysed in line with the objectives of the study. The raw data was transcribed and then read over and over again to establish a pattern of flow between the interviews which became the titles for the discussion of the data. All comments that can be traced to a particular participant were removed from the data and the data was then analyzed.

3.6 Ethical Considerations

All social organizations have some ethical concerns to consider. Reveal of facts by staff that can affect the organization includes many ethical concerns in relation to the workers of the hospitals selected. To address this, justification of the study was first explained to the respondents so as not to inconvenience them.

The research is conducted in strict adherence and compliance with the university's policies of conducting research. Thus, assurance was provided to the respondents, that the information they provided is only for academic purpose and would not be disclosed to any third party. Also, the instruments are structured in such a way that, it contains no personal information such as address or name that could be used to trace the participants. This is done not to break the confidentiality policies of the university in conducting research. The answering of questionnaire was straight forward and simple in other not to cause any inconveniences to the participants. Moreover, the respondents were given their freewill to participate and withdraw from the research at any point in time based on their convenience and not to achieve the aims through any foul means.

3.7 Chapter Summary

This chapter looked at the research methodologies used in this work. Explanations on the researcher's choice to use those methodologies were given. The researcher used the mixed method design which includes both qualitative and quantitative approaches for the work. Interviews and questionnaires were the key methods of data collection used to gather appropriate data to accomplish the research objectives. Confidentiality was ensured during the administration of the questionnaires and conducting of interviews. Permission was obtained from the ten (10) hotels. The chapter also described other research methodologies including Population and selection of case, Data analysis and management and strategies used to ensure ethical standards.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter contains the results of the study conducted to answer the research questions:

1. What are the specific roles internal and external audit play in corporate governance?
2. Whether the expectations of those charged with governance are met by the principles of auditing
3. Whether there exist any missing link relevant to meeting transparency and accountability which has not been considered by stakeholders.

The chapter discusses the analysed data collected from respondents. The results are presented in tubular forms for easy appreciation. As mentioned in chapter three, the data was gathered, sorted, cleaned and coded prior to the analysis. The questionnaire and the interview guides were designed principally on the major variables identified in the literature to address the study objectives. With regards to the various variables, the respondents were asked to show the extent to which they agree or disagree with the factors with a five point Likert scale where: **1- represents strongly agree, 2 - agree, 3 - neutral, 4 – disagree and 5 -strongly disagree.** In ascertaining the extent to which the respondents agree or otherwise with the questionnaire in relation to the role of Internal and External Audit in Corporate Governance Structure in Hotels, the frequency distributions showing percentages and charts (both bar and pie charts) were used after which a chi-square test of independence was performed on each variable. The data from the interview were summarized qualitatively and interspersed with the results obtained from the questionnaires. All the interviews were transcribed, coded and analysed in line with the objectives of the study.

The raw data was transcribed and then read over and over again to establish a pattern of flow between the interviews which became the titles for the discussion of the data. Comments that can be traced to a particular participant were removed from the data and the data was then analysed.

4.1 Response Rate

A total of one hundred (100) questionnaires were distributed among the targeted populations. All the one hundred (100) questionnaires were returned registering 100% response rate. A total of twenty-seven (27) senior level managers out of fifty (50) envisaged were interviewed (at least 2 from each hotel) due to their time schedules and other responsibilities. The respondents were mainly junior and senior staffs including the managers from the hotels in Ho. The findings were discussed according to the research objectives: The aim of this research is to investigate the roles of internal and external audit in corporate governance structure in the hospitality industry looking at hotels in the Volta Region.

4.2 Analysis of Data

This is the procedure of systematically using a statistical technique to identify, describe, demonstrate and evaluate data. Shamoo and Resnik (2003) asserts that most analytical processes give a way for drawing inductive inferences from data and establishing the phenomenon from the statistical fluctuation intrinsic in the data.

The section depicts the descriptive statistics of various research objectives designed in the first chapter. With regards to multiple questions, the researcher used the Likert scale in arriving and assessing the data. However, these were followed by presentation of suitable tables and charts with the explanations and interpretations.

4.2.1 Analysis of Bio-Data of Employees

This part demonstrates the basic information of the respondents at the various Hotels under the study. It includes the gender, age, level of education, type of occupation per a respondent selected for the study.

Table 4. 1 Age and Gender Distribution of respondents

	Gender		
Age	Male	Female	Total
20-29	29	15	44
30-39	33	12	45
40-49	3	5	8
50 and above	2	1	3
Total	**67**	**33**	**100**

Source: Field Data, 2019

The table above presents data on age group and gender. From the table, it can be seen that most of the respondents (67%) were males, compared to (33%) who were females. Hence the study is skewed towards the male respondents. This indicate that the result of the study were mainly based on the opinions of the male respondents. Moreover, by way of age group and gender, both genders had ages falling under the 30 – 39 years category, representing 45% of the respondents selected for the study. Closely following that was the age group 20-29 years for both genders representing 44% of the respondents. So we can say that only few of the respondents had their ages below 40 years. It also suggest that the opinions were expressed by respondents who are experienced on the field of work, because upon interaction most of the respondents have worked in various hotels across board.

Table 4. 2 Distribution of Respondents' level of Education

Level of Education	Frequency	Percent (%)
O' level	2	2.0
A' level	8	8.0
Certificate	33	33.0
Diploma	34	34.0
Degree	19	19.0
Others	4	4.0
Total	**100**	**100.0**

Source: Field Data, 2019

The table above revealed the distribution of respondents' educational levels. It shows that at least all the respondents had had some level of education in their lives. As at the time of the study, 2% of the respondents have obtained their O' level education, 8% had A' level education, even though these could be seen far from relevance to contributing to this research, but experience over the years in the organisation is significant to add to knowledge, 33% have had Certificates courses, 34% had obtained Diploma, 19% had Degree and finally 4% had obtained other levels of education. These includes C.A Level One, Masters, MBA Finance and WASCCE from the nationwide tertiary institutions. The study is skewed to certificates and diploma graduates which implies that most of the opinions relating to the study area represents participants in these categories. It is further clear that these are learned people leading to the findings of this research to an ideal result.

Figure 4. 1 Departmental Distribution of respondents

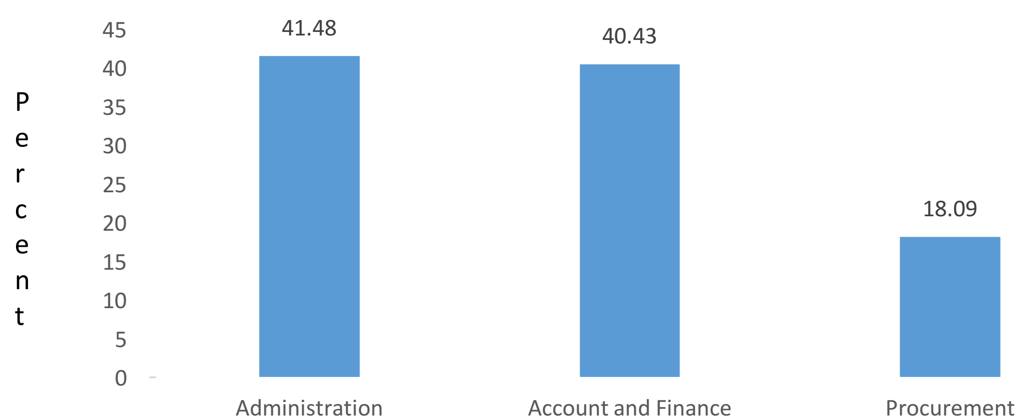

Figure 4.1 Departmental Distribution of respondents

The figure above displays the departmental distribution of the respondents. It was observed that 41.48% of the total respondents were selected from the administration, 40.43% were chosen from the account and finance department and 18.08% from the procurement department. The results indicate that the distribution was normal among the administration and accounts and finance respondents. This also suggest that the information from respondents in these departments will provide enough credence to determining the Role of Internal and External Audit in Corporate Governance Structure in Hotels. The key players in corporate governance structure were duly represented making the findings significant.

Another category of the respondents were selected from the Audit department which was just in one of the hotels visited made 1%, this indicates that, most of these hotel theoretically appreciate the roles of audit but do not acquire the services of the providers. Others like Housekeeping department, project department, reception and the restaurant represented 5% of the respondents.

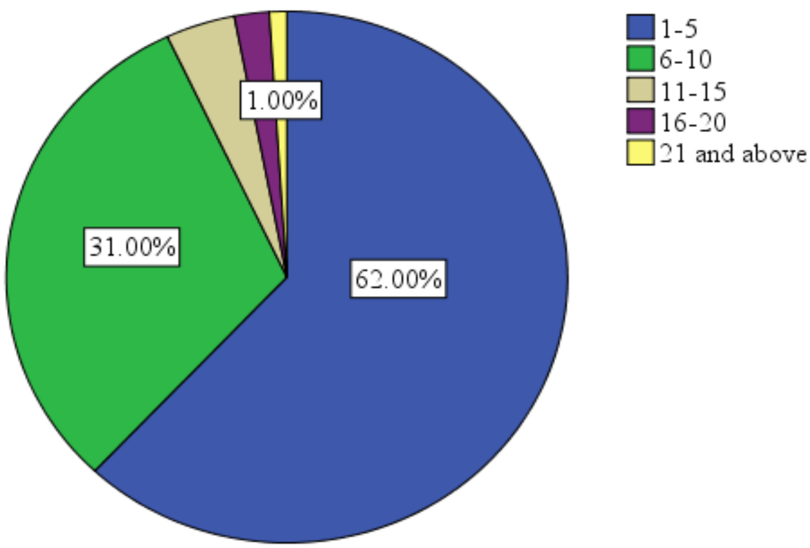

Figure 4. 2 Respondents number of years in the department

The distribution above shows that respondents have served in the departments in their various capacities over the years. 62% have served from 1-5 years, 31% have serve from 6-10 years, 11-15 years was 4%, 16-20 years was 2% and 21 and above years was 1%. The researcher found these respondents are in senior management levels and are basically responsible for strategic decisions and also since majority have worked in the hotels for at least 2 years they are abreast with issues of the checks and balances both internal and external in Corporate Governance Structure in Hotels and their views and opinions will be very useful.

A chi-square test of independence was performed on each variable for the two qualitative variables to determine whether there is enough evidence to differ that the two nominal or ordinal variables are related. It was also used to infer whether differences exist among the two populations of nominal or ordinal variables. The variables were cross tabulated in cells called contingency tables and the hypothesis is that the two variable are independent.

