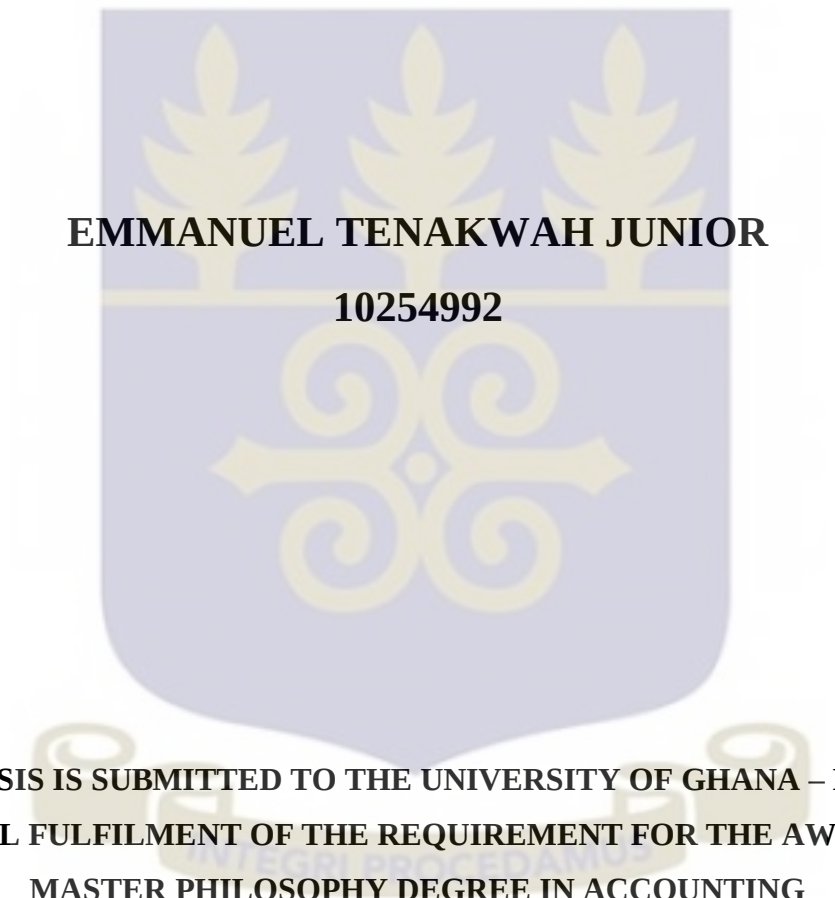


UNIVERSITY OF GHANA

REFORMS AND PUBLIC SECTOR AUDITING IN GHANA

The crest of the University of Ghana is a shield-shaped emblem. The upper portion of the shield is light blue and contains three stylized golden trees. The lower portion is a darker blue and features a golden ornamental design consisting of a central cross-like shape with four curved, scroll-like ends. The author's name and ID number are superimposed on the upper part of the shield.

EMMANUEL TENAKWAH JUNIOR

10254992

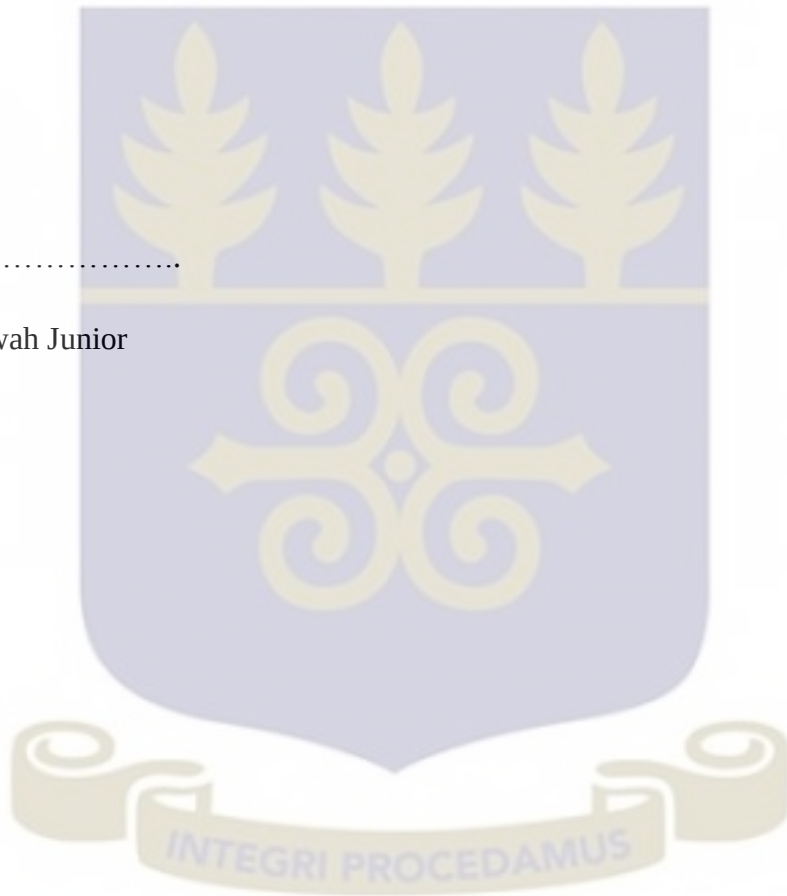
**THIS THESIS IS SUBMITTED TO THE UNIVERSITY OF GHANA – LEGON IN
PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF
MASTER PHILOSOPHY DEGREE IN ACCOUNTING**

JULY 2015

DECLARATION

To the best of my knowledge and belief, this thesis has not been previously published by any person except previously published materials that have been duly acknowledged. The thesis has not been accepted for the award of any other degree in any university.

.....
Emmanuel Tenakwah Junior
(10254992)



CERTIFICATION

I hereby certify that this thesis was supervised in accordance with procedures laid down by the university.

.....	
Dr. Samuel Nana Yaw Simpson (Supervisor)	Date
.....	
Dr. Cletus Agyenim-Boateng (Co-Supervisor)	Date



DEDICATION

The ultimate dedication goes to the Almighty God for his guidance and abundant grace granted on me. I also dedicate this work to my beloved parents, Mr. Peter Kwabena Tenakwah and Mrs. Mercy Owusu-Ansah, who continue to inspire me in every endeavour. I further dedicate it to my siblings Emmanuel, Agnes, Prince, Eugene and Joel who have always encouraged me to attain higher heights in education.



ACKNOWLEDGEMENTS

I am greatly indebted to my supervisors, Dr. Samuel Nana Yaw Simpson and Dr. Cletus Agyenim-Boateng for being patient and kind in guiding and offering me constructive criticisms, encouragement and useful suggestions. I must mention that I have learnt a lot from them. I am equally thankful to all my lecturers for their contributions in making it possible for me to successfully pursue this course.

Also, I am very much indebted to Dr. Francis Aboagye-Otchere for his continuous encouragement, inspiration and support towards my education. Again I acknowledge Mrs. Esther Asiedu and Mr. Benjamin Otchere-Ankrah for their immense inspiration and support towards this journey.

I am grateful to the following persons for their help during my data gathering namely: Rev. Gharney, Mr. Winful, Mr. Jerry Quao, Mr. Patrick Teye, Mr. Lawrence Ayabiga, Mr. Jacob Essilfie, Mr. Zakaria, and Mr. Henry Kwadjo Missah. Finally, to all my seniors and colleagues in the department of accounting for the support and immense contribution towards the completion of this work. To all, I say God bless you.

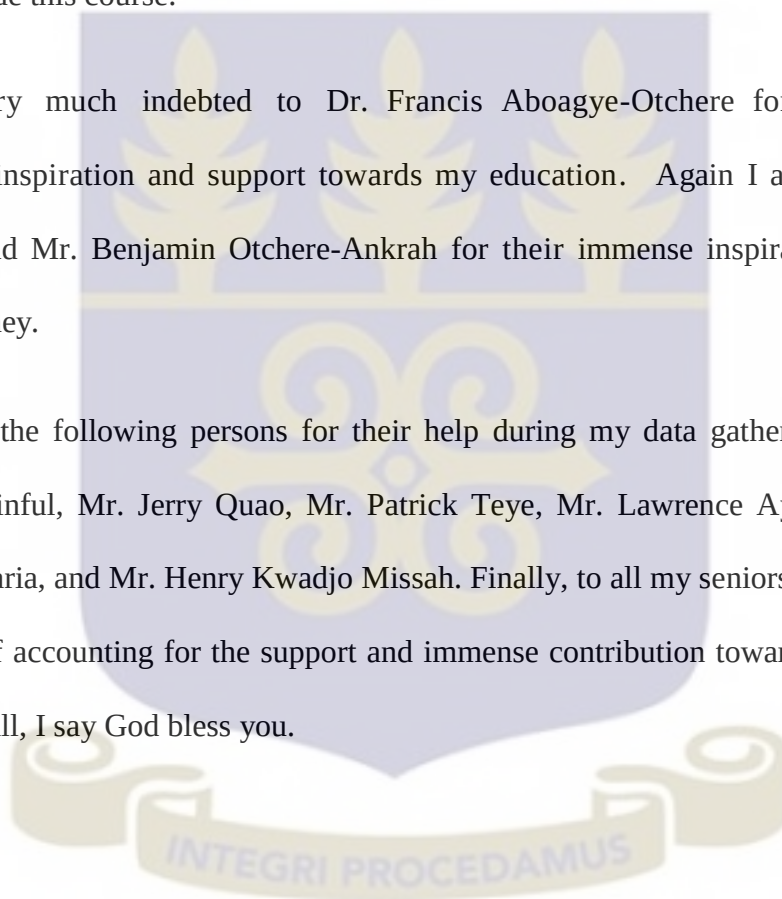


Table of Contents

DECLARATION	i
CERTIFICATION	ii
DEDICATION	iii
ACKNOWLEDGEMENTS	iv
ABSTRACT.....	ix
 CHAPTER ONE	 1
INTRODUCTION.....	1
1.0 Background of the study	1
1.1 Problem statement.....	3
1.2 Research objectives.....	6
1.3 Research questions.....	6
1.4 Significance of the study.....	7
1.5 Scope of the study.....	8
1.6 Organization of the study.....	8
 CHAPTER TWO	 9
LITERATURE REVIEW ON PUBLIC SECTOR AUDIT REFORMS	9
2.0 Introduction.....	9
2.1.1 Institutional Theories.....	10
2.1.2 Stakeholder Theories	14
2.2 The concept of reforms	19
2.2.1 The evolution of public sector reforms.....	22
2.2.2 Public sector reforms in Ghana	24
2.2.3 Nature of public sector reforms	25
2.2.3.1 Externally induced reforms.....	25
2.2.3.1.1 Sponsored reforms.....	29
2.2.3.1.2 Unsponsored reforms	30
2.2.3.2 Internally induced reforms.....	37
2.2.4 Motivation behind the reforms	38

2.2.4.1	Market alignment	39
2.2.4.2	Productivity enhancement.....	39
2.2.4.3	Service orientation	40
2.2.4.4	Accountability	40
2.3	Reforms and public sector auditing	41
2.3.1	Concept of public sector auditing.....	42
2.3.2	The role of audit in the public sector	43
2.3.3	Key elements of an effective public sector audit function.....	46
2.4	Types of audit reforms	47
2.4.1	Regularity or compliance audit.....	47
2.4.2	Risk-based audit	48
2.4.3	Performance auditing.....	50
2.4.3.1	Objectives of public sector performance auditing	51
2.5	Challenges in public sector auditing.....	54
2.5.1	Lack of audit independence.....	54
2.5.2	Difficulty in evidence gathering	55
2.6	Implementing public sector reforms	56
2.6.1	Challenges of implementing public sector reforms	57
2.7	Chapter summary	59
CHAPTER THREE		60
RESEARCH METHODOLOGY		60
3.0	Introduction.....	60
3.1	Research paradigm.....	60
3.2	Research approach and design	61
3.2.1	Ghana audit service profile.....	65
3.3	Sources of data	68
3.4	Data collection process	69
3.5	Data management and Analysis.....	75