4.2.2 A chi-square test for Internal Audit and Corporate Governance variables

In this study due to the numerous nominal variables studied, only significant variables were considered in the final report. Eleven (11) variables were used to measure the role of internal audit on the fifteen (15) variables of the corporate governance structure in hotels where the respondents were asked to rate their level of agreement with the variables using the Likert scale where **1- represents strongly agree, 2 - agree, 3 - neutral, 4 – disagree and 5 -strongly disagree.**

The coded variables can be found on pages 45-47

Table 4. 3.1 Chi-Square Test for x1 and d1

Count		d1					Total
		1	2	3	4	5	
x1	1	8	21	6	13	4	**52**
	2	1	16	10	11	0	**38**
	3	0	0	2	4	0	**6**
	4	0	0	2	1	0	**3**
	5	1	0	0	0	0	**1**
Total		**10**	**37**	**20**	**29**	**4**	**100**

Chi-Square Tests	*Value*	*Df*	*Asymp. Sig. (2-Sided)*
Pearson Chi-Square	30.543	16	0.015
N Of Valid Cases	100		

Symmetric Measures		*Value*	*Significance*
Ordinal By Ordinal	Spearman Correlation	0.148	0.143
N Of Valid Cases		100	

Source: Field Data, 2019

From the output above, the count part of the table shows that; majority of the respondents for d1 end up opting for agree at the corporate governance level. The respondents on x1 also prefer to go for strongly agree and agree. The table also revealed that very few of the respondents were opting for somehow agree which is neutral, disagree and strongly disagree.

The chi-square part of the table shows that the test is significant and so the hypothesis that, corporate governance is independent of the internal audit roles at x1 and d1 is not true, and must be rejected. The symmetric measure part of the table reveals, however that the spearman correlation between the two variables is weak, 0.142, approximately 0.10. A correlation value is assumed to be strong when it is very closer to -1 or 1.

Even though there is some amount of relationship between the respondents' opinion on x1 and d1, the relationship is not strong and would only hold 14.3% of the time. Hence 85.7% of the time corporate governance does not depend on the role of the internal audit.

Internal audit based on the theoretical literature reviewed is expected to provide assurance due to separation of owners from operations (Agency Theory) which has been confirmed by this test though the relationship is weak.

Table 4.3. 2 Chi-Square Test for x1 and d2

Count		d2					Total
		1	2	3	4	5	
x1	1	2	11	8	17	14	**52**
	2	1	8	9	18	2	**38**
	3	1	0	1	4	0	**6**
	4	0	0	2	1	0	**3**
	5	1	0	0	0	0	**1**
Total		**5**	**19**	**20**	**40**	**16**	**100**

Chi-Square Tests	*Value*	*Df*	*Asymp. Sig. (2-Sided)*
Pearson Chi-Square	37.747	16	0.002
N Of Valid Cases	100		

Symmetric Measures		*Value*	*Significance*
Ordinal By Ordinal	Spearman Correlation	-0.162	0.108
N Of Valid Cases		100	

Source: Field Data, 2019

From ***table 4.3.2***, the count part of the table shows that; about the same number of the respondents for d2 were agreeing at the corporate governance level code as x1. The respondents on x1 was far different from the latter. This means that about 96% of the respondents strongly agreeing with the role of the internal audit. The table revealed that very few of the respondents were opting, disagreeing and strongly disagreeing to x1 and d2.

The chi-square contingency table shows that the test is significant at 0.002 and so the hypothesis that, corporate governance is independent of the internal audit roles at x1 and d2 is not true, and must be rejected. The symmetric measure part of the table reveals, that the spearman correlation between the two variables is weak, 0.108, approximately 0.11. A correlation value is assumed to be strong when it is very closer to -1 or 1.

In the symmetric measures column, it was demonstrated that there is some extent of relationship between the respondents opinion on x1 and d2, but not strong enough and would only hold 10.8% of the time. Hence 89.2% of the time corporate governance code does not depend on the role of the internal audit. The institutional theory explains why internal audit is relevant, from the above it is confirmed though weak as the relationship may be, that internal audit is relevant.

Table 4.3. 3 Chi-Square Test for x1 and d6

Count		d6					Total
		1	2	3	4	5	
x1	1	17	29	5	0	1	**52**
	2	17	14	3	3	1	**38**
	3	5	1	0	0	0	**6**
	4	0	0	3	0	0	**3**
	5	1	0	0	0	0	**1**
Total		**40**	**44**	**11**	**3**	**2**	**100**

Chi-Square Tests	*Value*	*Df*	*Asymp. Sig. (2-Sided)*
Pearson Chi-Square	38.651	16	0.001
N Of Valid Cases	100		

Symmetric Measures		*Value*	*Significance*
Ordinal By Ordinal	Spearman Correlation	-0.066	0.513
N Of Valid Cases		100	

Source: Field Data, 2019

From ***table 4.3.3***, the count part of the table shows that; 95% of the respondents for d6 were agreeing at the corporate governance code whereas 97% agreed to x1. This means that about 96% of the respondents strongly agreeing with the role of the internal audit. The table also revealed that very few of the respondents were opting, disagreeing and strongly disagreeing to x1 and d6.

Similarly the chi-square contingency table shows that the test is significant at 0.001 and so the hypothesis that, corporate governance is independent of the internal audit roles at x1 and d6 is not true, and must be rejected. The symmetric measure part of the table reveals, that the spearman correlation between the two variables is weak, -0.066, approximately -0.1. A correlation value is assumed to be strong when it is very closer to -1 or 1.

In the symmetric measures column, it was demonstrated that there is some extent of relationship between the respondents opinion on x1 and d6, but not strong enough and would only hold 51.3% of the time. This means that corporate governance code will not depend on the role of the internal audit in 48.7% of the times.

Board diversity is essential to every institutional theory implementation as confirmed from the above test. Also internal audit role of providing assurance to institutional performance has some relationship with board diversity.

Table 4.3. 4 Chi-Square Test for x1 and d9

Count		d9					Total
		1	2	3	4	5	
x1	1	7	33	7	3	2	**52**
	2	1	20	10	6	1	**38**
	3	0	0	4	2	0	**6**
	4	1	0	0	0	0	**1**
	5	9	54	23	11	3	**100**
Total		**9**	**54**	**23**	**11**	**3**	**100**

Chi-Square Tests		*Value*	*Df*	*Asymp. Sig. (2-Sided)*
Pearson Chi-Square		33.384	16	0.007
N Of Valid Cases		100		

Symmetric Measures		*Value*	*Significance*
Ordinal By Ordinal	Spearman Correlation	0.309	0.002
N Of Valid Cases		100	

Source: Field Data, 2019

Table 4.3.4 shows the count part of the results. It indicates that 99% of the respondents for d9 strongly agree and agree at the corporate governance level. The respondents on x1 representing 86% also choose to go for strongly agree and agree. The table also revealed that few of the respondents were opting for somehow agree, disagree and strongly disagree.

The chi-square part of the table furthermore shows that the test is significant at a significance value of 0.007 and so the hypothesis that, corporate governance is independent of the internal audit roles at x1 and d9 is not true. Therefore the hypothesis must be rejected. The symmetric measure part of the table reveals, that the spearman correlation between the two variables is weak, 0.309, approximately 0.3. A correlation value is assumed to be strong when it is very closer to -1 or 1.

Moreover there exist a relationship between the respondents' opinion on x1 and d9, the relationship is not strong and would only hold 0.002% of the time. Therefore 99.998% of the time corporate governance code does not depend on the role of the internal audit roles.

The relationship established though very weak, it was confirmed through the test that, employees are aware of the roles of internal audit and it benefits to the organisation. But the question is why do management seems to have less interest in acquiring their service?

Table 4.3. 5 Chi-Square Test for x1 and d10

Count		d10					Total
		1	2	3	4	5	
x1	1	24	27	1	1	0	**52**
	2	15	20	3	0	0	**38**
	3	0	5	0	1	0	**6**
	4	2	1	0	0	0	**3**
	5	1	0	0	0	0	**1**
Total		**42**	**53**	**4**	**1**	**0**	**100**

Chi-Square Tests	*Value*	*Df*	*Asymp. Sig. (2-Sided)*
Pearson Chi-Square	23.898	12	0.021
N Of Valid Cases	100		

Symmetric Measures		*Value*	*Significance*
Ordinal By Ordinal	Spearman Correlation	0.121	0.230
N Of Valid Cases		100	

Source: Field Data, 2019

Table 4.3.5 shows that 99% of the respondents for d10 opted for agree at the corporate governance level. The respondents on x1 representing 99% selected also went for strongly agree and agree respectively. The table revealed that few of the respondents were opting for somehow agree, disagree and strongly disagree.

The chi-square test shows that the test is significant and so the hypothesis that, corporate governance is independent of the internal audit roles at x1 and d10 is not true, and must be rejected. The symmetric measures section of the table reveals, that the spearman correlation between the two variables is weak, 0.121, approximately 0.1. A correlation value is assumed to be strong when it is very closer to -1 or 1.

There is a relationship between the respondents' opinion on x1 and d10, but relationship is not sufficient and would only hold 23% of the time. Hence 77% of the time corporate governance code does not depend on the role of the internal audit.

From the test, it is evidenced that, corporate governance is a tool that enhance and help in compliance to regulations and internal audit aids in ensuring that is achieved. The agency theory in it principles demand adherence to regulatory frameworks both internal and external.

Table 4.3. 6 Chi-Square Test for x1 and d11

Count		d11					Total
		1	2	3	4	5	
x1	1	12	35	4	1	0	**52**
	2	4	27	7	0	0	**38**
	3	0	0	6	0	0	**6**
	2	0	1	0	0	0	**3**
	5	1	0	0	0	0	**1**
Total		**19**	**62**	**18**	**1**	**0**	**100**

Chi-Square Tests	*Value*	*Df*	*Asymp. Sig. (2-Sided)*
Pearson Chi-Square	43.992	12	0.000
N Of Valid Cases	100		

Symmetric Measures		*Value*	*Significance*
Ordinal By Ordinal	Spearman Correlation	0.239	0.016
N Of Valid Cases		100	

Source: Field Data, 2019

From ***table 4.3.6*** above, it was noticed that the 99% of the respondents for d11 end up opting for strongly agree to somehow agree at the corporate governance level. 96% of the respondents chosen to take their responses on x1 also prefer to go for strongly agree and agree. The table revealed that very few of the respondents were opting for somehow agree, disagree and strongly disagree.

The chi-square tests also shows that the test is significant and so the hypothesis that, corporate governance is independent of the internal audit roles at x1 and d11 is not true, and hence must be rejected. The symmetric measures of the variables revealed that, the spearman correlation between the two variables is very weak, at 0.239, approximately 0.2. A correlation value is assumed to be strong when it is very closer to -1 or 1.

Even though there exist some relationship between the respondents' opinion on x1 and d11, the relationship is sufficiently not strong and would only hold 1.6% of the time. Hence 99.4% of the time corporate governance code does not depend on the role of the internal audit.

A well-equipped internal audit department in an organisation should be ready to performance roles assigned. The study show that, respondents asserted to that. The philosophy behind formulation and introduction of institutional theory is affirmed.

Table 4.3. 7 Chi-Square Test for x1 and d12

Count		d12					Total
		1	2	3	4	5	
x1	1	23	27	2	0	0	**52**
	2	15	18	5	0	0	**38**
	3	4	1	0	1	0	**6**
	4	1	1	0	1	0	**3**
	5	1	0	0	0	0	**1**
Total		**44**	**47**	**7**	**2**	**0**	**100**

Chi-Square Tests	*Value*	*Df*	*Asymp. Sig. (2-Sided)*
Pearson Chi-Square	30.199	12	0.003
N Of Valid Cases	100		

Symmetric Measures		*Value*	*Significance*
Ordinal By Ordinal	Spearman Correlation	0.044	0.667
N Of Valid Cases		100	

Source: Field Data, 2019

From ***table 4.3.7***, it was demonstrated that the responses of the respondents for d12 was skewed to those who were agreeing and strongly agreeing. The results showed that 98% opted for agree at the corporate governance level. 90% of all respondents on x1 also prefer to go for strongly agree to agree. The table also revealed that very few of the respondents were opting for somehow agree, disagree and strongly disagree.