CHAPTER FOUR.....	77
ANALYSIS AND DISCUSSION OF FINDINGS	77
4.1 Introduction.....	77
4.2 Background of respondents and audit service.....	77
4.2.1 The Audit Service during the colonial Era (1910-1957)	80
4.2.2 The Audit Service after the colonial Era (1957 – Date)	82
4.3 Types and nature of public sector audit reforms.....	84
4.3.1 Types of audit reforms.....	84
4.3.1.1 Systems audit	85
4.3.1.2 Risk based audit	86
4.3.1.3 IT audit.....	87
4.3.1.4 Performance audit	87
4.3.1.5 Regularity audit.....	89
4.3.2 Nature of public sector audit reforms	92
4.3.2.2 Externally induced reforms.....	95
4.4 Factors influencing the audit reforms	95
4.4.1 Internationalisation	96
4.4.2 Governmental policy.....	96
4.4.3 Quest for good governance and accountability.....	98
4.5 Improvements in public sector auditing.....	99
4.5.1 Meeting of statutory deadlines.....	100
4.5.2 International acceptance of the audit reports	101
4.5.3 Enhanced accountability and institutional capacity.....	101
4.5.4 Interactive approach to auditing.....	102
4.5.5 Cost efficiency	103
4.6 Challenges in the implementation of the reforms	104
4.6.1 Resistance of change.....	104
4.6.2 Financial constraints	106
4.6.3 Governmental support.....	106
4.7 Discussion of findings.....	107
4.7.1 Types of audit reforms.....	107

4.7.2	Nature of audit reforms.....	109
4.7.3	Factors influencing the audit reforms	109
4.7.4	Improvements in public sector auditing	111
4.7.5	Challenges in the implementation of the reforms.....	113
4.8	Reforms and theoretical explanations.....	114
4.8.1	Institutional theory and audit reforms	114
4.8.1.1	Mimetic isomorphism and audit reforms	115
4.8.1.2	Coercive isomorphism and audit reform	116
4.8.1.3	Normative isomorphism and audit reforms	117
4.9	Chapter summary	118
CHAPTER FIVE		119
SUMMARY, CONCLUSION AND RECOMMENDATIONS		119
5.0	Introduction.....	119
5.1	Summary of Key Findings	119
5.2	Conclusions.....	122
5.3	Contribution of the study	123
5.4	Recommendations.....	125
5.5	Limitations of the study	129
5.5.1	Generalization.....	129
5.5.2	Reliability	130
5.5.3	Validity	130
5.6	Future research directions	131
Reference		132

ABSTRACT

The study primarily investigated the reforms and public sector auditing in Ghana. Ghana has been at the forefront of many of the World Bank reform programmes in the Sub-region. Specifically the study investigated the nature and types of audit reforms as well as the factors and challenges influencing public sector audit reforms. The study was undertaken from an interpretivist perspective as this offered explanation to the reforms in Ghana's audit service from the perspective of both the heads/supervisors and their subordinates. Eleven (11) employees were selected and interviewed. The study relied on the experienced employees in top positions. The data gathered from the interviews was analysed using the Miles and Huberman, (1994) approach to qualitative data analysis. The study first revealed that the nature of the audit reforms were both internally and externally induced. The nature of the reforms influenced the type of audit reform to carry out. The reforms according to the study were not undertaken in vain but brought some changes to the activities of the audit service of Ghana. The improvements include meeting of statutory deadlines, international acceptance, enhanced accountability and others. The study also revealed that the most significant challenges encountered in the implementation of the reforms include financial challenges, acceptance of change by employees and political support. The study concludes that notwithstanding the challenges in the implementation of the reforms, the reforms achieved its intended objectives. The study contributed to the extant literature on reforms and public sector auditing as this brought to bear the reforms and its effects on auditing. In terms of policy, the study has indicated some issues that affect public sector reform implementation and must be inculcated in other intended reforms to avoid delays and rejection by employees. Finally, for reforms to achieve its intended objectives there should be a well-coordinated from its planning stages to implementation.

CHAPTER ONE

INTRODUCTION

1.0 Background of the study

The study examined reforms and public sector auditing in Ghana. Ghana has experienced several reforms in almost all the sectors of the economy. This study therefore looked at the Ghana audit service as the sole body mandated to carry out public sector external audit. The service started experiencing reforms right from its inception to date. These reforms were embarked upon because, an area of public sector practice that has attracted the public attention in recent times is auditing (Pearson, 2014). Though auditing in both private and public sectors is important, it is more important in the public sector considering the fact that more resources are at their disposal and is meant to improve the entire nation. Since the 1980s, developed and developing countries have been embarking on public sector reforms. The role and institutional character of the state has been questioned, and the public sector has been under pressure to adopt private sector orientations. The earlier reforms aimed at shaping a public administration that could lead national development, and was based on the same institutional peculiarities inherited from the colonial period (Economic Commission for Africa, 2003). This has led to changes in the reporting pattern and practices which has brought about significant changes in the auditing activity (Poullaos, 2004). These changes occurred both in the private and public sectors leading to changes in the regulatory frameworks and other relevant laws.

Similarly, globalisation has brought significant reforms in public sector audit in the world whether developed or developing economy (Arnold, 2005; Arnold & Sikkaf, 2001 & Barret et al, 2005). This has brought a shift of focus on public sector audit. The concept of value for money

audits for central government has at various times offered the solution. According to Pallot (2003), the changes in the role of the New Zealand audit office for example was as a result of the new public management reforms in the later part of the twentieth century. The audit office challenged aspects of new public management thinking by advocating “*a wider accountability to parliament and the public at large*” (Pallot, 2003).

According to Othman, Nath, and Mahzan (2013), reforms of public sector auditing in Malaysia are purely due to the social and political development factors. The traditional perceptions of the audit function as being a corporate watchdog have changed dramatically over the years to be perceived as a tool for monitoring compliance; to operate in a complex environment due to the current practice of utilising information technology; and to perform an advisory function that provides the citizenry with assurance that internal controls are adequate. Two types of audit exist in the public sector: financial-related audits and performance related audits. Similar to the reforms in auditing, regulation has gradually increased, and today there are many auditing rules. While auditing and auditors often come under attack during financial crises (Chandler, 1997; Heier, Dugan & Sayers, 2005), Power (1997), claims that such significant crises in the auditing profession, which have increased regulation, have also been to the benefit of the profession (see Barbadillo, Humphrey & Garcia-Benau, 2000). In the light of the above, this study threw more light on the Ghanaian situation.

1.1 Problem statement

The New Public Management accountability relies on standardised accountability measures to satisfy the desires of particular stakeholders, often providers of capital or funds unlike the traditional public administration which focused on the bureaucratic process of formal compliance and control are largely results-oriented based on efficiency and effectiveness measures (Zapico-Goni, 2007; Oakes & Young, 2008). The traditional approach assumes that governmental activities are not profit-oriented and as such should not be given profit target. It assumes a stable environment with conditions of certainty about expected results. Zapico-Goni (2007), however states that, the realities of many public sector organisations today is characterised by uncertainty, complexity, interdependence, diversity, and instability and under such conditions, new public management accountability seems weak.

With regards to the New Public Management, public sector institutions are to adopt a private orientation to be more efficient and effective in the delivery of goods and services. The public sector is part of economic life, not in private ownership, that deals with the production, delivery, and allocation of basic public goods and services at global, regional, national, or local levels (Serrat, 2010). However, in most recent times, reforms under the influence of the New Public Management (NPM) have been driven by a combination of economic, social, political and technological factors, which have triggered the quest for efficiency and ways to cut the cost of delivering public services (Economic Commission for Africa, 2003). Reforms may range from introducing very micro-scale alterations, such as the introduction of new software in an office, to large-scale organisational restructuring, including the creation of new organisations or divisions

and the termination of existing ones. It is useful to note that reforms are a key to surviving and growing in today's global economy.

Moreover, reforms with similar intent may achieve different objectives with respect to geographical jurisdictions. For instance, Pollit (2011), states that Germans made their reforms in the light of their circumstances and history. Some of these reforms were legal or constitutional in nature. Therefore same reforms may be carried in different jurisdictions, yet the outcome may be different. This is because of the circumstances surrounding them. Reforms were undertaken with the aim of good governance, trust and transparency, accountability, efficiency, effectiveness and others in governmental sectors (Pollit & Bouckaert, 2011).

Additionally, without reforms, organisations would run risk of becoming stale and unresponsive to stakeholder demands. The challenge then is to learn to move through this valve of transition as easily and creatively as possible to the organisational activities (Marković, 2007). These reforms are classified in literature as the internally induced and externally induced reforms. These reforms have generally resulted from increased awareness in the public domain, the greater demand placed upon the reporting agencies by a multitude of stakeholder groups, and the willingness on the part of such agencies to be “contemporary” and “objective” in their performance. The failure of past reform efforts has led to a number of studies arguing that engagement with public-sector reforms in isolation from the broader civil service culture would have only limited effect. There is the need to understand the context of the reform as it affects the enabling environment for capacity development (Owusu, 2006). The main reason behind most reforms is to build both the personal and non-personal capacity of the public servant in

order to be cost effective and efficient in their activities. As captured by Ayee (2007), the motivations behind the various reforms were to correct the many debilitating features of the public services. For example, the motive behind the reforms in the Australian public sector audit was to remain relevant to the entire world as it keeps changing. The reforms also came as a result of public expectations from government making the public sector activities more complex. The nature of the reforms in Australian audit is regulatory and that government fulfilled its role by having the right legislation and the right approach (Pearson, 2014). On the other hand the Malaysia situation differs from that of Australia. The reforms were as a result of pressure from the public and pressure from donor agencies (Othman *et al.*, 2013).

There seem to be limited studies on reforms and public sector auditing especially in developing countries. Exceptions are studies by Lalith, (2010) in Sri Lanka, Nath, (2011) in Fiji, Othman *et al.* (2013) in Malaysia and Pearson, (2014) in Australia. The studies revealed that the reforms in public sector audit resulted from the change in regulatory framework, that is to say that the laws governing auditing has changed giving the Auditor General more power and independence to operate. These reforms according to Lalith, (2010), Nath (2011), Othman *et al.* (2013) and Pearson, (2014) were influenced by factors such as, foreign donor's support for institutional development, lack of political support, bureaucratic influences, insufficient operational independence, traditional organisational independence, state institutions and powerful actors such as the Auditor General, Ministry of Finance, public service commission, public accounts committee and international development partners. Therefore, there is the need for contemporary research to focus more on developing countries where corruption and other malpractices are on the rise.

Again, studies reviewing the historical context of public sector auditing in British colonised developing countries are under-researched (Othman *et al.*, 2013). Unlike developed countries, colonised developing countries experienced, practiced and enforced British law and accounting practices into their own legislation and statutes even after their independence. This study therefore assesses the reforms and public sector auditing from the perspective of developing country.

1.2 Research objectives

1. To understand the nature of public sector audit reforms.
2. To examine the factors that drive audit reforms in Ghana.
3. To determine how the reforms affected public sector audit.
4. To identify the challenges faced in the implementation of public sector auditing reforms.

1.3 Research questions

1. What is the nature of public sector audit reforms?
2. What factors drive audit reforms in Ghana?
3. How has reforms affected public sector auditing?
4. What are the challenges associated with the implementation of public sector auditing reforms?

1.4 Significance of the study

Previous studies have been conducted with the focus to explain the historical, socio-economic and political contexts within which auditing has been reformed and how individuals and institutions have influenced the processes in both developed and developing countries (see Hopwood 1982; Macrae & Vada 1997; Jacobs, 1998; Guthrie & Parker, 1999; Lalith, 2010; Nath, 2011 and Othman *et al.*, 2013; Pearson, 2014). In the developed economies, audits have been widely accepted, albeit with different interpretations of how these were used as a tool by parliament to hold the public sector managers and office holders to account for their stewardship role (Jacobs, 1998). The study therefore made some contributions. First, the study investigated the reforms in public sector auditing in Ghana. Hence, the researcher explaining the behavioral contexts or with regards to reforms in the public sector audits relevant to their research. Secondly, the study probably is one of the few studies to document the reforms in public sector auditing in Ghana. The study made a significant contribution to the reforms in public sector auditing in developing African country. This provided evidence on how these reforms affected the public sector auditing and audit institutions with example from Ghana. The study contributed to literature by using a qualitative approach to understand the reforms and public sector auditing. The qualitative approach to research presents the view of the respondents by giving them opportunity to describe the answers they seek to provide. Again, the study made use of the institutional theory to explain why and how the reforms occurred. Finally, this paper provided a comprehensive framework for understanding how public sector audit has developed overtime.

1.5 Scope of the study

The empirical focus of this study is on the reforms in public sector auditing that have occurred overtime in Ghana. Samples were drawn from the Ghana audit service. The study made use of Ghana because, it is one of the countries in West Africa that have experienced several reforms in its public sector under successive governments and (Owusu, 2006). It is also the first country in sub-Saharan Africa to experience World Bank reform (Simpson, 2012). These reforms have had diverse outcomes, therefore the need to study reforms and public sector auditing to ascertain whether the reforms delivered the intended objectives.