The chi-square test shows that the tests is significant and so the hypothesis that, corporate governance is independent of the internal audit roles at x1 and d12 is not true, and must be rejected. The symmetric measures reveals that the spearman correlation between the two variables very is weak, 0.044, approximately 0.0. A correlation value is assumed to be strong when it is very closer to -1 or 1.

Furthermore there is some negligible relationship between the respondent's opinion on x1 and d12, but the relationship is not strong and would only hold 66.7% of the time. Hence 33.3% of the time corporate governance code does not depend on the role of the internal audit.

According to Abor and Biekpe (2007), in a study: Corporate Governance, Ownership structure and Performance of SMEs in Ghana, "Corporate governance can greatly assist the SME sector by infusing better management practices, stronger internal auditing, greater opportunities for growth and new strategic outlook through non-executive directors". They went on and said that, performance in SMEs in Ghana is clearly influenced by corporate governance. Based on the test above it is clear that, corporate governance is key to organisation success.

Table 4.3. 8 Chi-Square Test for x2 and d1

Count		d1					Total
		1	2	3	4	5	
x2	1	6	15	5	13	2	**41**
	2	3	22	12	10	2	**49**
	3	0	0	2	6	0	**8**
	4	1	0	1	0	0	**2**
	5	0	0	0	0	0	**0**
Total		**10**	**37**	**20**	**29**	**4**	**100**

Chi-Square Tests	*Value*	*Df*	*Asymp. Sig. (2-Sided)*
Pearson Chi-Square	21.136	12	0.048
N Of Valid Cases	100		

Symmetric Measures		*Value*	*Significance*
Ordinal By Ordinal	Spearman Correlation	0.095	0.346
N Of Valid Cases		100	

Source: Field Data, 2019

Table 4.3.8 shows the chi-square tests for the variables x2 and d1, the count results displays that; majority of the respondents for d1 opted for strongly agree to agree at the corporate governance level. This represents 67% of the responses. The respondents on x2 also prefer to go for strongly agree and agree recording 98% of the responses. The table revealed that few of the respondents who participated in the study opted for somehow agree, disagree and strongly disagree.

The chi-square part of the table shows that the test is significant and so the hypothesis that, corporate governance is independent of the internal audit roles at x2 and d1 is not true, and must be rejected. The symmetric measure part of the table reveals, that the spearman correlation between the two variables is weak, 0.095, approximately 0.10.

Even though there is some amount of relationship between the respondent's opinion on x2 and d1, the relationship is not strong and would only hold 34.6% of the time.

Paape et al. (2003), Carcello et al. (2005), Sarens (2009) and Soh and Mortinov-Bennie, (2011) are with the view that Internal Audit Functions (IAF) is also an important corporate governance device that plays a significant role in organizational governance by overseeing the organizational risk, evaluating and assessing control mechanisms. The test above though the relationship weak, confirmed that, internal control serves as risk management tools by assessing and reporting on risk.

Table 4.3. 9 Chi-Square Test for x2 and d2

Count		d2					Total
		1	2	3	4	5	
x2	1	6	4	6	16	9	**41**
	2	3	17	13	12	4	**49**
	3	0	1	3	4	0	**8**
	4	1	0	1	0	0	**2**
	5	0	0	0	0	0	**0**
Total		**10**	**22**	**23**	**32**	**13**	**100**

Chi-Square Tests		*Value*	*Df*	*Asymp. Sig. (2-Sided)*
Pearson Chi-Square		23.488	12	0.024
N Of Valid Cases		100		

Symmetric Measures		*Value*	*Significance*
Ordinal By Ordinal	Spearman Correlation	-0.168	0.0905
N Of Valid Cases		100	

Source: Field Data, 2019

From the output above, the count part of the table shows that; majority of the respondents for d2 end up opting for agree at the corporate governance level. The respondents on x2 also prefer to for strongly agree and agree. The table also revealed that very few of the respondents were opting for somehow agree, disagree and strongly disagree.

The chi-square part of the table also shows that the test is significant and so the hypothesis that, corporate governance is independent of the internal audit roles at x2 and d2 is not true, and must be rejected. The symmetric measures part of the table reveals, that the spearman correlation between the two variables is weak, -0.168, approximately -0.2.

Moreover though there is some relationship between the respondent's opinion on x2 and d2, the relationship is not strong and would only hold in about 9% of the time. Hence 91% of the time corporate governance code does not depend on the role of the internal audit.

The agency theory brings about risk exposure on shareholders, since they relinquish their resources to those they have appointed in stewardship. It implies that, for safe investment there should be a mechanism to assess and report on risk whether financial risk, compliance risk or business risk. The study seek to affirm that, one of the roles of internal audit is to provide assurance by assessing and reporting on the risk management procedures.

Table 4.3. 10 Chi-Square Test for x2 and d3

Count		d3					Total
		1	2	3	4	5	
x2	1	6	4	6	16	9	**41**
	2	3	17	13	12	4	**48**
	3	0	1	3	4	0	**8**
	4	1	0	1	0	0	**2**
	5	0	0	0	0	0	**0**
Total		**10**	**22**	**23**	**32**	**13**	**100**

Chi-Square Tests		*Value*	*Df*	*Asymp. Sig. (2-Sided)*
Pearson Chi-Square		23.301	12	0.025
N Of Valid Cases		100		

Symmetric Measures		*Value*	*Significance*
Ordinal By Ordinal	Spearman Correlation	-0.197	0.050
N Of Valid Cases		100	

Source: Field Data, 2019

From the output above, the count part of the table shows that; about the same number of the respondents for d3 who opted for agree or strongly agree also disagree at the corporate governance level. The respondents on x2 also prefer to go for strongly agree and agree. The table also suggest that very few of the respondents were opting for somehow agree, disagree and strongly disagree.

The chi-square part of the table also shows that the test is significant and so the hypothesis that, corporate governance is independent of the internal audit roles at x2 and d2 is not true, and hence must be rejected. The symmetric measure part of the table reveals, however that the spearman correlation between the two variables is weak, -0.197, approximately -0.2. A correlation value is assumed to be strong when it is very closer to -1 or 1.

Even though there is some amount of relationship between the respondents' opinion on x2 and d2, the relationship is not strong and would only hold 5% of the time. Hence 95% of the time corporate governance code does not depend on the role of the internal audit.

Table 4.3. 11 Chi-Square Test for x2 and d9

Count		d9					Total
		1	2	3	4	5	
x2	1	5	26	8	1	1	**41**
	2	3	28	8	8	2	**49**
	3	0	0	6	2	0	**8**
	4	1	0	1	0	0	**2**
	5	0	0	0	0	0	**0**
Total		**9**	**54**	**23**	**11**	**3**	**100**

Chi-Square Tests	*Value*	*Df*	*Asymp. Sig. (2-Sided)*
Pearson Chi-Square	28.914	12	0.004
N Of Valid Cases	100		

Symmetric Measures		*Value*	*Significance*
Ordinal By Ordinal	Spearman Correlation	0.287	0.004
N Of Valid Cases		100	

Source: Field Data, 2019

Table 4.3.11 shows the distributions of x2 and d9. It demonstrate that; 86% of the respondents for d9 opted for strongly agree to somehow agree at the corporate governance factor. 98% of the respondents on x2 similarly opted for strongly agree to somehow agree. The table also revealed that very few of the respondents were opted for somehow agree, disagree and strongly disagree.

The chi-square tests shows that the test is significant and so the hypothesis that, corporate governance is independent of the internal audit roles at x2 and d9 is not true, and hence must be rejected. The symmetric measures from the table reveals that, the spearman correlation between the two variables is weak, 0.287, approximately 0.3.

This implies that there is some extent of relationship between the respondent's opinion on x2 and d9, but the relationship is not highly negligible and would hold at 0.4% of the time. Hence 99.6% of the time corporate governance code does not depend on the role of the internal audit.

Institutional theory simplifies roles and ensures that both internal and external audit oversee the management and administrative procedures that lead to the company's performance, Powell and DiMaggio (1991). It is essential that employees are aware of the roles perform by these tools in order to appreciate them, the test above confirms that, though the relationship is weak.

Table 4.3. 12 Chi-Square Test for x2 and d10

Count		d10					Total
		1	2	3	4	5	
x2	1	15	23	3	0	0	**41**
	2	24	24	1	0	0	**49**
	3	1	6	0	1	0	**8**
	4	2	0	0	0	0	**2**
	5	0	0	0	0	0	**0**
Total		**42**	**53**	**4**	**1**	**0**	**100**

Chi-Square Tests	*Value*	*Df*	*Asymp. Sig. (2-Sided)*
Pearson Chi-Square	19.626	9	0.020
N Of Valid Cases	100		

Symmetric Measures		*Value*	*Significance*
Ordinal By Ordinal	Spearman Correlation	-0.062	0.539
N Of Valid Cases		100	

Source: Field Data, 2019

Table 4.3.12 shows the distributions of x2 and d10. It indicate that 99% of the respondents for d10 strongly agree to agree at the corporate governance factor. 98% of the respondents on x2 also responded strongly agree to agree. It was also revealed that very few of the respondents were opted for somehow agree, disagree and strongly disagree.

The chi-square tests at 0.02 shows that the test is significant and so the hypothesis that, corporate governance is independent of the internal audit roles at x2 and d10 is not true, and must be rejected.

The symmetric measures of the analysis shows that the spearman correlation between the two variables is weak x2 and d10 at -0.062, approximately -0.1.

The relationship between the respondents' opinion on x2 and d10 the relationship is weak and would only hold 53.9% of the time. Hence 46.1% of the time, corporate governance code will not depend on the role of the internal audit.

The relationship between x2 and d10 though weak, but better as compared to the others seeks to emphasis that compliance with rules and regulations have some relationship which enhance assessment and reporting of risk. It also helps in reducing and managing it. Gramling (2004) assert that, the effectiveness of internal audit helps the company to operate in accordance with standards and regulations by evaluating specific controls and procedures and assure those charged with governance that internal company processes are adequate and functional.

Table 4.3. 13 Chi-Square Test for x2 and d11

Count		d11					Total
		1	2	3	4	5	
x2	1	12	24	4	1	0	**41**
	2	4	38	7	0	0	**49**
	3	1	0	7	0	0	**8**
	4	2	0	0	0	0	**2**
	5	0	0	0	0	0	**0**
Total		**19**	**62**	**18**	**1**	**0**	**100**

Chi-Square Tests	*Value*	*Df*	*Asymp. Sig. (2-Sided)*
Pearson Chi-Square	45.769	9	0.000
N Of Valid Cases	100		

Symmetric Measures		*Value*	*Significance*
Ordinal By Ordinal	Spearman Correlation	0.255	0.011
N Of Valid Cases		100	

Source: Field Data, 2019

Table 4.3.13 tabulates the results of the distributions of x2 and d11. It indicate that 99% of the respondents for d11 strongly agree to agree at the corporate governance factor. 98% of the respondents on x2 also responded strongly agree to agree. It also indicated that few of the respondents opted for somehow agree, disagree and strongly disagree.