.

1.6 Organization of the study

The study was organized into five chapters. Chapter one presented the introduction to the study, problem statement, research objectives, research questions, significance and scope of the study. Chapter two presented a review of literature on reforms and issues in the public sector. It looked at the applicable theories and models based on which the data gathered was analysed. Chapter three presented the various methods that used in the collection and analysis of data. It also presented the justification for the choice of each tool as well as its limitations of the research methods and tools employed. Chapter four presented the findings of the research and discussions after the data gathering. Finally, chapter five concluded the study with summaries and recommendations based on the findings.

CHAPTER TWO

LITERATURE REVIEW ON PUBLIC SECTOR AUDIT REFORMS

2.0 Introduction

The previous chapter described the research problem, objectives and questions, among others. This chapter focuses on the review of the literature that is relevant to the issues examined in this study, that is, reforms and public sector auditing. Specifically, the chapter reviewed literature on the concept of reform, evolution of reforms, nature of public sector reforms, motivations behind reforms, types of audit reforms and public sector auditing in Ghana. The aim of the chapter among other things is to provide a comprehensive insight into the theories and related empirical studies on the reforms in public sector auditing.

2.1 Theoretical review

Theories are meant to explain a particular phenomenon. In order to explain the behavioural issues in terms of reforms, the study reviewed two theories namely the stakeholder and institutional theories. These theories look at how individuals, group of people and institutions can call for change in the activities of public sector institutions. The theories used are further discussed in the following sections:

2.1.1 Institutional theories

Institutions are commonly defined as ‘rules, norms, and beliefs that describe reality of the organization, explaining what is and is not, what can be acted upon and what cannot’ (Hoffman, 1999: 351). Institutions can be usefully viewed as performance scripts that provide ‘stable designs for chronically repeated activity sequences,’ deviations from which are counteracted by sanctions or are costly in some manner (Jepperson, 1991: 145). Organizations exist in an environment of institutions that exert some degree of pressure on them; institutional environments are ‘characterized by the elaboration of rules and requirements to which individual organizations must conform if they are to receive support and legitimacy’ (Scott, 1995: 132). Scott (1995), argues that institutions constrain behavior as a result of processes associated with three institutional pillars: the regulative, which guides action through coercion and threat of formal sanction; the normative, which guides action through norms of acceptability, morality and ethics; and the cognitive, which guides action through the very categories and frames by which actors know and interpret their world.

Institutional arrangements are fundamental to understanding organization because of the ways in which they tend to be reproduced without much reflection in practice (Langer & Newman, 1979), taken for granted (Berger & Luckmann, 1967), and create path dependencies (David, 1985; Arthur, 1988). Organizational scholars have traditionally focused on the critical role that institutions play in providing continuity and stability in organizational processes. Some institutional scholars believe that the appearance and maintenance of institutional arrangements are explained in terms of economizing on transaction costs (Coase, 1937; Williamson, 1985). Institutional arrangements function to reduce uncertainty and to mitigate opportunistic behavior

such that transaction costs associated with negotiating, monitoring and enforcing contracts between boundedly rational actors are reduced. Institutional arrangements, in turn, tend to reproduce rather than change existing social arrangements.

Institutional theory emphasize how institutional arrangements confer legitimacy, which is a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs, and definitions (Suchman, 1995: 574). Meyer and Rowan (1977), posits that some actions within a particular institutional field come to be seen as legitimate and may even be prescribed, making it difficult for actors to deviate from them.

Institutionalist thought has been criticized for its emphasis on continuity and conformity. Because of its focus on the broader factors that induce organizations to become the same, it has, according to some, neglected questions of agency, interest and change (DiMaggio, 1988). According to DiMaggio (1988), one response to this criticism has been the elaboration of the notion of the ‘institutional entrepreneur’. This has been the new dimension of the institutional theory apart from the coercive, mimetic and normative dimensions. Institutional entrepreneurs are seen as those who deploy the resources at their disposal to create and empower the institutions. Institutional entrepreneurs serve as agents of legitimacy supporting the creation of institutions that they deem to be appropriate and aligned with their interests’ (Dacin et al. 2002).

In the view of Fligstein (1997), institutional entrepreneurs are those who display an array of ‘social skills’. He suggests that ‘the idea that some social actors are better at producing desired

social outcomes than others is the core notion that underlies the concept of institutional entrepreneurs', which seems to ignore issues about why it is that some, rather than others, either possess such skills or, more importantly, come to deploy them in the search for institutional change (Fligstein, 1997). A further concern is to have a definition of what it is to be an institutional entrepreneur. That is to take evidence of successful change of organizational practice as indicating that it is the result of institutional entrepreneurship; institutional entrepreneurs are then those who produce successful organizational change. Another important aspect of the institutional theories is the isomorphic pressures. The literature identifies three types of pressures through which isomorphic change processes work: coercive, mimetic and normative (Ashworth, Boyne & Delbridge, 2007; DiMaggio & Powell, 1983). DiMaggio and Powell (1983), suggest that the various actors operating in and around organisations can create the institutional pressures that lead individual organisations to adopt specific structures and procedures. For instance, the government and its agencies can be a source of coercive pressures, professional bodies can contribute to the creation of normative pressures and consultants may have an important role in the emergence of mimetic pressures. These explain how organisations embark on change. These are explained below.

Coercive pressures involve one organization exerting power and influence over another to force the adoption of preferred structures or institutions, often through political and legal means or by controlling resource access or other means that seem to be appropriate. Highly dependent, politically vulnerable organizations are particularly susceptible to such pressures (DiMaggio & Powell, 1983). These pressures are often exerted because the beneficiary institutions do not have

needed or required resources to undertake their activities. State institutions are highly affected by these pressures from development partners.

Mimetic pressures center on the influence of ‘best’ or ‘good’ practice on the structural choices that organizations make. This manifest in the tendency some organizations have to emulate or copy what appear to be desirable or accepted practices in the sector or industry they find themselves, even if these have not been proven effective. Organizations dealing with uncertainty are particularly vulnerable, especially when uncertainty clouds the relationship between organizational means and ends, complicating the choice of means (DiMaggio & Powell, 1983).

Normative pressures “describe the effect of professional standards and the influence of professional communities on organizational characteristics” (Ashworth, et al 2007). They are particularly strong where a professional grouping accredits certain practices, establishing them as norms. Usually, regulatory institutions are at the forefront pushing institutions to adopt the standards set by them (regulatory institutions) to ensure that there is some form coercion and consistency in the activities of these institutions. Industry players hardly resist these pressures as it seems to bring on board new ideas.

Application of the theory

In applying the institutional theory to this study, the roles of other institutions may be deemed to have some level of influence on the activities of the audit service. Some of these institutions may be within the country or outside the country. In the case of coercive pressures, the institutions may put pressures on some institutions to change their practices. These pressures may be in form of monetary assistance or technical assistance in that area. On the issue of mimicry, the institution may decide to mimic what other countries are doing which seem to be appropriate within that context and may fully apply to the entity involved. The normative pressures come when there is the need to follow some best practices locally or internationally to strengthen the way the organisation operates. It could also be in a case of associations where members are required to act in a way that may not contradict what others are doing.

2.1.2 Stakeholder theories

Stakeholders are group or individuals that have influences or are influenced by an organisation. There are several definitions of stakeholders. Notable among them is the one by Freeman (1984), which states that stakeholders as individuals or group of individuals that can directly or indirectly affect, or be affected by a firm's activities. Stakeholders of organisations can be viewed from two perspectives namely internal and external. Miller and Lewis (1991), argues that internal stakeholders include functional departments, employees and interested internal parties whereas external stakeholders include customers, competitors, advertising agencies and regulators.

Waddock et al. (2002), present another view of stakeholders and characterizes them as primary or secondary. According to them, primary stakeholders are those whose continued participation

is necessary for the survival of the organisation; they consist of employees, customers, investors, suppliers and shareholders that provide the necessary infrastructure. Secondary stakeholders, on the other hand, are not usually engaged in transaction with the focal organization and are not essential for its survival; they consist of the media, trade associations, non-governmental organizations, along with other interest groups or civil society organisations. The primary and secondary stakeholders exert different pressures and priorities. For example, Hart and Sharma (2004), posit that stakeholders at the fringe of operations can exert pressure calling into question the firm's legitimacy and right to exist. According to Mitchell et al. (1997), the three critical elements in assessing stakeholder influence are their power, legitimacy and urgency of issues. Stakeholder theory can be put into three categories namely descriptive, instrumental and normative stakeholder theories (Jones, 1994).

Descriptive stakeholder theory

Descriptive stakeholder theory describes the behaviours of the stakeholder behaviours. According to Jones (1994), descriptive theory purports to describe actual behavior. Centering on the belief that theory in the organizational sciences must include falsifiable claims (Bacharach, 1989; Whetten, 1989). Jones (1994), suggests that (at least) two stakeholder theory-based propositions qualify as legitimate theoretical claims, and one of these appears to be unique to stakeholder theory: organisational managers behave as if stakeholders important because of the intrinsic justice of the stakeholders' claims on the firm. Evidence could be organized to show that managers do not behave as if stakeholders had morally valid claims on the firm. Indeed, in various studies researchers have investigated claims of this general type and found some support for them (Clarkson, 1995). Although this proposition is theoretically interesting and empirically

tractable, claims of this type do not fully exploit the possibilities for stakeholder-based descriptive theory.

A descriptive stakeholder theory of the firm, for example, would create a wealth of research possibilities and would probably catapult stakeholder theory into the ranks of major theories of organization. The stakeholder theory of the firm posits that the nature of an organization's stakeholders, their values, their relative influence on decisions and the nature of the situation are all relevant information for predicting organizational behavior (Brenner & Cochran, 1991). The work of Brenner and Cochran (1991), constitutes an early effort to provide a descriptive stakeholder theory of the firm. Jones (1994), describes Brenner and Cochran's contribution as "theoretically more aggressive" than the research proposition regarding managerial behavior discussed above, because it suggests a relationship between various stakeholder traits and situational characteristics and the decisions that firms actually make. It appears that Brenner and Cochran's approach to a descriptive stakeholder theory of the firm needs to be more fully developed before any testing can take place. Thus, although some possibilities exist for the development of descriptive stakeholder theory, we leave them to other scholars. Instead, we concentrate our attention on instrumental theory, which we feel holds greater promise.

Instrumental stakeholder theory

Stakeholder theorists with a social science orientation may also have an interest in instrumental theory. This theory posits that certain outcomes will be obtained if certain behaviors are adopted. Instrumental theory is contingent theory: the predicted outcomes are contingent on behavior of a certain type. It does not require the theorist to make simplifying assumptions about the fundamental nature of human behavior, such as the assumption of self-interest (or opportunism)

made by economists. This virtue obviates the difficulties associated with oversimplifying human behavior (resulting in models that predict poorly) or overcomplicating human behavior (resulting in models that are hopelessly complex). One form of instrumental stakeholder theory has been advanced by Jones (1995a), who makes a theoretical case for the general proposition that if firms contract (through their managers) with their stakeholders on the basis of mutual trust and cooperation, they will have a competitive advantage over firms that do not. No assumption is made that managers will try to develop trusting and cooperative relationships with stakeholders, but an argument is made that if they do, competitive advantage will result. He describes several behaviors that reveal managerial opportunism and make it difficult for firms to develop mutually trusting and cooperative relationships with their stakeholders. These empirical claims are relatively straightforward and methodologically tractable, as long as one employs conventional financial measures of corporate performance. However, one of the central (normative) tenets of stakeholder theory is that firms should attend to the interests of all of their stakeholders not only their stockholders. It follows that the performance of firms encompasses more than financial performance alone.

Normative stakeholder theory

These stakeholder theorists take an approach that differs substantially from orthodox (functionalist) social science. This mode of inquiry involves specifying what moral obligations stakeholder theory places on managers, particularly the relative importance of obligations to shareholders and those to other stakeholder groups (Boatright, 1994; Clarkson, 1995; Goodpaster, 1991; Goodpaster & Holloran, 1994; Quinn & Jones, 1995). These scholars have a common theme which suggests that firms ought to treat stakeholders as ends (Evan & Freeman,

1983) or ought to view the interests of stakeholders as having intrinsic value. Supporters of this stakeholder perspective develop alternative descriptions of business so that managers can interact with stakeholders in a morally sound fashion. They focus on what the firm ought to do. Both in terms of the ends it pursues and the means it utilizes, as well as why these oughts' are appropriate (Evan & Freeman, 1983; Freeman, 1994; Freeman & Gilbert, 1988; Wicks, Gilbert & Freeman, 1994). They seek not to shift the focus of firms away from marketplace success and toward human decency but to come up with understanding of business in which these objectives are linked and mutually reinforcing. These scholars seek alternative accounts that could guide business activity in more constructive ways. They maintain that the language, conceptual schemes, metaphors and images that individuals have of business activity make a difference in how they think and act (Jones, 1988-89; Wicks et al., 1994). This view is consistent with institutional theory in the organization sciences (DiMaggio & Powell, 1983, 1991; Meyer & Rowan, 1977) and that these representations influence individual conceptions of what constitutes "reasonable" strategic action. In Weick's (1979) language, these scholars seek means by which people can "enact" different environments. Although advocates of this approach do not so state, their work has significant empathies with "interpretivist" view (Berger & Luckman, 1966; Morgan & Smircich, 1980). This assumes that "people socially and symbolically construct and sustain their own organizational realities" (Gioia & Pitre 1990: 588) and some similarities to "radical humanism." This shares this subjectivist view of organizational reality but takes a more critical stance.

Application of the theory

From the above discussions, it is vital for organizations to identify issues of concern to its major stakeholders. A stakeholder issue is defined as the concerns that stakeholders embrace about organizational activities and the residual impact (Maignan et al., 2005). Freeman, (1984) states that, stakeholders provide resources that are more or less critical to the firm's long-term success. Stakeholder resources may be both tangible and intangible. For example, stockholders can bring in capital; suppliers can provide material resources or intangible knowledge; local communities can offer infrastructure and a location; employees and managers can grant expertise, leadership, and commitment; to help spread positive corporate images (Maignan & Ferrell, 2004). In applying the theory to this study, it means that stakeholders of the Ghana audit service such as citizens, development partners, other government institutions in order legitimise the activities of the audit service may demand for change in their process and practices. These stakeholders usually demand for change when other countries or similar institutions carry out their activities in a way that seem to be relevant to the society at large. These institutions to be relevant may carry out changes in process and practices in the organisation.

2.2 The concept of reforms

Public-sector entities could be described as agents and have been transformed into 'more complete' organizations by installing or reinforcing local identity, hierarchy and rationality. This interpretation helps to explain important aspects of the reform process. Reform is a term used to describe changes in policy, practice, or organization. Reform refers to intended or enacted attempts to correct an identified problem. As an aspiration, its' goal is to realize deep, systemic,

and sustained restructuring of organisations or institution (Flynn & Strehl, 1996). Throughout the history, reform has been a means of conceiving and enacting visions for the collective good.

Reforms can be carried out in both private and public sectors of the economy. Reform is often discussed as if it were a coherent entity. In reality, reform may be seen as an umbrella label for a range of diverse actions, having in common only the intent to increase equity, quality, and/or efficiency of service provision. Different kinds of reforms present different political challenges. They arouse different interests and generate different alliances. They engage ideologies and principles in varying degrees. In the recent generation, modern public sector reforms have been a change in emphasis away from structural devolution, disaggregation, and single-purpose organizations and toward a whole-of-government approach (Christensen & Lægreid, 2006; OECD, 2005).

Public sector reform is about strengthening the way that the public sector is managed. The public sector may be overextended and attempting to do too much with too few resources may lead to it been poorly organized; its decision-making processes may be irrational; staff may be mismanaged; accountability may be weak; public programs may be poorly designed and public services poorly delivered. There have been several definitions of public sector reforms. Public service reform is a planned intervention to raise the level of public service performance. Before reforms are undertaken, it must have carefully defined goals and strategies to attain these goals set for them. According to Schacter (2000), the public sector reform is defined as strengthening the way that the public sector is managed. This basically means that the reforms may just be a very small change or large change in the activities of public sector organisations. Some authors

believe that it is just not a small change but rather a very big change in the government machinery.

On the other hand, Omoyefa, (2008) believes that public sector reform is about the total overhauling of the government administrative machinery with the aim of injecting real effectiveness, efficiency, hard core competence, and financial prudence in the running of the public sector. Public sector reform is usually a component of structural adjustment programmes based on notions of economic liberalisation, free trade, competition and limited government intervention (Uddin & Tsamenyi, 2005; Cook, 1986). The argument is public interest, via customer satisfaction or better services to citizens, will be realised from institutional reforms such as injections of private management styles into the state owned enterprises. These management styles, whether they operate in the public or private sector, should produce more efficient results serving all, including customers, employers, industry, and society (Toye, 2000). This may not be the case as it may fail to provide efficient services (Uddin & Tsamenyi, 2005).

Proponents of reforms claim that it brings transparent accountability, enlightened and effective management, and increased returns to the state. Some authors have disputed these claims citing that these reasons may never be materialised (Uddin & Hopper, 2003; Uddin & Tsamenyi, 2005). These may be as result of problems inherent in the economy which is likely to hinder the success of the reform. Since the 1980s, developed and developing countries have been embarking on public sector reforms. The role and institutional character of the state has been questioned, and the public sector has been under pressure to adopt private sector orientations. The earlier reforms aimed at shaping a public sector and that could lead national development

(Economic Commission for Africa, 2003). Countries all over the world have embarked upon reforms to necessitate the needed changes so as to enhance efficiency and effectiveness. The public sectors for the past decades, thus African countries including Ghana, have realized the need to assess alternative means by which democracy in terms of participation, representation, accountability and efficiency. The role of the public sector in the development of a country such as Ghana cannot be overemphasized. It is therefore imperative to ensure that reforms are geared at developmental goals and set targets due to the fact that, the public sector has been and continue to be a tool used by governments in their quest to improve their countries.

2.2.1 The evolution of public sector reforms

The public sector is the entity that is entrusted with the delivery of goods and services by, and for the government at the national, regional or local levels (Mansour, 2008). These resources are large in nature as against the resources managed by the private sector in various jurisdictions. This is likely to push citizens to demand for better services from the public sector. These demands have brought about reforms in the public sector. The contribution of the traditional public sector is largely questioned, suggesting the need for a major change or overhaul in the sector. Public sector reform in both developed and developing countries have now become a routine matter of public policy – reform is almost continuous if not always successful (Pal & Ireland, 2009).

Also, the debate on good governance and its requirements have provided an impetus for new approaches to public sector management reforms. Some of the changes that have taken place aimed at tackling some of the worst forms of services provided by public sector organisations. The reforms were introduced as a result of the misuse of state resources and institutionalized corruption; lack of accountability; bureaucratization in the public sector among others (Hyden, 2000, Bratton & van de Walle, 1992).

The aforementioned indicates that reforms in public sector help to ensure competency, efficiency and effectiveness in relation to public services. Public sector management reforms in Africa face a number of challenges that have limited the scope, speed and quality of services rendered. For example, corruption constitutes by far one of the biggest challenges in the public sector. Other challenges include multiple accountability, inadequate resource utilization and institutional capacity. African governments, therefore, need to increase their efforts to address those challenges through effective public sector reforms. The new public management approach may be a panacea for the problems of the public sector in Africa, a careful and selective adaptation of the elements to selected sectors may be beneficial.

Good public management, with emphasis on accountability and responsiveness to customer needs, have been seen as an aspect of good governance by donor agencies supporting reforms in developing countries. To the World Bank, good governance consists of a public service that is efficient, a judicial system that is reliable, and an administration that is accountable to the public. Ghana has seen various reforms before and even after independence era.

Ghana's public administration had experienced three major reforms in the 1950's before the PNDC civil service reforms in 1980. The Lidbury administration that was instituted in Ghana was to support the pre-independence reforms.

2.2.2 Public sector reforms in Ghana

Similar to many African countries that experienced economic crisis in the 1970s and 1980s, the public sector in Ghana was in complete disarray by the mid-1980s (Owusu, 2005). Thus between these periods, most offices, especially those outside the capital city; Accra, were dilapidated and lacked the basic necessities such as paper, pencils, telephones, light bulbs of a functioning office. Employees therefore became demoralized; effectiveness and productivity concerns were relegated to the background as work effort declined, absenteeism and moonlighting increased, and corruption, political hiring, and rent-seeking became widespread (Owusu, 2005). These conditions made it extremely difficult to recruit and retain technical and professional staff. Gradually the bloated public sector became increasingly incapable of performing basic tasks, let alone to facilitate national development efforts. The ineffectiveness of the public sector became a serious hindrance when the government embarked on economic reform in 1983 (Ayee, 2001). As a result; the government was compelled to initiate public sector reforms to support the implementation of the economic policies.

A brief background of the World Bank's public sector reform policies recommended for African countries is necessary for understanding the Ghana government policies because of the striking similarity between them (Ayee, 2001). World Bank public sector reform policies can be

classified into two: the “quantitative” first-generation, and the “qualitative” second-generation reform programs. The first-generation reforms were implemented between the 1980s and early 1990s, and were part of the structural adjustment policies implemented by the Bank in several African countries (Owusu, 2005). The aim of the first-generation reforms was to trim the size of the government and the policies implemented included retrenchment, cost-recovery and privatization (Lienert & Modi, 1997).

2.2.3 Nature of public sector reforms

Public sector reforms are meant to reduce the inefficiencies in the economy. The nature in which the reforms take determines its objectives. There have been various names given to reforms in different jurisdictions (Owusu, 2005). The headings may be broad or narrow to specific context. These headings include the new public management (NPM) which basically suggests that public sector institutions adopt private sector orientation to ensure efficiency and effectiveness. Others include government business reinventing; Public sector reforms are mainly classified in two forms namely; externally induced and internally induced reforms.

2.2.3.1 Externally induced reforms

These are the reforms that are usually championed by institutions outside the government. These reforms are usually led by other institutions or development partners or donor agencies. According to Owusu (2006), the search for reforms has been led by the World Bank and other international development agencies. Indeed, many African countries, including Ghana, with the support of donor agencies – especially the World Bank – have been experimenting with various

reform strategies since the 1980s. The reforms may also be caused by other non-governmental societies within the country. For instance, a study by Shahjahan and Amagoh (2011) revealed that civil societies ensured that good governance prevail by making governments and the public aware of salient issues, and working with governments to improve quality of governance. These reform efforts have helped Kazakhstan facilitate its economic development and enhance the possibility for it to attain its goal of being one of the competitive economies in the world. The study recommended that reform efforts considered is a first step in helping the country towards the part of being a competitive player on the global stage. It is suggested that more robust efforts should be directed towards other public sector reform initiatives in order to make the country well-grounded in good governance, and enhance its competitiveness in the global economy. Although the reforms have been successful in some countries in reducing the size of the public sector, in many cases this has left a demoralised and unmotivated personnel largely incapable of performing basic functions (Mutahaba & Kiragu, 2002). Several reasons have been advanced for the apparent failure of these reforms. More importantly, however, the mixed results of these reforms have compelled African governments and the international community to re-evaluate the policies (Mutahaba & Kiragu, 2002). The result has been a sober realisation that improving the performance of public organisations is a difficult and multi-faceted task that must include strategies to change the ‘rules of the game’ fundamentally. It also requires long-term, high-level commitment and extensive support by civil servants, national leaders and the international community (Stevens & Teggemann, 2004). This has led to more reforms by governments in Africa for the reason that citizens are demanding for accountability.

In 1987, the World Bank supported the Ghana Civil Service Reform Programme (CSRP) to improve the efficiency and effectiveness of civil service. The CSRP sought to: strengthen the

legislative framework and personnel management of the civil service, rationalizing and improving salary and grading structures; rationalizing the size of the civil service and Ghana education service and developing the capacity to government to apply management services techniques (Owusu, 2005; Ayee, 2001). Indeed, many reforms have taken place including that of the Sub-vented Agencies Reform Programme (SARA), the Decentralization Initiative (DI), the Civil Service Performance Improvement Programme (CSPIP), the Public Sector Management Reform Programme (PSMRP) and others. These are part of the broad new public management which is discussed below.