The chi-square tests at 0.00 shows that the test is highly significant and so the hypothesis that, corporate governance is independent of the internal audit roles at x2 and d11 is not true, and must be rejected.

The symmetric measures shows the correlation between the two variables x2 and d11 as weak at around 0.255. The relationship between the respondent's opinion on x2 and d11 is weak and would only be possible at 1.1% of the time. Hence 98.9% of the time, corporate governance code will not depend on the role of the internal audit.

Though the test shows weak strong relationship, it affirms that internal audit role of evaluation leads to enhancing the internal control system of an organisation, provides assurance by assessing and reporting on the risk and management processes and procedures to curb them.

Table 4.3. 14 Chi-Square Test for x2 and d12

Count		d12					Total
		1	2	3	4	5	
	1	17	19	5	0	0	**41**
x2	2	21	26	2	0	0	**49**
	3	4	2	0	2	0	**8**
	4	2	0	0	0	0	**2**
	5	0	0	0	0	0	**0**
Total		**44**	**47**	**7**	**2**	**0**	**100**

Chi-Square Tests		*Value*	*Df*	*Asymp. Sig. (2-Sided)*
Pearson Chi-Square		29.593	9	0.001
N Of Valid Cases		100		

Symmetric Measures		*Value*	*Significance*
Ordinal By Ordinal	Spearman Correlation	-0.071	0.480
N Of Valid Cases		100	

Source: Field Data, 2019

Table 4.3.14 tabulates the results of the distributions of x2 and d12. It indicates that 98% of the respondents for d12 strongly agree to agree at the corporate governance factor. 90% of the respondents on x2 also responded strongly agree to agree. It also indicated that few of the respondents opted for somehow agree, disagree and strongly disagree.

The chi-square tests at 0.001 shows that the test is highly significant and so the hypothesis that, corporate governance is independent of the internal audit roles at x2 and d12 is not true, and must be rejected.

The symmetric measures shows that the spearman correlation between the two variables x2 and d12 is weak at around -0.7. The relationship between the respondent's opinion on x2 and d12 is weak and would only hold 48% of the time. Hence 52% of the time, corporate governance code will not depend on the role of the internal audit.

The concept of agency theory clearly outlined a set of rules binding on management who are obliged to offer assurance by availing their financial records to be assessed by independent evaluators to express their opinion on the true state of affairs of stakeholders (Herron & Crawford, 2016). A related theory that reaffirms this concept is the enterprise risk management which equally caution management of risk of financial misappropriation and fraud that is capable of crippling the entire organisations as it occurred in the Enron's case and many other companies that collapsed due to high level financial scandals as a result of lack of due process and monitoring in the United States of America which finally resulted in the enactment of the Sarbanes-Oxley Act of 2002 (Blair, 2016). The test shows there are some relationship between compliance and success. Managing risk exposure has a direct effects on performance.

Table 4.3. 15 Chi-Square Test for x3 and d1

Count		d1					Total
		1	2	3	4	5	
x3	1	4	22	3	14	3	**46**
	2	4	13	13	10	1	**41**
	3	0	2	3	5	0	**10**
	4	0	0	1	0	0	**1**
	5	2	0	0	0	0	**2**
Total		**10**	**37**	**20**	**29**	**4**	**100**

Chi-Square Tests		*Value*	*Df*	*Asymp. Sig. (2-Sided)*
Pearson Chi-Square		36.352	16	0.003
N Of Valid Cases		100		

Symmetric Measures		*Value*	*Significance*
Ordinal By Ordinal	Spearman Correlation	0.038	0.705
N Of Valid Cases		100	

Source: Field Data, 2019

Table 4.3.15 tabulates the results of the distributions of x3 and d1. It indicates that 67% of the respondents for d1 strongly agree to somehow agree at the corporate governance factor. 97% of the respondents on x3 also responded strongly agree to agree. It also indicated that few of the respondents opted for somehow agree, disagree and strongly disagree.

The chi-square tests at 0.003 shows that the test is highly significant and so the hypothesis that, corporate governance is independent of the internal audit roles at x3 and d1 is not true, and hence must be rejected.

The symmetric measures show the correlation between the two variables x3 and d1 as weak at around 0.038. The relationship between the respondent's opinion on x3 and d1 is weak and would only be possible at 71% of the time. Hence 29% of the time, corporate governance code will not depend on the role of the internal audit.

The relationship established here was weak, but the test confirmed that internal audit provides assurance by assessing and reporting on the control procedures of the hotel to the extent that even not adopting any corporate governance code might not impaired this role.

4.2.3 A chi-square test for External Audit and Corporate Governance variables

Here also due to the numerous nominal variables studied, only significant variables were considered in the final report. In the research sixteen (16) variables were used to measure the role of external audit on the fifteen (15) variables of the corporate governance structure in hotels where the respondents were asked to rate their level of agreement with the variables using the scale where 1- represents ***strongly agree***, 2 - ***agree***, 3 - ***neutral***, 4 – ***disagree*** and 5 -***strongly disagree***.

Table 4. 4 Chi-Square Test for e1 and d1

Count		d1					Total
		1	2	3	4	5	
e1	1	8	13	3	7	1	**32**
	2	1	22	10	17	2	**52**
	3	0	1	7	4	1	**13**
	4	0	1	0	1	0	**2**
	5	1	0	0	0	0	**1**
Total		**10**	**37**	**20**	**29**	**4**	**100**

Chi-Square Tests	*Value*	*Df*	*Asymp. Sig. (2-Sided)*
Pearson Chi-Square	6.089	16	0.003
N Of Valid Cases	100		

Symmetric Measures		*Value*	*Significance*
Ordinal By Ordinal	Spearman Correlation	0.273	0.006
N Of Valid Cases		100	

Source: Field Data, 2019

The output in ***table 4.4.1*** above shows the distributions of e1 and d1. The count part of the table suggest that all the opinions shared by the respondents were skewed to one side, specifically strongly agree to somehow agree. This represents about 67% of the responses for d1 at the corporate governance level. 97% of the respondents on e1 also prefer to go for strongly agree and agree. The table also revealed that a significant number of the respondents were opting for somehow agree, disagree and strongly disagree.

The chi-square tests also shows that the test is highly significant at a significant value of 0.003 and so the hypothesis that, corporate governance is independent of the external audit roles at d1 and e1 is not true, and hence must be rejected.

The symmetric measures reveals that, the spearman correlation between the two variables is very weak at, 0.273, approximately 0.3. This could suggest that there may not be any correlation among the variables. A correlation value is assumed to be strong when it is very closer to -1 or 1.

Even though there is some amount of relationship between the respondent’s opinion on e5 and d1, the relationship is not strong and would only hold 0.6% of the time. Hence 99.4% of the time corporate governance code does not depend on the role of the external audit.

Solomon, (2011) argued that, to enhance transparency in a company external audit play the role, by helping the shareholders monitor and control management. This enhances security of investments which sources of funding are mostly from the shareholders. The institutional theory help to establish the importance of organizational structures in terms of conformity to rules and social accountability which is in place to enhance transparency. This test confirmed that external audit enhances transparency which protect the interest of shareholders.

Table 4.4. 1 Chi-Square Test for e5 and d4

Count		d4					Total
		1	2	3	4	5	
e5	1	12	13	6	1	0	**32**
	2	5	32	12	3	0	**52**
	3	1	5	2	3	2	**13**
	4	0	2	0	0	0	**2**
	5	0	0	0	0	1	**1**
Total		**18**	**52**	**20**	**7**	**3**	**100**

Chi-Square Tests	*Value*	*Df*	*Asymp. Sig. (2-Sided)*
Pearson Chi-Square	61.077	16	0.000
N Of Valid Cases	100		

Symmetric Measures		*Value*	*Significance*
Ordinal By Ordinal	Spearman Correlation	0.332	0.001
N Of Valid Cases		100	

Source: Field Data, 2019

The output in ***table 4.4.2*** above shows the distributions of e5 and d4. The count part of the table indicate that all the opinions shared by the respondents were skewed to one side, specifically strongly agree to somehow agree. This represents about 90% of the responses for d4 at the corporate governance level. 97% of the respondents on e5 also prefer to go for strongly agree and agree. The table also revealed that a significant number of the respondents were opting for somehow agree and strongly disagree. The chi-square tests also shows that the test is highly significant with its value at 0.0 and so the hypothesis that, corporate governance is independent of the external audit roles at d4 and e5 is not true, and hence must be rejected.

The symmetric measures indicate that, the spearman correlation between the two variables is very weak at, 0.332, approximately 0.3. This could suggest that there may be a weak correlation among the variables. Furthermore, there is some level of relationship between the respondent's opinion on e5 and d4, but the relationship is not strong enough and would only hold 0.1% of the time. Hence 99.9% of the time corporate governance code does not depend on the role of the external audit.

The concept of true and fair view, according to Kershaw (2006) means compliance with applicable and relevant accounting standards. These accounting standards were developed in order to reduce risk/prevent risk of material misstatements whether due to error or fraud in the reporting of performance by organisations. To establish strong relationship between internal and external audit functions one of the factors needed is cooperation between the parties and according to ECIIA, the higher and more frequent level of cooperation include: "The exchange of information and discussion during the risk assessment exercise concerning financial and other types of risks. The above test confirmed how independent unit as an external auditor can help in risk assessment as well as cooperating with internal auditor helps in adhering to corporate governance.

Table 4.4. 2 Chi-Square Test for e8 and d1

Count		d1					Total
		1	2	3	4	5	
e8	1	6	13	6	10	2	**37**
	2	3	24	11	13	0	**51**
	3	0	0	3	3	2	**8**
	4	0	0	0	0	3	**3**
	5	1	0	0	0	0	**1**
Total		**10**	**37**	**20**	**29**	**4**	**100**

Chi-Square Tests	*Value*	*Df*	*Asymp. Sig. (2-Sided)*
Pearson Chi-Square	38.890	16	0.002
N Of Valid Cases	100		

Symmetric Measures		*Value*	*Significance*
Ordinal By Ordinal	Spearman Correlation	0.168	0.094
N Of Valid Cases		100	

Source: Field Data, 2019

The output in ***table 4.4.3*** above shows the distributions of e8 and d1. The count part of the table indicate that all the views shared by the respondents were skewed to one side, specifically strongly agree to somehow agree. This represents about 67% of the responses for d1 at the corporate governance level. 97% of the respondents on e8 also prefer to go for strongly agree and agree. The table also suggest that a significant number of the respondents were opted for somehow agree and strongly disagree.

The Pearson chi-square tests for independence shows that the test is highly significant with its value at 0.002 and so the hypothesis that, corporate governance is independent of the external audit roles at e8 and d1 is not true, and hence must be rejected.