New public management (NPM)

This segment presents issues about the new public management which seems to be new approach public sector management. The new public management suggests public sector institutions adopting private sector orientation. The NPM was aimed at bringing about efficiency and improvement in public sector organizations (Hood, 1991; Pollitt, 1993). NPM has become convenient shorthand for a set of broadly similar administrative doctrines which dominated the public administration reform agenda of most OECD countries from the late 1970s (Hood, 1991; Pollitt, 1993; Ridley, 1996). This reform paradigm is where ownership is retained by the public sector but private sector principles and practices are used as described by Hood (1991) and Pollitt (2003). It captures most of the structural, organizational and managerial changes taking place in the public services of these countries. To quote Pollitt, “NPM has variously been defined as a vision, an ideology or (more prosaically) a bundle of particular management approaches and techniques (many of them) borrowed from the private for-profit sector”. NPM is thus seen as a body of managerial thought (Ferlie et al., 1996:9) or as an ideological thought system based on

ideas generated in the private sector and imported into the public sector (Hood, 1991, 1995). Unlike most government reforms, which either fall short of their presumed potential or just plainly fail, (March & Olsen 1983; Cooper & Ogata 2005), one set of reforms that seems to have gained traction in the 1990s and that has captured the attention of researchers is the NPM. While its manifestations differ from country to country, a number of broad changes that fall under this introduction appear to have taken hold in many OECD countries (Pollitt & Bouckaert 2000; Hood 1991; Aucoin 1990, 1995).

Among the changes that have direct implications for public sector audit, NPM is said to have produced an increasing reliance on private-sector accounting norms; fewer general procedural constraints on the handling of contracts, cash and staff; a move away from detailed accounting; and the erosion of self-management by professionals (Hood 1995, p. 96). Besides, the New Public Management (NPM) relevance and information transparency are seen as crucial as well as control. The citizen acquires a new role and become a fundamental element for public management, since it is to the citizen that the information will go. At the same time, notions of accountability, transparency and ‘value for money’ have also become prominent within public sector discourses (Free & Radcliffe 2008, p. 193). Such notions have wide appeal, and to validate the formal systems that result from the operationalization or realization of these ideas there have been attendant increase in and reliance on audit (Power 1999). That the rationalized and conceptual elements of audit that is the audit mentality have become popular and widely diffused because of the varying ways in which the concept is invoked and mobilized in the policy field (Power, 2008a). Also of interest is the manner in which organizational actors ‘push back’ against the incursion of formal controls and measurement models (Modell, 2004; Power, 2008b).

For instance, in the public sector, both politicians and bureaucrats attempt to limit the scope and bounds of auditing. Politicians do not want auditors to have ‘unbridled’ inspection powers and want to ensure that policy matters remain part of the political rather than the audit domain (Radcliffe, 1998, p. 403). Likewise government bureaucrats worry that auditors will have the power to audit ‘everything’ with the consequence that deficiencies within government departments are made visible (Gendron et al. 2007).

2.2.3.1.1 Sponsored reforms

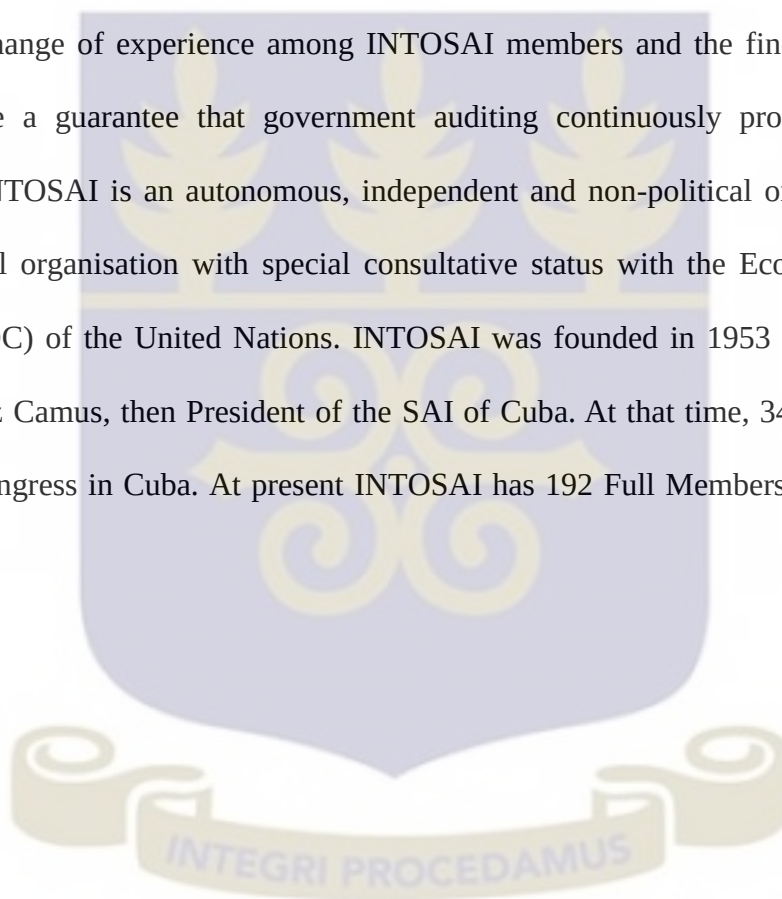
Sponsored reforms are the reforms that are fully supported by donor agencies such as the World Bank, European Union, International Monetary fund and others. The emergence of supranational governance via regional (e.g. European Union) and global (e.g. United Nations, World Bank) organizations that exercise economic and/or political power directly or indirectly influences activities. They do this by prioritizing certain forms of development assistance and/or through international agreements and conventions (e.g. Education for All and Millennium Development Goal declarations, environmental treaties, human rights instruments, etc.). An array of financial mechanisms (including the existence of global networks of companies) and interest groups whose legitimacy may not be universally acknowledged, but whose existence invites collective action or at least a framework for it, also exert influence beyond their geographical base. These institutions make sure that the reforms are undertaken to suit what they expect. A major factor contributing to the failure of most public sector reform efforts, according to World Bank (2000), has been the “technocratic” approach taken by donors. For too long, donors treated the public sector reform as an “engineering” problem- a phenomenon to be addressed through “blueprint” or “textbook” solutions (Schacter, 2000). There was an assumption that the public sector reform

problems and their solutions could be fully specified in advanced and that projects could be fully defined at the outset and implemented on a predictable timetable, over a fixed period. This accounts for the formulaic and mechanistic approach favored by donors, featuring quantitative targets for payroll and workforce reductions, redrawing of organizational charts, recruiting of job descriptions, training courses for public servants, installation of a new system for human resources and public financial management, etc. (Schacter, 2000).

2.2.3.1.2 Unsponsored reforms

Unsponsored reforms are the reforms that were not catered for by the institutions that are pushing for the change. One significant one is the concept of globalisation or internationalisation. Many institutions by virtue of their associations are required to reform their processes and practices at their own cost. Notable among them is the international organisation of supreme audit institutions. There have been arguments that globalization is a unique phenomenon that is occurring because of the congruence of key factors, specifically changes in the global village that speed communications and make information and knowledge instantly and democratically available to all via the integration of national economies into a tightly knit, global web on a scale not seen before. These changes have led to changes in the political and cultural spheres (Castells, 2000; Friedman, 2003). Held and McGrew, (2003) draw on the work of others to point out how skeptics re-frame the concept of globalization: rather than globalization, the skeptics conclude that a more valid conceptualization of current trends is captured by the terms internationalization. The INTOSAI plays significant role in the activities of supreme audit institutions world-wide. The activities of the INTOSAI are described below.

The International Organisation of Supreme Audit Institutions (INTOSAI) operates as an umbrella organisation for the external government audit community. For more than 50 years it has provided an institutionalised framework for supreme audit institutions to promote development and transfer of knowledge, improve government auditing worldwide and enhance professional capacities, standing and influence of member Supreme Audit Institutions (SAIs) in their respective countries. In keeping with INTOSAI's motto, 'Experientia mutua omnibus prodest', the exchange of experience among INTOSAI members and the findings and insights which result, are a guarantee that government auditing continuously progresses with new developments. INTOSAI is an autonomous, independent and non-political organisation. It is a non-governmental organisation with special consultative status with the Economic and Social Council (ECOSOC) of the United Nations. INTOSAI was founded in 1953 at the initiative of Emilio Fernandez Camus, then President of the SAI of Cuba. At that time, 34 SAIs met for the 1st INTOSAI Congress in Cuba. At present INTOSAI has 192 Full Members and 5 Associated Members.



Regional Working Groups promote INTOSAI's goals regionally, thus providing members with opportunities of professional and technical cooperation on a regional basis.

The INTOSAI Governing Board has recognized the following seven Regional Working Groups:

<u>OLACSAI</u>	Organization of Latin American and Caribbean Supreme Audit Institutions	established in 1965
<u>AFROSAI</u>	African Organization of Supreme Audit Institutions	established in 1976
<u>ARABOSAI</u>	Arab Organization of Supreme Audit Institutions	established in 1976
<u>ASOSAI</u>	Asian Organization of Supreme Audit Institutions	established in 1978
<u>PASAI</u>	Pacific Association of Supreme Audit Institutions	established in 1987
<u>CAROSAI</u>	Caribbean Organization of Supreme Audit Institutions	established in 1988
<u>EUROSAI</u>	European Organization of Supreme Audit Institutions	established in 1990

AFROSAI

Ghana audit service is a member of AFROSAI. The AFROSAI is the working group of the African sub region.

AFROSAI was created in November 1976. Chief objective of the African Organization of Supreme Audit Institutions (AFROSAI) is to promote and develop the exchange of ideas and experience among the SAIs of the African states in the field of the audit of public finances by

- Implementing systematic studies concerning the audit of public finances,
- Organizing training courses for personnel charged with carrying out auditing tasks, and
- Collaborating with INTOSAI, its regional working groups, and other organizations and institutions specialized in the audit of public finances.

The AFROSAI is a combination of all English and French speaking African countries. The languages involved made communication and coordination a bit difficult so members proposed separation based on language lines.

In accordance with the purposes and principles of the United Nations, the heads of the Supreme Audit Institutions (SAIs) in Africa that were members of the Assembly of English-speaking African Supreme Audit Institutions and the Southern African Development Community Organisation of Supreme Audit Institutions (SADCOSAI), convinced of the necessity of effective public audit and with a view to:

- improving relations among the member countries in the field of public audit, in spite of differing political, economic and social systems;
- meeting the need of the SAIs to work together, in view of the broad spectrum of increasingly close cooperation among the member countries;
- contributing to narrowing the gap among the differing systems, procedures and methods of public audit by encouraging the exchange of experience within the institutions and thereby bearing fruit for their own work;

- making a contribution to the objectives of the International Organisation of Supreme Audit Institutions (INTOSAI) and the African Organisation of Supreme Audit Institutions (AFROSAI) by drawing experience from the member countries;
- promoting the ideals and objectives of the African Union;

For the purpose of separation, members met in Budapest, Hungary on 11 October 2004 where it was resolved to regroup to form a new organisation with effect from 1 January 2005 called the African Organisation of English-speaking Supreme Audit Institutions (AFROSAI-E), hereinafter referred to as “the organisation”, for which a set of statutes was adopted. Members met again in Mauritius on 10 May 2013 to accept the present text as the amended statutes of the organisation.

Objectives of AFROSAI-E:

- Enhance audit performance of member SAIs
- Develop and share resources on regional and local levels
- Professional and technical development and co-operation
- Sound relations with local and international institutions
- Support regional institutions that promote good governance

Principles recognised by AFROSAI-E:

- Equality of all SAIs that are members of AFROSAI-E.
- Right to membership of any English or Portuguese- speaking country in Africa.
- Laws by which each member SAI is governed.
- Laws of the African Parliament.

Responsibilities of Members:

- Pay annual membership fees
- Attend events and meetings as required
- Actively participate in activities of AFROSAI-E
- Provide Secretariat with information as required
- Share professional and technical information
- Use products developed by AFROSAI-E
- Share and use regional subject matter experts
- Apply quality assurance processes
- Commit to high level of technical advancement
- Commit to high level of management practices
- Submit to reviews as required by Governing Board and donors

Powers and responsibilities of the Governing Board:

- Take decisions, provide strategic direction, review progress, establish guidelines in order to obtain objectives.
- Approve the work plans and budgets of AFROSAI-E.
- Consider/approve proposals by members.
- Approve reports on the activities of AFROSAI-E.
- Modify the Statutes of AFROSAI-E.
- Draft rules and regulations for AFROSAI-E.
- Appoint the external auditors of AFROSAI-E.
- Approve terms of reference of committees.

- Approve recommendations of committees.
- Approve donor support programmes.
- Approve the appointment of institutional partners.
- Do anything not specifically provided for in the Statutes.
- Delegate powers i.e. the Statutes.

Powers and responsibilities of the Chief Executive Officer:

- Implement decisions in accordance with direction provided by members and approved work plans.
- Submit work plans/budgets to Board for approval.
- Notify members of membership fees and ensure collection.
- Submit annual reports and audited financial statements to Board as required.
- Represent Board in all matters pertaining to AFROSAI-E.
- Compile submissions to Board if requested by members.
- Compile policies and procedures as required.
- Compile terms of reference of committees.
- Assist committees with compilation of submissions.
- Provide support/assistance to bodies of governing structure.
- Secure donor support and compliance with donor agreements.
- Facilitate support for bilateral agreements, parallel audits, etc.
- Collaborate with institutional partners.
- Monitor activities of AFROSAI-E and its member SAIs.
- Appoint individuals or committees to support Secretariat.
- Fulfil any other duties assigned by the Board

2.2.3.2 Internally induced reforms

These are the reforms that are influenced by internal factors. These factors may be governmental or individual institutions within the government machinery. These may be economic, legal and social. Reforms are a means to recognize or rearrange administrative systems occasionally especially when it is realized that there has been inefficiency or weakness in the public sector (Omoyefa, 2008). The economic recovery programme (ERP) was launched in December 1981, when it was evidently realized that the economy of Ghana was struggling to survive. The Provisional National Defence Council (PNDC) government initiated this programme for varied reasons including management incompetence, too many public employees, inadequate motivation, rigid bureaucratic processes and corruption (Ayee, 2001). In a similar study in Australia, Pearson (2014), revealed that the reforms to the public sector in the last few decades and indicates that the audit practices have shifted in response to remain relevant as the world around changes. This indicated that there has been some rising role of auditors and as such the public expects more from their government and public sector activity becoming more complex. Three current trends have been signalled and the challenges they bring for future audit practice have been identified, emphasizing where Victorian legislation needs to change to allow audit to keep pace with the changing world of modern government (Pearson, 2014). This means that the audit legislation lags behind recent shifts in public sector approaches. Auditors are continuing to explore new ways to give parliament, as well as the sector, advice that is relevant and valuable.

2.2.4 Motivation behind the reforms

There is the need for every country to have a public sector that spearheads the activities of the nation. The motivation behind the general public service reform is to provide the blueprint that will enable the public sector to live up to the expectations for better service delivery and improvement in productivity. The ultimate aim of the public service reform is to see remarkable improvement in the public service outputs, such as more effectiveness and responsive service deliveries. This is the driving force behind the public service reform (Adejuwon, 2012). Public sector monopolies in developing countries are often associated with inefficiencies and inability to meet rapidly growing demand. Studies estimate the annual losses from inefficiencies and unsustainable pricing policies to be nearly equal to the annual investment in infrastructure (see Caiden, 2007; World Bank, 1994; Araral, 2010). Public Sector reform initiatives aim to create and maintain an effective governmental structure, and procedures to formulate and implement development policies and programs for the benefit of the citizens (Liou, 2007). Every successful institution, organization, company or nation depends on its caliber of qualified people working with equipment and in a conducive environment. There are several reasons behind reforms in the public sector. One of the main reasons behind the reform was to build both the personal and non-personal capacity of the public servant in order to be cost effective and efficient in its activities. Some authors have cited that the motives for reforms include the need for efficiency, effectiveness, and economy and have centred on operational and financial management processes of public sector entities (Broadbent & Guthrie, 1992; Pallot, 1992; Guthrie, 1993; Parker & Guthrie, 1993; Guthrie & Humphrey, 1996). Also, the World Bank in 1997 revealed that behind public sector reforms was a search for efficiency and effectiveness in the face of declining resources of these countries. They were elaborated in most cases into a general campaign to

reorganise and modernise the public sector, including the civil service (Caiden 1991; Peters 1992; Collins 2000). The following are the motivations behind the various reforms and they are generally undertaken to correct the many weakening features of the public services (Ayee, 2001; Owusu, 2006; Pollit & Bouckaert, 2011; Pearson, 2014). These features include: Market Alignment, Productivity enhancement, service orientation, and accountability.

2.2.4.1 Market alignment

Market alignment as a key idea has been based on the notion that the public sector organisation would be more efficient and effective if it were more like the private sector entity. The reforms centered on trying to use private sector methods, and market-style strategies and incentives to drive public policy, strategies and behaviour. This makes public sector entities to rely on private-based techniques grow or improve on its programmes and activities to the benefit of the citizenry (Ayee, 2001; Owusu, 2006).

2.2.4.2 Productivity enhancement

Again, one motive for reforms has to do with productivity enhancement. This is to ensure that public sector institutions produce as expected from the public. The persistent search of greater efficiency is often driven by public demand for more services to be provided without commensurate increase in taxes. This leads public administrations or institutions to review their key processes, eliminating or streamlining the activities of the where possible (Ayee, 2001; Owusu, 2006).

2.2.4.3 Service orientation

One of the influencing factors of reform is to make the government more customer-friendly and service conscious. Thus, public sector institutions have tried to reinvent their service delivery programmes. Instead of designing programmes from the perspective of the service providers (especially government officials) and managing them through existing bureaucracies, reformers have literally turned the system on its head and tried to put the service recipients (mainly citizens and businesses) first (Ayee, 2001; Owusu, 2006).

2.2.4.4 Accountability

Finally, one important motive of reform is accountability. For government institutions to improve their ability to deliver what they promise, governments try to get officials to focus on outputs and outcomes, rather than processes and structures. A strong bond of accountability between citizens and the public sector generates demand for public sector reforms. Public sector performance is determined to an important extent by the interplay between the public sector and the country's key institutions of accountability. In addition, the citizen-centric approach makes them accountable for their performance not only up the chain of command, but also to their customers. At the broadest level, these reforms seek to replace traditional rule based, authority-driven processes with market-based, competition driven tactics. For instance, a study by Mulgan (2008) examined public sector reforms in New Zealand and found that the reforms focused mostly on public accountability through the specification of outputs, clarity of contractual agreements, and division of government departments into smaller agencies. The study in its conclusion stated that while one of the key objectives of the reforms was to improve public service delivery, it failed to give the citizenry a greater right to complain about government

services, and did not encourage managers to answer directly to the public. The managers did not see the need to answer the calls of the citizenry.

2.3 Reforms and public sector auditing

Studies have shown diverse views or opinions on reforms. The public sector is undergoing significant change. Reforms are intended to correct anomalies in the public sector organisations. Reforms in public sector management over the past two decades have led to a re-examination of public service delivery practices (Uddin & Hopper, 2003; Uddin & Tsamenyi, 2005). Government-led managerial reforms have brought on a dramatic shift in the method of delivering government services to the community, with an emphasis on a more efficient, effective and accountable public services (Guthrie & Humphrey, 1996). The main aim of a reform is to see significant improvement in the public service outputs, such as more effectiveness, efficiency and responsive service deliveries. Because of these reforms, public sector audit has experienced a face lift in its activities. It has been argued that auditing has contributed to promoting the implementation of accountability and good governance in the public sector. These arguments clearly state that auditing has made it possible to evaluate the use of public money in providing the needed infrastructure in public sector. For instance, an argument according to Brooks and Parisher (1995), claimed that public sector auditing is the key element in examining and evaluating government accountability in using public money and providing services to the public. Also in similar spirit, Predengast (2003) believed that the ability of bureaucracies to allocate public goods leads to a high level of inefficiency in the public sector. Public sector auditing can be an essential element in ensuring efficiency, effectiveness and accountability of the government to the public (Barrett, 2000).

2.3.1 Concept of public sector auditing

Public sector auditing is carried to ensure proper accountability in all public institutions. Public sector audit is a vital component of the governance system devised to ensure executive government accountability to parliament and the public. This is geared towards the citizenry whose taxes are used to fund state activities. Public auditing that holds for a transparency, accountability, efficiency, effectiveness, openness, preventing of corruption and excess expenditure, can promise good governance (Shimomura, 2003). Lodhia and Burritt (2004) believe that public sector accountability is a vital facet of governance, enabling ordinary citizens in civil society to be kept aware of the performance of institutions controlled by government on behalf of the people. Public sector auditing is therefore defined as the independent, objective assessment of the fairness of management's representations on performance or the assessment of management's systems and practices, against criteria, reported to a governing body or others with similar responsibilities (Canadian Comprehensive Auditing Foundation, 1991; Andy, 2002; Barrett, 2003; English, 2007). These institutions according to studies (Lodhia and Burrit, 2004; Funnel, 2001; English and Guthrie, 1991; Barrett, 1999) need to be subjected to rigorous scrutiny, requiring them to explain the causes and consequences of any difficulties or failures experienced. There have been recent reforms in public sector auditing. Public sector auditing has received increasing attention as part of the recently growing analysis and commentary on public sector change (Christensen & Yoshimi, 2001). These reforms have been largely brought about by increased awareness in the public domain, the greater demand placed upon the reporting agencies by a multitude of stakeholder groups, and a willingness on the part of such agencies to be “contemporary” and “objective” in their performance. Simply, this reform can be attributed to the continued rise of a single phenomenon: “accountability”. Accountability is commonly

referred to as a ‘process of being called to account to some authority for one’s action’ (Jones, 1992; Mulgan, 2000; Parker & Gould, 1999; Munro, 1996; Sinclair, 1995; Roberts & Scapens, 1985; Jensen & Meckling, 1976).

2.3.2 The role of audit in the public sector

A government's success is measured, to a large extent, by its delivery of programs and services to its citizens, and by its ability to carry out its programs properly. Brooks and Parish, (1995) claimed that public sector auditing is the key element in examining and evaluating government accountability in using public money and providing services to the public. Government auditors therefore must have both the ability and authority to assess the integrity, effectiveness and efficiency of that delivery as well as its management of citizens' financial resources. Public sector audit according to Lapointe, (2008) serves three distinct roles in a public sector organization namely:

- Oversight
- Insight
- Foresight.

Oversight

Public sector undertakes the oversight role by assessing the activities of the governing bodies in public sector organization. These include the appointed Board or a CEO, who are responsible for providing oversight in any sound governance framework. Auditors assist them in that role and are a key component of it. Auditors assist the oversight function by evaluating performance and asking questions about government's, and management's, activities. Auditors evaluate whether

programs are achieving their purpose; funds are used as intended; organizations are complying with policy and the law; and management has in place adequate procedures and internal controls to manage risks. Auditors also have a major part to play in reducing the risk of corruption in public organizations, through investigations, audits and reviews of controls.

Insight

Auditors report their findings on which programs work and which do not. In doing so they are also in a unique position to identify better practices and improvements. With their broad view of government operations, and with their expertise and analytical technique, auditors are in a position to evaluate whether policies are in fact achieving what they are intended to achieve, and to recommend ways to improve delivery. They see how the operations of the organization could be made more efficient or effective, and make recommendations to improve the operations of the public organization. Whether as part of the recommendations in a performance audit, or as part of an internal audit consultation assignment, auditors can provide insight into the organization's operations that can lead to better government.

Foresight

By looking ahead, auditors can play a major role in identifying the risks facing the organization, and mitigating those risks. They can also identify opportunities. They can do this directly, by engaging in risk assessment and playing a part in the organization's risk management (an internal audit role), or indirectly, by delivering risk-based audit plans that focus audit resources on the

areas of greatest risk to the organization. Additionally, Lapointe, (2008) believes that the auditor's role in the public sector in a democratic state derives from the principal/agent relationship between elected bodies and public servants.



Source: (Lapointe, 2008)

Public sector auditing in the public sector is very important in the sense that there are a lot of stakeholders including the elected bodies (principals) who provide resources and authority to government officials (agents) to implement government policies to the benefit the citizenry. The officials account to the elected bodies for their performance and their stewardship of resources. The auditor provides independent objective assessments of the agents' performance. However, Predengast, (2003) believe that this creates bureaucracies to allocate public goods and in effect leads to a high level of inefficiency in the public sector.

2.3.3 Key elements of an effective public sector audit function

Public sector audit aims to achieve effective governance. Therefore as a basic component of sound governance, public sector organizations require effective independent audit functions, whether internal, external or a combination, with the capacity and capability to provide a wide range of audit services (Smith, Sagafi-Nejad & Wang, 2008). There are several critical success factors for effective public sector audit:

- Organizational independence – including the right reporting level for the Chief Audit Executive, to ensure the auditor is free to conduct his or her work and to report without interference
- A formal mandate – ideally legislation, providing the authority to audit the institution involved.
- Unrestricted access – to people and information
- Sufficient funding – to enable an adequately resourced function, with some security of funding to ensure budgets cannot be used to influence the conduct of audit
- Competent leadership – a chief audit executive who is an audit professional and can be an articulate spokesman for the audit activity
- Competent staff – accredited and constantly training
- Stakeholder support – from key elected and appointed officials, and from the media
- Adherence to professional audit standards – preferably as a legal requirement
- Audit committees – where appropriate, providing audit oversight and support.