The symmetric measures indicate that, the spearman correlation between the two variables is very weak at, 0.168, approximately 0.2. This could suggest that there may be a weak correlation among the variables.

Additionally, there is some level of relationship between the respondent's judgment on e8 and d1, but the relationship is insignificant and would only hold 9.4% of the time. Hence 97.5% of the time one's choice of corporate governance code does not depend on the role of the external audit.

Sulaiman (2017) paper on Oversight of audit quality in the UK: insights into audit committee conduct suggests that effectiveness of the oversight role of audit quality in the UK is influenced by the quality of the chairman of the audit committee (AC) and the quality of the relationship between the AC and external auditors. This indicates that external audit as part of it roles provides oversight role assisting management in their roles towards directing and controlling an organisation for result set achievements. The agency theory describes the relationship between contract parties under which one or more persons (principal) who is/are the economic resource owner(s) engage another person (agent) who is charged with using and controlling these resources to carry out some services on their behalf, which involve delegating some decision-making controller to the agent. However, this theory proposes that such kind of relationship between the principal or manager and the agent is not very firm for some reasons. First, the agents may not be trusted to take the best action because they can act in their own interests and they usually have more information than principal leading to information asymmetry. Thus, different internal and external corporate governance mechanisms have been suggested to limit agency problems and costs and make an approach between the principal's interest and agent's interest simultaneously.

Table 4.4. 3 Chi-Square Test for e8 and d14

Count		d14					Total
		1	2	3	4	5	
e8	1	5	21	9	1	1	**37**
	2	8	28	10	4	1	**51**
	3	3	3	0	2	0	**8**
	4	2	0	1	0	0	**3**
	5	0	0	0	0	1	**1**
Total		**18**	**52**	**20**	**7**	**3**	**100**

Chi-Square Tests	*Value*	*Df*	*Asymp. Sig. (2-Sided)*
Pearson Chi-Square	43.345	16	0.000
N Of Valid Cases	100		

Symmetric Measures		*Value*	*Significance*
Ordinal By Ordinal	Spearman Correlation	-0.043	0.670
N Of Valid Cases		100	

Source: Field Data, 2019

The ***table 4.4.4*** above shows the distributions of e8 and d14. The count indicate that all the assessments by the respondents were skewed to one side (from left strongly agree to right strongly disagree). This represents about 96% of the responses for d14 at the corporate governance level. 99% of the respondents on e8 also prefer to go for strongly agree and agree. The table also suggest that a significant number of the respondents opted for somehow agree and strongly disagree.

The Pearson chi-square tests for independence shows that the test is highly significant with its significant value at 0.0 and so the hypothesis that, corporate governance is independent of the external audit roles at d14 and e8 is not true, and hence must be rejected.

The symmetric measures indicate that, the spearman correlation between the two variables is very weak at, -0.043, approximately -0.1. This could suggest that there may be a negative correlation among the variables.

Additionally, there is some level of relationship between the respondent's judgment on e8 and d14, but the relationship is insignificant and would hold 67% of the time. Hence 33% of the time one's choice of corporate governance code does not depend on the role of the external audit.

This test shows a negative weak correlation between e8 and d14. This implies the variables moves in opposite directions. It indicates that if corporate governance implementers have the resources needed to perform their individual responsibilities, then the extent of oversight role needed from both audit committee and external auditors is reduced and vice versa. The other hand release time for other equally important tasks. Practically, the board of directors plays two primary roles in developing the organizational structure and performance of companies and one is they assists IAF and EAF to oversee the management and administrative procedures that lead to the company's performance. Hence effective external audit compliments the works of board of directors which allows them to be informed and helping them to devote more time to other areas of their tasks to enhance the value of the organisation they work for.

Table 4.4. 4 Chi-Square Test for e10 and d1

Count		d1					Total
		1	2	3	4	5	
e10	1	4	11	3	10	2	**30**
	2	5	23	14	15	0	**57**
	3	0	3	3	2	2	**10**
	4	0	0	0	0	2	**2**
	5	1	0	0	0	0	**1**
Total		**10**	**37**	**20**	**29**	**4**	**100**

Chi-Square Tests	*Value*	*Df*	*Asymp. Sig. (2-Sided)*
Pearson Chi-Square	28.044	16	0.031
N Of Valid Cases	100		

Symmetric Measures		*Value*	*Significance*
Ordinal By Ordinal	Spearman Correlation	0.054	0.592
N Of Valid Cases		100	

Source: Field Data, 2019

Table 4.4.5 above shows the distributions of e10 and d1. The count indicate that all the assessments by the respondents were skewed to one side (from left strongly agree to right strongly disagree). This represents about 67% of the responses for d1 at the corporate governance level. 97% of the respondents on e10 also prefer to go for strongly agree and agree. The table also suggest that a significant number of the respondents opted for somehow agree and strongly disagree.

The Pearson chi-square tests for independence shows that the test is significant with its significant value at 0.031 and so the hypothesis that, corporate governance is independent of the external audit roles at d1 and e10 is not true, and hence must be rejected.

The symmetric measures indicate that, the spearman correlation between the two variables is very weak at, 0.054, approximately 0.1. This could suggest that there may be a weak correlation among the variables.

Furthermore, there is some level of relationship between the respondent's judgement on e10 and d1, but the relationship is insignificant and would hold 59.2% of the time. Hence 40.8% of the time one's choice of corporate governance code does not depend on the role of the external audit

It is evidenced as per above that, even though most the hotel approached for the study have not adopted any corporate governance code, there is relationship between corporate governance and audit functions. From above though the relationship holds just 59.2%, it confirms that external audit provides oversight role to detect and deter the hotel fraud, wastes, abuse and other misuses of power and resources entrusted to management. Most literatures holds that though, it is not the role of the external auditors to detect and deter fraud, wastes, abuse and other misuses, but their oversight roles helps management in performing such task. The standards governing auditing require of the external auditor to report on any of such cases when, it comes to their notice, ISA (240). It also says external auditors are responsible for obtaining reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. Therefore, the external auditors have some responsibility for considering the risk of material misstatement due to fraud.

Table 4.4. 5 Chi-Square Test for e10 and d4

Count		d4					Total
		1	2	3	4	5	
e10	1	8	15	6	0	1	**30**
	2	8	31	11	3	1	**57**
	3	2	5	2	1	0	**10**
	4	0	1	1	0	0	**2**
	5	0	0	0	0	1	**1**
Total		**18**	**52**	**20**	**7**	**3**	**100**

Chi-Square Tests	*Value*	*Df*	*Asymp. Sig. (2-Sided)*
Pearson Chi-Square	39.521	16	0.001
N Of Valid Cases	100		

Symmetric Measures		*Value*	*Significance*
Ordinal By Ordinal	Spearman Correlation	0.160	0.111
N Of Valid Cases		100	

Source: Field Data, 2019

From ***table 4.4.6*** above, the distributions of e10 and d4 shows that all the ideas shared by the respondents were skewed to one side, specifically strongly agree to somehow agree. It could also mean that respondents may be sharing the same view on several variables. This represents about 90% of the responses for d4 at the corporate governance level. 97% of the respondents on e10 opted for strongly agree and agree. The table also revealed that a significant number of the respondents opted for somehow agree, disagree and strongly disagree.

The chi-square tests shows that the test is highly significant at a significant value of 0.001 and so the hypothesis for the internal audit roles at d4 and e10 is not true, and hence must be rejected.

The symmetric measures make known that, the spearman correlation between the variables is very weak at, 0.160, approximately 0.2.

Even though there is some amount of relationship between the respondent's opinion on e10 and d4, the relationship is not strong and would only hold 11.1% of the time. Hence 88.9% of the time corporate governance code does not depend on the role of the external audit.

The relationship between e10 and d4 is weak though, it complements the two theories which underpin this study. Institutional theory provide the significance of organisation structure and established the link between the organisation and the external environment it operate, it also provides means that allows audit to serve as an oversight role on the performance of the organisation. Agency theory other hand allows conflicts arising as a result of information asymmetry to be handled and for this to be achieved mechanism for controls need to be put in place, checks and balances advance through both internal and external audit.

Table 4.4. 6 Chi-Square Test for e12 and d2

Count		d2					Total
		1	2	3	4	5	
e12	1	5	2	6	17	4	**34**
	2	0	11	12	19	10	**52**
	3	0	6	2	4	0	**12**
	4	0	0	0	0	1	**1**
	5	0	0	0	0	1	**1**
Total		**5**	**19**	**20**	**40**	**16**	**100**

Chi-Square Tests	*Value*	*Df*	*Asymp. Sig. (2-Sided)*
Pearson Chi-Square	33.568	16	0.006
N Of Valid Cases	100		

Symmetric Measures		*Value*	*Significance*
Ordinal By Ordinal	Spearman Correlation	-0.039	0.698
N Of Valid Cases		100	

Source: Field Data, 2019

The output in ***table 4.4.7*** above shows the distributions of e12 and d2. It was observed that all the views shared by the respondents were skewed to the right, specifically strongly disagree to disagree. This represents about 44% of the responses for d2 at the corporate governance level. 98% of the respondents on e12 also prefer to go for strongly agree and agree. The table also suggest that a significant number of the respondents opted for somehow agree and strongly disagree.

The Pearson chi-square tests for independence shows that the test is highly significant with its value at 0.006 and so the hypothesis that, corporate governance is independent of the external audit roles at d9 and e12 is not true, and hence must be rejected.

The symmetric measures indicate that, the spearman correlation between the two variables is very weak at, -0.039, approximately -0.04. This suggest that there may be a weak negative correlation among the variables.

Additionally, there is some level of relationship between the respondent's judgement on e12 and d9, but the relationship is insignificant and would only hold 69.1% of the time.

The relationship established here is a negative one. The study result implies that Employees are aware of the benefits of good corporate governance for their company but this awareness is weak. It could be suggested that the more employees hold this position, the less insight responsibilities on external auditors and vice versa. It makes sense since, the more the benefits the awareness brings to the stakeholders, the more they are motivated and encourage to increase principles that lead to these benefits. It implies controls are reliable and functioning, assessing risk and reducing such, investments in assets are secured, stakeholders value maximized and therefore less work demanded from external auditors.

Table 4.4. 7 Chi-Square Test for e12 and d4

Count		d4					Total
		1	2	3	4	5	
e12	1	6	16	9	2	1	**34**
	2	12	30	6	3	1	**52**
	3	0	6	4	2	0	**12**
	4	0	0	1	0	0	**1**
	5	0	0	0	0	1	**1**
Total		**19**	**52**	**20**	**2**	**7**	**100**

Chi-Square Tests	*Value*	*Df*	*Asymp. Sig. (2-Sided)*
Pearson Chi-Square	45.710	16	0.000
N Of Valid Cases	100		

Symmetric Measures		*Value*	*Significance*
Ordinal By Ordinal	Spearman Correlation	0.084	0.407
N Of Valid Cases		100	

Source: Field Data, 2019

In ***table 4.4.8*****,** it was observed that all the views shared by the respondents were skewed to the left. This represents about 91% of the responses for d4. 98% of the respondents on e12 also prefer to go for strongly agree and agree. The table suggest that a significant number of the respondents opted for somehow agree and strongly disagree.

The Pearson chi-square tests for independence shows that the test is highly significant with its value at 0.00 and so the hypothesis that, corporate governance is independent of the external audit roles at e12 and d4 is not true, and hence must be rejected.

The symmetric measures indicate that, the spearman correlation between the two variables is very weak at, 0.084, approximately 0.1. This suggest that there may be a weak correlation among the variables.

Furthermore, there is some level of relationship between the respondent's judgement on e12 and d4, but the relationship is insignificant and would only hold 40.7% of the time.

Dobroţeanu, and Dobroţeanu, (2002) opined that the essence of the coordination of both internal and external audit is of two points of view. From external audit's point of view it is important because, in this way (i.e. coordination), external auditors have the possibility to raise the efficiency of financial statements audit; and that of the internal audit's point of view the coordination assures for the internal audit a plus of essential information in the assessment of risks control. These information are produced by way of the auditors obtaining evidence through the performance of audit procedures. Weaknesses reported and recommendations giving by way of management letters. This test affirms that, with coordination external and internal audit provides insight to assist decision-makers by sharing best practices and benchmarking information and help in adhering to corporate governance.

Table 4.4. 8 Chi-Square Test for e14 and d1

Count		d1					Total
		1	2	3	4	5	
e14	1	5	9	2	7	1	**24**
	2	5	25	14	17	0	**61**
	3	0	1	4	3	2	**10**
	4	0	1	0	2	1	**4**
	5	0	1	0	0	0	**1**
Total		**10**	**37**	**20**	**29**	**4**	**100**

Chi-Square Tests	*Value*	*Df*	*Asymp. Sig. (2-Sided)*
Pearson Chi-Square	27.096	16	0.040
N Of Valid Cases	100		

Symmetric Measures		*Value*	*Significance*
Ordinal By Ordinal	Spearman Correlation	0.225	0.025
N Of Valid Cases		100	

Source: Field Data, 2019

According to ***table 4.4.9***, it was observed that all the views shared by the respondents were skewed to the left. This represents about 67% of the responses for d1. 95% of the respondents on e14 also prefer to go for strongly agree and agree. The table suggest that a significant number of the respondents opted for somehow agree and strongly disagree.

The Pearson chi-square tests for independence shows that the test is highly significant with its value at 0.040 and so the hypothesis that, corporate governance is independent of the external audit roles at d1 and e14 is not true, and hence must be rejected.

The symmetric measures indicate that, the spearman correlation between the two variables is very weak at, 0.225, approximately 0.2. This suggest that there may be a weak correlation among the variables.

Furthermore, there is some level of relationship between the respondent's judgement on e12 and d4, but the relationship is insignificant and would only hold 2.50% of the time.

Despite none of the hotels has adopted any corporate governance code, the test reviewed that, there is correlation between adopting a corporate governance and external audit role. It provides insight role to institutionalize the hotel learning by providing ongoing feedback to adjust policies. More so, it can also be agreed that, an organisation without corporate governance code, can rely on the recommendations of external audit and make them the basis of performance assessment and evaluation.

Table 4.4. 9 Chi-Square Test for e14 and d2

Count		d2					Total
		1	2	3	4	5	
e14	1	4	3	2	12	3	**24**
	2	1	13	15	25	7	**61**
	3	0	1	3	2	4	**10**
	4	0	1	0	1	2	**4**
	5	0	1	0	0	0	**1**
Total		**5**	**19**	**20**	**40**	**16**	**100**

	Value	*Df*	*Asymp. Sig. (2-Sided)*
Pearson Chi-Square	26.952	16	0.042
N Of Valid Cases	100		

Symmetric Measures		*Value*	*Significance*
Ordinal By Ordinal	Spearman Correlation	0.094	0.353
N Of Valid Cases		100	

Source: Field Data, 2019

In ***table 4.2.10***, it was observed that about 44% of the respondents for d2 were agreeing as compared to 56% of those who disagree. About 95% of the respondents on e14 also strongly agree. It also indicate that a significant number of the respondents opted for somehow agree and strongly disagree.

The Pearson chi-square tests for independence also shows that the test is highly significant with its value at 0.042 and so the hypothesis that, corporate governance is independent of the external audit roles at d2 and e14 is not true, and hence must be rejected.

The symmetric measures indicate that, the spearman correlation between the two variables is very weak at, 0.094, approximately 0.1. This suggest that there may be a weak correlation among the variables.

Furthermore, it was observed that among the two independent variables, there exist a relationship between the respondent's judgement on e14 and d2, but the relationship is insignificant and would only hold 35.3% of the time.

56% of respondents disagree with the statement corporate governance code is irrelevant to the operations of the hotel indicating that, corporate governance is relevant though the relationship is weak. To strengthen the various learning curve for reporting on financial performance, both internal and external audit functions must provide feedbacks as the test affirms. This help both management and employees as to their responsibilities when it comes to reporting.

Table 4.4. 10 Chi-Square Test for e15 and d2

Count		d2					Total
		1	2	3	4	5	
e15	1	5	9	14	12	7	**47**
	2	0	10	4	21	5	**40**
	3	0	0	2	6	2	**10**
	4	0	0	0	1	2	**3**
	5	0	0	0	0	0	**0**
Total		**5**	**19**	**20**	**40**	**16**	**100**

Chi-Square Tests	*Value*	*Df*	*Asymp. Sig. (2-Sided)*
Pearson Chi-Square	24.029	12	0.02
N Of Valid Cases	100		

Symmetric Measures		*Value*	*Significance*
Ordinal By Ordinal	Spearman Correlation	0.280	0.005
N Of Valid Cases		100	

Source: Field Data, 2019

From ***table 4.4.11***, it was observed that about 44% of the respondents for d2 were agreeing as compared to 56% of those who disagree. About 97% of the respondents on e15 also strongly agree. It therefore suggest that a significant number of the respondents opted for somehow agree and strongly disagree.

The Pearson chi-square tests for independence also shows that the tests is highly significant with its value at 0.02 and so the hypothesis that, corporate governance is independent of the external audit roles at d2 and e15 is not true, and hence must be rejected.

The symmetric measures indicate that, the spearman correlation between the two variables is very weak at, 0.280, approximately 0.3. This suggest that there may be a weak correlation among the variables.

Furthermore, it was observed that among the two independent variables, there exist a relationship between the respondent's judgement on e15 and d2, but the relationship is insignificant and would only hold 0.5% of the time.

The relevance of corporate governance code is demonstrated by the test, where 56% of the respondent rejected the statement corporate governance code is irrelevant to the operations of the hotel. This also demonstrated that external audit provides foresight role by helping the hotel to look forward and by identifying trends and bringing attention to emerging challenges before they become crises. This is because the audit activities can highlights challenges to come such as from economic conditions or changing security threats.

Table 4.4. 11 Chi-Square Test for e15 and d4

Count		d4					Total
		1	2	3	4	5	
e15	1	9	27	9	0	2	**47**
	2	6	23	8	3	0	**40**
	3	2	2	2	4	0	**10**
	4	1	0	1	0	1	**3**
	5	0	0	0	0	0	**0**
Total		**18**	**52**	**20**	**7**	**3**	**100**

Chi-Square Tests	*Value*	*Df*	*Asymp. Sig. (2-Sided)*
Pearson Chi-Square	34.982	12	0.000
N Of Valid Cases	100		

Symmetric Measures		*Value*	*Significance*
Ordinal By Ordinal	Spearman Correlation	0.169	0.092
N Of Valid Cases		100	

Source: Field Data, 2019

In ***table 4.4.12***, it was observed that about 90% of the respondents for d4 were agreeing as compared to 10% of those who disagree. About 97% of the respondents on e15 also strongly agree. It also indicate that a significant number of the respondents opted for somehow agree and strongly disagree.

The Pearson chi-square tests for independence also shows that the test is highly significant with its value at 0.0 and so the hypothesis that, corporate governance is independent of the external audit roles at d4 and e15 is not true, and hence must be rejected.

The symmetric measures indicate that, the spearman correlation between the two variables is very weak at, 0.169, approximately 0.2. This confirms a weak correlation among the variables.

Furthermore, it was observed that among the two independent variables, there exist a relationship between the respondent's judgement on e15 and d4, but the relationship is insignificant and would only hold 9.2% of the time.

The relationship between e15 and d4 though weak affirms that for adherence to corporate governance, both internal and external audit functions coordination are needed, Dobroţeanu, and Dobroţeanu, (2002). This test posits that there is some relationship that exist and that corporate governance which looks beyond corporate management into the future, would improve by identifying future trends as well as emerging challenges and preparing for them before they become crisis. This function can be provided by external audit.

Table 4.4. 12 Chi-Square Test for e15 and d7

Count		d7					Total
		1	2	3	4	5	
e15	1	23	18	2	3	1	**47**
	2	7	28	4	1	0	**40**
	3	2	3	3	2	3	**10**
	4	2	0	1	0	0	**3**
	5	0	0	0	0	0	**0**
Total		**34**	**49**	**10**	**6**	**4**	**100**

Chi-Square Tests	*Value*	*Df*	*Asymp. Sig. (2-Sided)*
Pearson Chi-Square	27.297	12	0.007
N Of Valid Cases	100		

Symmetric Measures		*Value*	*Significance*
Ordinal By Ordinal	Spearman Correlation	0.260	0.009
N Of Valid Cases		100	

Source: Field Data, 2019

In ***table 4.4.13***, it was observed that about 93% of the respondents for d7 were agreeing as compared to 3% of all the respondents who disagree. About 97% of the respondents on e15 also strongly agree. This also suggest that most of the respondents may be expressing the same opinion on the two variables considered. It also indicates that a significant number of the respondents opted for somehow agree and strongly disagree.

The Pearson chi-square tests for independence also shows at a high chi-square value of 27.297 the test is highly significant with its value at 0.007 and so the hypothesis that, corporate governance is independent of the external audit roles at d7 and e15 is not true, and hence must be rejected.

The symmetric measures indicate that, the spearman correlation between the two variables is very weak at, 0.260, approximately 0.3. This confirms a weak correlation among the variables.

Furthermore, it was observed that among the two independent variables, there exist a relationship between the respondent's judgment on e15 and d7, but the relationship is insignificant and leading credence to the fact that the test only holds 0.9% of the time.

The board of directors are those in charge of corporate governance in an organisation. It is the responsibility of the board to ensure that there are no any malpractices, ISA (240). Knowing ahead of future possible challenges is critical because, agency theory posit that, they represent shareholders to protect their interest for fees. This relationship is not in all free from conflict, hence the need for external referee.

Table 4.4. 13 Chi-Square Test for e15 and d10

Count		d10					Total
		1	2	3	4	5	
e15	1	28	16	2	1	0	**47**
	2	10	30	0	0	0	**40**
	3	2	7	1	0	0	**10**
	4	2	0	1	0	0	**3**
	5	0	0	0	0	0	**0**
Total		**42**	**53**	**4**	**1**	**0**	**100**

Chi-Square Tests	*Value*	*Df*	*Asymp. Sig. (2-Sided)*
Pearson Chi-Square	26.856	9	0.001
N Of Valid Cases	100		

Symmetric Measures		*Value*	*Significance*
Ordinal By Ordinal	Spearman Correlation	0.281	0.005
N Of Valid Cases		100	

Source: Field Data, 2019

In ***table 4.4.14***, it was observed that about 99% of the respondents for d10 were agreeing as compared to 3% of all the respondents who disagree. About 97% of the respondents on e15 also strongly agree. This also suggest that most of the respondents may be expressing the same opinion on the two variables considered. It also indicate that a significant number of the respondents opted for somehow agree and strongly disagree.