2.4 Types of audit reforms

Auditing is essentially a process of checking up on persons entrusted with a responsibility and having an independent auditor is one of the best ways of getting an objective, unbiased opinion on something or a phenomenon. Public sector audit have been through several reforms in various jurisdictions. There have been new auditing standards which required auditors to go through specific steps, tests and procedures, to collect and analyse sufficient evidence for the amounts and disclosures in the financial report. Based on this evidence, the auditor could then express an opinion with confidence. These reforms includes regulatory or compliance audit, IT audit, Performance audit and others. Below is the discussion of the types of audit reforms:

2.4.1 Regularity or compliance audit

Several authors have attempted to define compliance or regularity audit. Gong, (2009) sees compliance audit as reviewing whether auditees' financial statements, accounts, operations and other related financial information comply with laws and regulations and present true and fair information. Other scholars like Hatherly and Skuse, 1991; Turkey, 1997; Nosworthy, 1999; and Ramos, 2006 seem to share same opinion. Russell, (2000), also defined regularity audits as examining specifications of products and services to see whether or not auditees comply with the specified requirements or standards. Examining the financial reports of the public sector to seek information, obtain explanation, and provide justification from auditees in performing their transparency and accountability in managing public finance and resources (Mulgan, 2003). The financial (attestation) and compliance auditing were carried out in addition to performance auditing. The regularity or compliance audit had to do with ascertaining that all reasonable precautions have been taken to safeguard the collection and custody of public moneys; the

accounts and records are properly maintained and all expenditures are properly spent in accordance with laws and regulations in the country (Othman et. al 2013). Moreover, in the context of public sector, Houghton and Jubb, (2003: 299-300) added that the output of regularity auditing is opinion of transparency and accountability of audited institutions from auditors. The auditors' opinion is valuable information to reflect the financial and economic condition of a country in reducing risk for the public and market. This type of audit looked at whether it is required by law to undertake certain transactions and whether the required documents to support the transactions. There were some challenges associated with this approach as people are able to create documents to support non-existing transactions. Therefore, there was the need to adopt other approaches such as the performance audit to uncover any hidden transaction.

2.4.2 Risk-based audit

Globalisation has brought about changes in auditing. After the introduction of the systems based auditing, the process seemed to be more cumbersome. This led to the introduction of risk-based auditing. According to Bell, Peecher, and Solomon, 2005, Knechel, 2007; Lemon, Tatum, & Turley, 2000 public accounting firms since the late 1990s, have been implementing audit approaches generically referred to as risk-based auditing. The advancement of information technology and the sciences of mathematics and statistics allowed auditors to predict and determine audit risk and its components (inherent risk, control risk, and detection risk) (Arjmandi, 2001). The auditor assesses the inherent risk and control risk and then solves the risk by assigning detection risk. By determining detection risk, auditors can identify the appropriate nature, timing, and extent of substantive testing for covering audit risk. This procedure identifies the accounts or business areas that have higher audit risk and require further investigation.

Despite these advancements, current auditing procedures have shortcomings and auditors are searching for new, more reliable methods with faster and more accurate results (Moradi & Pourhosseini, 2009; Khodada, 1996). Risk-based auditing is a new approach to the practice whose aim is to improve the quality and effectiveness of audits, since determining the appropriate nature, timing, and extent of substantive testing allows for higher quality audits at shorter time. In addition, substantive testing is limited where there is internal control reliance and extensive where there is no internal control reliance (Forsati, 2002).

Risk-based auditing is the process of identifying and reporting the risk of significant distortions in financial statements. This approach not only increases the value of the product (financial statements), but also makes auditing more profitable. In other words, risk-based auditing satisfies both the managers and the auditors (Smith, 2006; Harrington, 2004). In this approach, the auditor first examines the accounting and internal control systems (through written narratives, questionnaires, and flowcharts, and by performing a walk-through test), and then estimates inherent and control risks. Initial estimates of inherent and control risks help the auditor in determining the reliability of the internal control system. If the internal control system is effective, the auditor performs the tests of control. The results can adjust and finalize the initial estimates of inherent and control risks (Moradi & Pourhosseini, 2009). The new methodology allows auditors to control risk at an acceptable level, thus achieving a high level of reliability while reducing time and cost of auditing. Given the importance of this new auditing approach, it is imperative to examine and compare it with the traditional auditing approach (Kratchman et al., 2008; Blay et al., 2008). Risk-based auditing takes a step further than the systems auditing and not only focuses on audit risks, but also highlights business risk. That is because business risk

can affect the profitability and the survival of a firm. This increases pressure on management to misstate financial results and result in decreased resources devoted to accounting for transactions. Thus, client business risk increases the propensity for misstatements from fraud and/or error and also increases the auditor's business risk, e.g., as proxied by engagement profitability and potential litigation (Bedard, 2002).

2.4.3 Performance auditing

Performance auditing is an area new enough in the history of public sector auditing. Performance auditing is defined as an independent evaluation of the economy and efficiency of auditee operations, and the effectiveness of programs in the public sector to the citizenry (English, Guthrie, Broadbent, & Laughlin, 2010; Norton & Smith, 2008; English, 2007). The performance auditing is about the evaluation of the performance of management and the use of public sector resources. According to Waring and Morgan (2007), “performance auditing is a systematic, objective assessment of the accomplishments or processes of a government program or activity for the purpose of determining its effectiveness, economy, or efficiency”. It is claimed that the performance auditor's report will lead to improvements in public sector performance because the performance auditor is expected to identify and indicate inefficient and/or ineffective practices and would therefore suggest strategies for improvements (Barton, 2009; Lee, 2008; Thompson, 1996). In performance auditing in the public sector, the performance auditor is expected to: (i) examine the records of the auditee; (ii) form an opinion based on results of the examination; (iii) write a report based on the opinion; (iv) present the report to Parliament and (v) carry out a follow-up of the performance audit report recommendations (Ling, 2003; Morin, 2001). The

performance auditor does so to evaluate the performance of management and the use of public sector resources.

2.4.3.1 Objectives of public sector performance auditing

The objectives of public sector performance auditing is about economy, efficiency and effectiveness (English, Guthrie, Broadbent, & Laughlin, 2010; Daujotaite & Macerinskiene, 2008). Below is the explanation of the terms economy, efficiency and effectiveness as used in the public sector auditing literature.

Economy

Economy is usually associated with acquiring inputs at minimal cost and used to achieve the objectives of the public sector entity without compromising the quality of the output (see; Daujotaite & Macerinskiene, 2008; Lee, 2008; Gendron, Cooper & Townley, 2001). The concept of economy focuses on the costs of acquiring the inputs to achieve the objectives of the public sector entity. According to Daujotaite and Macerinskiene (2008), input in the public sector context would be the size and the price or cost of resources consumed to achieve service objectives of an entity. There are assertions that ‘economy’ is linked with ‘efficiency’ in the practice of public sector auditing (Daujotaite & Macerinskiene, 2008). The link is implicit in the focus on minimising costs, and the usage of the input in achieving the objective of the entity. The primary focus for both economy and efficiency is the input. Some authors (Daujotaite & Macerinskiene, 2008; Lee, 2008; Gendron, Cooper & Townley, 2001) also hold the view that both economy and efficiency focus on acquiring inputs and are concerned with protecting and

using public sector resources. Explanations are offered that performance auditing includes both economy and efficiency without specific distinction between the two (Daujotaite & Macerinskiene, 2008; Dittenhofer, 2001). Instead, their claim is that economy and efficiency are together determined by establishing: i) whether the entity is acquiring, protecting and using its resources economically and efficiently; ii) the causes of inefficiencies or uneconomical practices; and iii) whether the entity has complied with laws and regulations on the matters of economy and efficiency. Besides, there are suggestions that economy may be associated with inputs but the interpretations vary. Auditing helps to ensure that public sector resources are acquired economically without necessary wasting the taxpayers and leaving out its quality.

Efficiency

The distinction between economy and efficiency in terms of public sector is not too clear. Most authors of public sector auditing literature do not strictly distinguish between economy and efficiency. Instead, they advocate the view that efficiency includes economy (Grendon et al, 2001; McCrae & Vada, 1997). Viewing efficiency as an input-output relationship suggests that efficiency is results-oriented and that the result (output) may depend on the amount of input consumed for a given output. There are claims that efficiency is seen as managing the resources within an entity, where the management has control over the resources (Daujotaite & Macerinskiene, 2008; Yamamoto & Watanabe, 1989). This indicates that there is no undue external or political pressure on the management to use and manage the resources of an entity in a particular way. In such instances, the management is seen to be responsible for achieving the objectives of the entity in an efficient and effective way. Management therefore, is accountable

to the public via the government, on the use and management of public sector resources. Public sector auditing therefore ensures efficiency in public sector institutions.

Effectiveness

Effectiveness is concerned with the consideration of the success of, or the extent to which outputs achieve the intended or desired goals of a public sector entity (Daujotaite & Macerinskiene, 2008; Funnell & Cooper, 1998; McCrae & Vada, 1997; O'Leary, 1996; Glynn 1991, 1989; Yamamoto & Watanabe, 1989). For this reason, effectiveness focuses on the relationship between the outputs and the objectives of a public sector entity. In examining effectiveness, the public sector auditor focuses on the objectives of an entity and evaluates how the outputs have contributed towards the achievement of the entity's objectives. McRoberts and Hudson (1985), claim that in public sector auditing, the effectiveness of a program can be assessed by evaluating and reviewing four basic issues regarding the programme. These issues include: (i) the degree to which the programme continues to make sense and addresses a continuing need; (ii) the degree to which the programme's objectives are being met; (iii) the assessment of the programme's intended or unintended effects; and (iv) the relative cost-effectiveness of the present method of delivering the programme. This explanation suggests that effectiveness in performance auditing has a focus beyond the inputs, outputs and aims of a programme; it can also include a political assessment on the need or desirability of continuing a programme in the public sector. As with economy and efficiency, there are multiple meanings associated with effectiveness, some of which are linked to the political as well as the objective assessment of analysis.

2.5 Challenges in public sector auditing

According to Yang, Zezhong Xiao and Pendlebury (2008), studies have shown that there are some challenges affecting public sector auditing. These challenges influence the public sector institutions to undertake reforms to correct the anomalies. The challenges are discussed in the subsequent sub-sections:

2.5.1 Lack of audit independence

Auditors are to be independent in fact and in appearance. Public concern on auditor independence may threaten the viability of the auditor's role in society as the auditor independence is one of the foundations of auditing (Shockley, 1981, Mautz & Sharaf, 1961). These have a strong negative impact on audit planning, the training and appointment of auditing personnel, the determination of audit tasks, the dealing with problems identified in the audit, and the disclosure of audit results. As a result, the public sector audit can hardly perform any independent auditing. The problems identified in the audit should be dealt with in accordance with law, but if the problems involve the government, the audit office will experience interference from the governmental official in charge or from other authorities. A study in China by Yang et al., (2008) acknowledged the lack of independence of government auditing, but at the same time they did not want to exaggerate the problem. As a department directed by the government, how can the audit office work independently and freely from the interference of the government or the chief government officers (CGO)? Another question is; Is the result of interference inevitably detrimental? The interviewees found it hard to answer these questions. Besides, the audit office and the government are at different administrative levels and may not always have consistent perceptions on auditing. Under this circumstance, as was revealed in the

interviews, the audit office, being at the lower level, would normally follow the government's will and this is understandable. It was argued that if auditing is supposed to satisfy merely the needs of the government, or if government audit is supposed to play a supporting role to governmental work, then the problem of limited audit independence is relatively partial, because government auditing still achieves its main objective. But if the people's congress and taxpayers outside the government are also audit clients, and entrust the government audit office to investigate how the government implemented fiscal budgets approved by the people's congress, then the control relationship between the audit office and the government becomes a severe problem. An immediate consequence of the lack of audit independence is that the audit report may no longer possess objectivity and fairness and it is therefore less likely to gain the trust and acceptance by the people's congress and the public.