The Pearson chi-square tests for independence also shows that, at a high chi-square value of 27.297 the test is highly significant with its value at 0.001 and so the hypothesis that, corporate governance is independent of the external audit roles at d10 and e15 is not true, and hence must be rejected.

The symmetric measures indicate that, the spearman correlation between the two variables is very weak at, 0.281, approximately 0.3. This confirms a weak correlation among the variables.

Furthermore, it was detected that among the two independent variables, there exist a relationship between the respondent's judgement on e15 and d10, but the relationship is insignificant and leading credence to the fact that the test only hold 0.5% of the time.

This affirms that there is a relationship between corporate governance and external audit. The external audit provides foresight role by helping the hotel to look forward and by identifying trends and bringing attention to emerging challenges before they become crises highlighting both legal consequences of none-compliance and corporate governance make sure they are followed.

Analysis of data collated as a result of interviews conducted

As per the research designed, the researcher used the mixed method. The following analysis were based on the data collated from the interview. Fifty (50) senior level management members from the ten (10) hotels, five (5) per hotel were sampled for interview. A total of 27 senior level managers were interviewed (at least 2 from each hotel) due to their time schedules and other responsibilities. The analysis is to throw more light on the quantitative analysis done above. The data from the interview were summarized qualitatively and interspersed with the results obtained from the questionnaires. All the interviews were transcribed, coded and analysed in line with the objectives of the study. The raw data was transcribed and then read over and over again to establish a pattern of flow between the interviews which became the titles for the discussion of the data. All comments that can be traced to a particular participant were removed from the data and the data was then analysed.

Table 4.4. 14. The frequency for internal and External Audit on Corporate Governance variables by the managers

Variables	**1**	**2**	**3**	**4**	**5**
Internal audit	58	38	17	6	2
External audit	70	60	47	39	11
Corporate Governance	37	43	72	22	22
Total	**165**	**141**	**136**	**67**	**22**

Source: Field Data, 2019

From the frequency distribution table above, we could deduce, in general, that the respondents are divided mostly over all the variables. This is because the proportion of all who agree, in most cases is almost equal to those disagreeing or somehow agree. It should also be seen that respondents appear to agree strongly with all the roles enumerated at both the internal audit, external audit and corporate governance levels respectively.

Management of the hotels attest to the facts that internal and external audit roles are significant to the operations of their hotels based on this study, but have mixed reaction when it comes to corporate governance. As per the test results analysed above it is confirmed that internal and external audit play important roles in the operations of the hotels. The influence of owners in the affair of the hotels does not allow the role of these tools to permeate and influence corporate governance to yield the needed results. La Porta et al., (1998), mentioned that in listed firms in emerging economies, it is common for controlling families to occupy key managerial posts, and the succession planning of a firm is usually focused upon the appointment of other family members to managerial roles rather than external professionals. The effects of this structure sometimes erode the benefits of corporate governance principles.

Many scholars have attempted to examine the causes as well as to search for ways to reform after the financial and economic crisis in 1997 shook many top family businesses in the world, leading to an erosion of their business base. The crisis wiped out some of the most prominent family business groups in the world. The crisis has generated a lot of interest. According to Alfred and Wen, (2015), one of the contributing factors is the poor corporate governance in the corporate sector, is due to "ownership concentration". They continued and said that if the goal is long term continuity, then this points to the need to institutionalize the roles and relationships that are present in the family business, rather than simply rely on current relationships. In short, long term business continuity requires there to be clarity as to how the family business will be governed. This is a concern because most of the hotels used are family owned.

Table 4. 5 A chi-square test for both Internal and External Audit on Corporate Governance variables by the managers

Pearson Chi-Square	*value*	*df*	*Asymp. Sig. (2-Sided)*
Internal Audit	*1632.00*	*12*	*0.000*
External Audit	*1632.00*	*12*	*0.000*

Symmetric Measures

Ordinal By Ordinal	Spearman Correlation	*Value*	*Significance*
	Internal Audit	*-0.020*	*0.647*
	External Audit	*-0.020*	*0.647*

Source: Field Data, 2019

The chi-square tests also shows that the test is highly significant at a significant value of 0.000 meaning p value is less than .001 for all internal and external variables on corporate governance. The symmetric measures reveals that, the spearman correlation between the two variables is very weak at, -0.020. Even though there were relationships between the respondent’s opinions, the relationship is not strong and would only hold 64.7% of the time.

Hence, the results obtained from the interview of the managers lead credence to the information collected from the workers. This means that both sides attest to the fact that the corporate governance does depend on the role of the internal and external audit functions.

Accordingly, though it has been evidenced that audit has roles in corporate governance, the understanding based on this study is that these two variables have some inverse relationship. This has also been confirmed above through the test performed on individual variables on corporate governance structure.

4.3 Chapter Summary

Internal audit is one of the most important functions of an organization because it is considered as a valuable tool for increasing the financial information quality and ensuring the validity of financial reporting. At the same time, in developing a strong corporate governance structure, according to the agency theory, it is important to alleviate the possible conflicts of interests between management and company's shareholders which is caused by the asymmetry of financial information between these two parties. This asymmetry of information can be handled with the contribution of an effective and independent internal audit department which provides the necessary financial information to both managers and shareholders in order to improve the level of confidence between each other. The consulting role of internal audit, its new management-oriented scope and the fact that it adds value to the organization, as it is stated in the Sarbanes-Oxley Act (2002), enhance the role of internal audit in corporate governance matters and makes it an important factor in developing a strong governance structure. Furthermore, the external audit seems to play a very important role in this relationship because it can be considered as a link between the internal audit function and the corporate governance mechanisms. Some of the most important responsibilities of an independent and effective external audit is to emphasis that all financial accounting operations have been recorded according to generally accepted accounting principles and that the published financial statements matches up with the data contained in the records, and that the report of the auditor witnesses of the justice of the representation of these data of work results for a certain period, the financial position on a specific date, based on the audit standards and rules of professional conduct and evidence of adequate appropriate audit. The report shall reflect on the extent to which this data is free of errors and material distortions, and not to give the opinion of an error in the financial statements prepared by the administration, Al-Jaafreh, (2008). Also as an oversight role to participate in the audit planning and to monitor the audit work and also to monitor the activity of the board of directors, which means that it has an impact on defining corporate governance structures.

The relationships established somehow show negative weak correlation, even though it has been established that these tools enhance corporate governance.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The chapter deals with the conclusion of the study. It gives the summary of the various findings of the research, conclusions derived from the study, recommendations and suggestions for future study.

5.2 Summary of the Study

The rationale for this study is to investigate the role of internal and external audit in corporate governance structure in hotels. To achieve this the agency and institutional theories was helpful in better understanding of board functions and companies performance. As the agency theory encourages boards to improve company's performance through corporate governance and monitoring principals, the institutional theory emphasizes the significance of administrative practices and adherence to regulations to improve the organizational effectiveness. This helped the researcher to examine the roles of both internal and external audit in the structure of corporate governance. The key objectives addressed in this study include investigating whether the internal and external audit functions are seen as important and value adding function to the organization's operations, whether internal and external audit functions enhance good corporate governance and whether the expectations of external stakeholders in regards to internal and external audit.

The research method to address the above objectives was quantitative method. Both questionnaires and interviews were used as tools to collect data which analysed using tables, chat and graph. Chi-Square Test was performed to establish whether there is a relationship among the variables understudied with a null hypothesis:

$H_{1:}$ corporate governance is independent of the external audit roles

H_2 corporate governance is independent of the internal audit roles

5.2.1 Key Findings

Investigating whether the internal and external audit functions are seen as important and value adding function to the organization's operations

It was discovered that Internal audit functions provide assurance by assessing and reporting on the effectiveness of governance, reporting on the risk management procedures in the hotels, control procedures of the hotels, act as a catalyst for management and the board to have a deeper understanding of governance processes and structures, risk and control which provokes positive change and innovation within the hotels, provides foresight to the hotels by identifying trends and bringing attention to emerging challenges before they become crises, helps to evaluate the hotels' operational performance, helps to ensure adequacy and effective internal control systems, helps to ensure responsible corporate governance, helps to detect, prevent and correct fraud in financial statements which may threaten the integrity and quality of reports. These were seen to have shown some levels of correction.

Also external audit functions are important and value adding functions to the organization's operations, since it is seen as a tool that; helps to protect the interest of shareholders, as an independent function to protect the interest of shareholders, promotes accountability, compelling measures and policies to enforce accountability in the hotels, helps in risk assessment as an independent unit, provides oversight role by evaluating whether the hotels are doing what it is supposed to do, provides oversight role by making sure that the hotels spend funds for the intended purposes and complying to law and regulation, provides support to governance by verifying reports of financial and programs performance and by testing adherence to the hotel's rules and aims, provides oversight role to detect and deter the hotels fraud, wastes, abuse and other misuses of power and resources entrusted to management, provides insight to assist decision-makers by assessing which programs and policies are working and which are not, provides insight to assist decision-makers by sharing best practices and benchmarking information, provides insight role by looking horizontally across the hotel and vertically among the levels of the hotels to find opportunities to borrow, adapt or reengineer management practices, provides insight role to institutionalized the hotels learning by providing ongoing feedback to adjust policies, provides foresight by helping the hotel to look forward and by identifying trends and bringing attention to emerging challenges before they become crises and also provides foresight role by highlighting challenges to come.

Hence it is posited that the specific roles internal and external audit play in corporate governance are; provision of assurance for effective corporate governance; assessment of risk and risk management procedures; reporting on control procedures; play oversight, insight and foresight roles by making sure that funds are spent accordingly, decision-makers have needed information for their decision making processes as well as complying to law and regulation and help management to look forward and by identifying trends and bringing attention to emerging challenges before they become crises

Investigating whether internal and external audit functions enhance good corporate governance

In relation to above objective, it is concluded by this study that internal and external audit provide oversight roles by making sure that the hotel spends funds for the intended purposes and complying with law and regulation, provide foresight by helping the hotel to look forward and by identifying trends and bringing attention to emerging challenges before they become crises and also highlighting challenges to come. They also provide insight to assist decision-makers by assessing which programs and policies are working and which are not. Those charged with governance are the board of directors and their roles according to King IV Report (2016), is to "Steers and sets strategic direction with regards to both the organizations strategy and the way in which specific governance areas are to be approached, addressed and conducted; approves policy and planning that give effect to the strategy and the set direction; ensures accountability for organizational performance by means of, among others reporting and disclosure; and oversees and monitors implementation and execution by management"

Investigating the expectations of external stakeholders in regards to internal and external audit.

To access this objective, the questions posed during interview were: Do you think external stakeholders' expectations of good corporate governance are meet by the roles internal and external audit play? What do you think are the expectations of shareholders, government, financiers and other interested parties in relation to the functions of internal and external audit?

It was discovered that management understands the expectations of external stakeholders, especially the shareholders and also knew that these expectations such as protecting their interests, safeguarding of investment, increase in value of investments, payment of obligations when due, provisions of employment, expansion and growth in operation can be met when internal and external audit functions are acquired and allow to perform as expected, but all of the hotels have not adopted corporate governance code for it direction and control. Most do not have a well-functioning internal audit department and also not audited for so many years. Another question posed was: Do you think internal and external audit services are expensive? For internal audit a 100% 'NO' was recorded, but with the external audit almost all the managers interviewed (27 out of 50 sampled) said yes.

5.3 Conclusion

From the findings, it was finally concluded that in determining the Role of Internal and External Audit in Corporate Governance Structure in Hotels, both internal and external audit play important roles as mentioned above in enhancing corporate governance roles in organisations. The two functions coordinate in providing assurance, enhancing and improving internal control systems, risk assessments and management, enhancing financial reporting, ensuring funds are spent as expected as well as providing oversight, foresight and insight roles in relation to compliance to law and regulations both internal and external. There is relationship between audit (both internal and external) and corporate governance leading to rejection of all the null hypothesis (H_1&H_2). Internal audit is not expensive because mostly this is provided by staff but external audit is expensive and could be the reason why most of the hotels studied do not use this service. Management acknowledges that these services are significant and adoption of corporate governance code is relevant but seems not interested in using these services and adopting the governance code.

5.4. Recommendation

After thorough review of textbooks, responses from the questionnaire and interviews with the all respondents in Internal and External Audit, I hereby recommend that there is the need to create more awareness of the significance of corporate governance in hotel operations and other entity where corporate governance principles are none existence or existence but not adhere to. There is also the need to look at corporate governance practices in hotels since governments are putting in place policies to revamp this sector for increased foreign exchange. Management should put in place an ethical code of conduct for staff and senior managers so as to promote the hotels as one that is ethical in the delivery of their services to stakeholders and the end means is to meet shareholders. Routine monitoring and evaluation of performance should be encouraged so that non-compliance and misappropriations are reduced or eliminated. Senior managers and staff should be equipped with skills and knowledge for effective management of resources/businesses for the interest of all stakeholders. Senior managers or staff who do not comply with the accountability framework should be penalized or sanctioned to serve as deterrent to ignore accountability practice.

5.5. Further Research Suggestions

There is little research done in the hospitality sector especially hotels in Ghana, corporate governance in hotels studied have not be developed, and management seems not to have interest in acquiring internal and external audit. It is my recommendation that more research should be conducted into internal audit, external audit and corporate governance practices especially now that governments are putting much efforts in place to promote this sector as one of the major foreign exchange earning sectors.

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APPENDIX 1

UNIVERSITY OF GHANA BUSINESS SCHOOL

GRADUATE STUDIES

DEPARTMENT OF ACCOUNTING AND FINANCE

QUESTIONNAIRE FOR MANAGEMENT

Dear Respondent,

As part of my course MSc. Accounting and Finance at the University of Ghana Business School, I am carrying out a research on the topic**: The Role of Internal and External Audit in Corporate Governance Structure in Hotels**. The study seeks to determine the Role of Internal and External Audit in Corporate Governance Structure in Hotels in the Volta Region specifically Ho. As one of the target respondents, your views and opinions are very important to this study. I kindly hereby request you to spare some time to fill this questionnaire. The responses obtained will be confidential and strictly be used for academic purpose only. Thank you for your co-operation.

Please **tick (√)** where applicable.

SECTION A: BACKGROUND INFORMATION

1. Gender: Male ( ) Female ( )

2. Age: 20-29( ) 30-39( ) 40-49( ) 50 and above ( )

3. Level of education

O' level ( ) A' level ( ) Certificate ( ) Diploma ( ) Degree ( ) Other (specify)………………………

4. What is your current level of management in the Hotel?

Top Management ( ) Middle Management ( ) Lower management ( )

5. Which department(s) are you responsible towards?

Administration ( ) Accounts and Finance ( ) Procurement ( ) Others (specify)…………………….

6. Number of years worked in the department

1-5 ( ) 6-10 ( ) 11-15 ( ) 16-20 ( ) 21 and above ( )

SECTION B:

Please indicate by ticking the extent to which you agree or disagree with the information in the table for ***Strongly Agree (5), Agree (4), Somehow Agree (3), Disagree (2) and Strongly Disagree (1).***

No.	Statement	Strongly Agree	Agree	Somehow Agree	Disagree	Strongly Disagree
	Role of Internal Audit:					
1.	Internal audit provides assurance by assessing and reporting on the effectiveness of governance.					
2.	Internal audit provides assurance by assessing and reporting on the risk management procedures in the hotel					

3.	Internal audit provides assurance by assessing and reporting on the control procedures of the hotel					
4.	All the above is meant to help the hotel to achieve strategic, operational, financial and compliance objectives					
5.	Internal audit provides insight by acting as a catalyst for management and the board to have a deeper understanding of governance processes and structures					
6.	Internal audit provides insight on governance, risk and control which provoke positive change and innovation within the hotel					
7.	Internal audit provides foresight to the hotel by identifying trends and bringing attention to emerging challenges before they become crises					
8.	Internal audit helps to evaluate the hotel’s operational performance					
9.	Internal audit helps to ensure adequate and effective internal control systems					

10.	Internal audit helps to ensure responsible corporate governance					
11.	Internal audit helps to detect, prevent and correct fraud in financial statements which may threaten the integrity and quality of reports					
	Role of External Audit					
1.	External audit functions help to protect the interest of shareholders					
2.	The external audit function is seen as an independent function to protect the interest of shareholders					
3.	External audit promotes accountability					
4.	External audit introduces compelling measures and policies to enforce accountability in the hotel					
5.	External audit helps in risk assessment as an independent unit					
6.	External audit is an essential element of the hotel governance system					

7.	External audit provides an oversight role by evaluating whether the hotel is doing what it is supposed to do.					
8.	External audit provides an oversight role by making sure that the hotel spends funds for the intended purposes and complying with law and regulation					
9.	External audit provides support to governance by verifying reports of financial and program performance and by testing adherence to the hotel's rules and aims					
10.	External audit provides an oversight role to detect and deter the hotel fraud, wastes, abuse and other misuses of power and resources entrusted with the management					
11.	External audit provides insight to assist decision-makers by assessing which programs and policies are working and which are not					

12.	External audit provides insight to assist decision-makers by sharing best practices and benchmarking information					
13.	External audit provides insight role by looking horizontally across the hotel and vertically among the levels of the hotel to find opportunities to borrow, adapt or reengineer management practices					
14.	It provides insight role to institutionalized the hotel learning by providing ongoing feedback to adjust policies					
15.	It provides foresight by helping the hotel to look forward and by identifying trends and bringing attention to emerging challenges before they become crises					
16.	It also provides foresight role by highlighting challenges to come					
	Corporate Governance					

1.	The hotel has not adopted any corporate governance code					
2.	Corporate governance code is irrelevant to the operations of the hotel					
3.	Implementation of corporate governance code is too expensive					
4.	Internal and external audit help in adhering to corporate governance and that is enough.					
5.	Management appreciates the functions of auditing but these functions are too expensive to acquire					
6.	It is important to have a board with diverse background/experience					
7.	It is the responsibility of the board to ensure that there is no any malpractices					
8.	It is unnecessary to know details about the duties and responsibilities of the board					

9.	Employees are aware of the benefits of good corporate governance for their company					
10.	Company management promotes compliance with legal requirements and rules					
11.	The internal audit team is able to evaluate and enhance the internal control system of the company					
12.	Corporate governance is a key to organisation success					
13.	It is essential to have a training about the governance issues					
14.	Internal auditors have the resources needed to perform their individual responsibilities					

15.	The internal audit team is able to evaluate and enhance the internal control system of the company					

APPENDIX 2

INTERVIEW GUIDE FOR KEY MANAGERS

Part A: General and Background Information

General information

1. Designation of Respondent:

2. Functions:

3. Number of years in current position

4. Working years in the organisation

5. Other positions held

Background of Organisation

1. Main lines of Activities (any changes, when and why?)

2. Sources of funding (any changes and why?)

3. Regulatory framework (any changes and why?):

Part B: Corporate Governance Practices

1. Has the hotel adopted any corporate governance code?

2. Do you think corporate governance code is irrelevant to the operations of the hotel?

3. Do you think Implementation of corporate governance code is too expensive? Please clarify

4. What do you think is internal and external audit? Is there any differences? Do you think external stakeholders' expectations of good corporate governance are meet by the roles internal

and external audit play? What do you think are the expectations of shareholders, government, financiers and other interested parties in relation to the functions of internal and external audit?

5. Do you think internal and external audit help in adhering to corporate governance and that is enough?

6. Do you think it is the responsibility of the board to ensure that there is no any malpractices?

7. Do you think it is important to have a board with diverse background/experience?

8. Why is internal and external audit necessary?

9. Do you think the functions of internal and external audits have contribute to the corporate governance of this organisation? Are they affordable?

10. Do you think internal and external audit services are expensive?

Part C: Role of internal audit

1. Do you think internal audit provides assurance by assessing and reporting on the effectiveness of governance?
2. Do you think internal audit provides assurance by assessing and reporting on the risk management procedures in the hotel?
3. Why do you think internal audit provides assurance by assessing and reporting on the control procedures of the hotel?
4. Do you think assurance is meant to help the hotel to achieve strategic, operational, and financial and compliance objectives?
5. Internal audit provides insight by acting as a catalyst for management and the board to have a deeper understanding of governance processes and structures. Do you agree? How?

6. Internal audit provides insight on governance, risk and control which provokes positive change and innovation within the hotel. Do you agree? How?
7. Do you think other employees are aware of the benefits of good corporate governance for their company?

Part D: Role of external audit

1. Do you think external audit provides oversight role by evaluating whether the hotel is doing what it is supposed to do?
2. Do you think external audit provides oversight role by making sure that the hotel spends funds for the intended purposes and complying with law and regulation?
3. External audit provides support to governance by verifying reports of financial and programs performance and by testing adherence to the hotel’s rules and aims. Do you agree? How?
4. External audit provides oversight role to detect and deter the hotel fraud, wastes, abuse and other misuses of power and resources entrusted to management. Do you agree? How?
5. External audit provides insight to assist decision-makers by assessing which programs and policies are working and which are not. Do you agree? How?
6. Do you think external audit provides insight to assist decision-makers by sharing best practices and benchmarking information? How?
7. Why do you think external audit provides insight role by looking horizontally across the hotel and vertically among the levels of the hotel to find opportunities to borrow, adapt or reengineer management practices?

8. Do you think external audit provides insight role to institutionalize the hotel learning by providing ongoing feedback to adjust policies?
9. It provides foresight by helping the hotel to look forward and by identifying trends and bringing attention to emerging challenges before they become crises. Do you agree?
10. It also provides foresight role by highlighting challenges to come. Do you agree? How?