2.5.2 Difficulty in evidence gathering

The nature of the public sector activities usually makes it difficult to gather evidence in relation to auditing. Audit materiality is also important not only to private sector audit but public sector. In relation to audit materiality, Jones and Bates (1990), suggest that public sector auditors needed to consider the level of assurance required by the user groups requesting the audit work and the expected reactions of the audit report readers. Similarly, in relation to audit evidence, Jones and Bates (1990), again argued that the time and cost involved in the audit process, the scope of the audit and the perceived information needs of the users were some of the factors influencing the evidence gathering process. The marked difference that is observed here is the dual set of responsibilities of the CAG auditors in the public sector. On one hand, the economic cost of the

decision has to be borne in mind; on the other hand, the social aspects need to be high on the agenda. This usually hinders the quality of the report to be presented to the citizenry.

2.6 Implementing public sector reforms

The success of any reforms depends very much on how well they are implemented. Involvement of all affected parties is essential. Some studies have shown that the audit reforms in the public sector were implemented successfully (Pearson, 2014; Barrett, 2014). According to these studies, the reforms require involvement of the people and experts. The processes leading up to legislation should be reasonably inclusive of the stakeholder community, including experts and other professional advisers. The government should give commitment to consult widely on the development of the rules, with extensive consultation within government but also with other sectors and interested stakeholders. There is the need to have institutional capacity, which is essential to the success of public sector reforms. There is also a broad consensus that will cater for ethical norms and weak practice of accountability measures because some studies have confirmed that as major contributory factors limiting the implementation of reforms. The lack of transparency in the management of national affairs, coupled with inappropriate information technology, slows down the flow of information and, hence the ability of stakeholders to participate in reform process. Also, implementing reforms depends on country wide factors or characteristics. These characteristics determine the success of the reforms. Samaratunge, Alam and Teicher (2008) studied reform initiatives in four South and Southeast Asian countries. The study suggests that each country's path to implementing reform practices is different due to the nature of the political history, party politics, macroeconomic considerations, state tradition, role

of International Development Agencies and role of civil society. The political commitment and leadership seem to be the most influential factor in these four countries. Singapore and Malaysia can be categorized as successful cases with their reform initiatives due to strong political leadership. The reform package was relatively comprehensive in these two countries. In contrast, Sri Lanka and Bangladesh opted for selective reform programs which suited the short-term interests of the ruling elites. The policy prescriptions of international development agencies influenced these changes. Narrow partisan politics acted as a force against comprehensive reforms. In the presence of dominance of the state and the momentum of economic growth, Singapore and Malaysia have implemented some aspects of reforms. Strong political leadership has played a significant role in implementing radical changes with less resistance from organized groups. The practices of reform in Sri Lanka and Bangladesh suggest that the main thrust was to introduce structural changes in the public administration system. No major initiative was taken to introduce rule-based government and necessary institutional infrastructure to support reform practices. Therefore, Bangladesh and Sri Lanka found managing the transition very complex and politically risky. This might lead to the conclusion that countries like Bangladesh and Sri Lanka, where strong leadership and appropriate accountability systems are not in place, could not expect successful outcomes from their reform agenda.

2.6.1 Challenges of implementing public sector reforms

The challenges associated with Public sector reforms have emerged as a frightening task of governments. Some studies believe that the context and the nature of advancing Public Sector Reforms between developed and developing countries differ considerably on a number of issues (Kim, 2009; Pollit & Bouckaert, 2011; Pearson, 2014). First, the focus of developed countries is

to make their public sector more competitive and effective because they are not generally struggling with political instability, corruption and poverty. On the other hand, developing countries face much more serious tasks: not only government reform, but also political and legal reforms, as well as the pursuit of basic economic well-being (Foley, 2008; Kim, 2009). Over the past three decades, governments across the world have made efforts to improve the efficiency and quality of public services and its cost-effective delivery to citizens. These reforms have brought about restructuring, an increased use of technology to offset staff cutbacks, the introduction and enforcement of service standards for employees and managers, an increase in managerial discretion, the contracting out of service delivery, and the adoption of flexible staffing practices (Foley, 2008). These measures are part of the public sector reforms movement, which have been prevalent in recent public administration practices.

Second, involvement of other government and private agencies. For effective application of public sector reforms principles, governments must explore, assess, and engage in opportunities for collaboration both within and outside the public sector. Making the provision of public services more efficient and responsive through the incorporation of civil society and business organizations is one of the major challenges faced by governments that can be addressed through public sector reform initiatives. Public sectors have embarked on profound change processes to confront the problems of inefficiencies and inadequacies of the state in addressing public problems. These reforms relate to the quality of relationships between the governments and the governed. It also involves relationships and cooperation among the public sector, private agencies and civil society organizations in policy processes, and the delivery of services (Siddiquee & Mohamed, 2007). Also, public sector reforms require a redefinition of the role of

the state in society and its relationship with the market, alongside efforts for improving the competence of public bureaucracies (Mulgan, 2008). This implies that governments must explore, assess, and engage in opportunities for collaboration both within and outside the public sector (Mendoza & Vernis, 2008). Public agencies must therefore, be prepared to work in partnership with other public, civil society and business organizations (Huque, 2005). This multi-institutional operational arrangement improves cost-effective delivery of public services, and thus, enhances the quality of governance.

2.7 Chapter summary

Studies have revealed that some selected applications have shown that some African countries have recorded significant achievements in public service reforms by applying different NPM techniques, such as decentralized management, subsidiarity, performance contracting, accrual accounting and commercialization. However, despite experiences from within and outside the continent, Africa's public sector has been facing a number of challenges, which has reduced the speed of the reform process. For instance, institutional capacity, which is essential to the success of public sector reforms, is lacking or simply inadequate in many African countries. There is also a broad consensus that a deficit of ethical norms and a weak practice of accountability measures are major contributory factors to the inefficiency of the civil services and the inability of the State to manage development. The lack of transparency in the management of national affairs, coupled with inappropriate information technology, slows down the flow of information and, hence the ability of stakeholders to participate in policy formulation and decision-making.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This section presents details of how the research was carried out. It looked at the research paradigm, research approach and design, target population, the sample techniques, sample units and size for the research. In furtherance of the above, it also discusses the sources of data, data collection methods and the data analysis.

3.1 Research paradigm

According to Jonker and Pennink (2010), a research paradigm is defined as a set of fundamental assumptions and beliefs as to how the world is perceived which then serves as a thinking framework that guides the behaviour of the researcher. Wahyuni (2012), argued that Research paradigms are used to address the philosophical dimensions of social sciences. This guides the researcher in choosing the methods for which the objectives of the study can be achieved. Research paradigms substantially influence how one undertakes a social study from the way of framing and understanding social phenomena. Studies in the public sector are usually carried out with an interpretive view which usually seeks to explain the reasons behind certain decisions and actions. This study was conducted with an interpretive view to explain the reforms in public sector auditing in Ghana. The study undertaken from an interpretive perspective offered explanations to the reforms in Ghana's public sector audit. That is, why the reforms were undertaken and why the nature of reforms in audit service.

The study supports the assertion by Hennink, Hutter and Bailey (2011) that interpretivists believe that reality is constructed by social actors and people's perceptions of it as opposed to generalisation or the nomonethic approach adopted by post positivist researchers (citation). Interpretivists use a narrative form of analysis to describe specifics and highly detailed accounts of a particular social reality being studied, which is termed the idiographic approach (Neuman, 2011). The study revealed that although the reform seem to be same, the explanations given by the respondents were different some regards and similar in other regards. Therefore, interpretivism brings to bear the various perspectives of the subject matter of the study.

As noted by Wahyuni, (2012), interpretivist researchers choose a study that uncovers inside perspectives or real meanings of social phenomena from its study participants as a good social knowledge. In terms of axiology, interpretivist researchers take the stance of the emic or insider perspective, which means to study the social reality from the perspective of the people themselves. During the study, the experiences and values of both research participants and the researcher substantially influence the collection of data and its analysis thereof. This paradigm is relevant as it helped the researcher to pose the why and how question so as to probe the issue of reforms and public sector auditing drawing inspirations from previous studies.

3.2 Research approach and design

The study used a qualitative method research technique. The qualitative research technique was chosen for this study because the nature of the study is subjective. Therefore, subjective issues are best examined through qualitative technique and consistent with the nature of study.

Qualitative research seeks to understand a given research problem or topic from the perspectives of the local population it involves. Qualitative research is especially effective in obtaining culturally specific information about the values, opinions, behaviors, and social contexts of particular populations. According to Cresswell (2014), qualitative approach is one in which the inquirer often makes knowledge claims based primarily on constructivist perspectives. It also uses strategies of inquiry such as narratives, phenomenologies, ethnographies, grounded theory studies, or case studies. The study relied solely on Ghana audit service as the case for the study. The strength of qualitative research is its ability to provide complex textual descriptions of how people experience a given research issue. It provides information about the “human” side of an issue – that is, the often contradictory behaviors, beliefs, opinions, emotions, and relationships of individuals. Qualitative methods are also effective in identifying intangible factors, such as social norms, socioeconomic status, gender roles, ethnicity, and religion, whose role in the research issue may not be readily apparent.

Qualitative methods in exploratory research is that use of open-ended and probing questions which gives participants the opportunity to respond in their own words, rather than forcing them to choose from fixed responses, as quantitative methods do. The study used interview guide made up of open-ended questions and was able to evoke responses that were:

- Meaningful and culturally salient to the participant
- Unanticipated by the researcher
- Rich and explanatory in nature

All these put together makes qualitative study very interesting. One interesting strength of qualitative research is its ability to provide complex textual descriptions of how people

experience a given research issue. It provides information about the “human” side of an issue – that is, the often contradictory behaviors, beliefs, opinions, emotions, and relationships of individuals. Qualitative methods are also effective in identifying intangible factors, such as social norms, socioeconomic status, gender roles, ethnicity, and religion, whose role in the research issue may not be readily apparent. Also, an advantage of qualitative methods is that they allow the researcher the flexibility to probe initial participant responses. In this scenario, the researcher asked the why or how question to further understand the phenomenon. The researcher listens to the view of the respondents, engage with them according to their individual roles and responsibilities as well as styles, and use “probes” to encourage them to elaborate further on their answers.

Within the qualitative method, a case study approach was adopted for this study as the study sought to reveal public sector audit reforms. In the view of Baxter & Jack (2008) qualitative case study facilitates exploration of a phenomenon within its context using a variety of data sources. This approach makes it possible to study in detail specific reforms such as those highlighted in this study and its motivations. Case study has been argued as an approach which is more reliable for enquiry. Case study research is one of the principal means by which inquiry is conducted in the social sciences (Acemoglu, Johnson, & Robinson, 2003; Rodrik, 2003; Gerring, 2004). Thomas (2011), also argues that case studies are analyses of persons, events, decisions, periods, projects, policies, institutions, or other systems that are studied holistically by one or more methods. The case that is the subject of the inquiry will be an instance of a class of phenomena that provides an analytical frame-an object-within which the study is conducted and which the case lightens and clarifies. As a research strategy, the distinguishing characteristic of the case

study is that it attempts to examine: (a) a contemporary phenomenon in its real-life context, especially when (b) the boundaries between phenomenon and context are not clearly evident. Experiments differ from this in that they deliberately divorce a phenomenon from its context. Histories differ in that they are limited to phenomena of the past, where relevant informants may not be available for interview and relevant events may not be available for direct observation by the researcher. The qualitative design was chosen after a careful study of the research objectives. Looking at the research objectives, it requires a detail account of the entire process that led to the implementation of the reforms and the success stories of these reforms. Therefore taking time to sit with respondents to share their views was more appropriate and could provide exact responses to address the objectives. This method addresses the limited research on reforms in developing countries.

A case study is very important because it is able reveal important information about the object of study. The benefits of case studies for this purpose have been illustrated in prior research, stemming primarily from their information richness and the ability to answer how and why questions (Eisenhardt, 1989; Ellram, 1996; Yin, 2009). Yin, (2009) continues by saying that case study research is also well-suited for the investigation of complex phenomena due to information-rich cases, which would be too complex for surveys. Selection of the case should be grounded by exceptional issue or activities by the object of study. That it should be chosen as a result of a particular trait. Scapens (2004), posits that a critical case or an extreme case should be sought for a representative case. The former is a case in which the social phenomena being observed are some critical events that cause the research questions asked to become important in

the organisation. The latter is mainly chosen to test a theory or to broaden the application into a wider range of circumstances. The researcher was guided by this assertion, therefore the Ghana audit service was chosen for the study. Ghana audit service was chosen because, it is the only institution mandated by law to carry out external audit in the public sector of Ghana. The organisational profile of Ghana audit service is presented below.

3.2.1 Ghana audit service profile

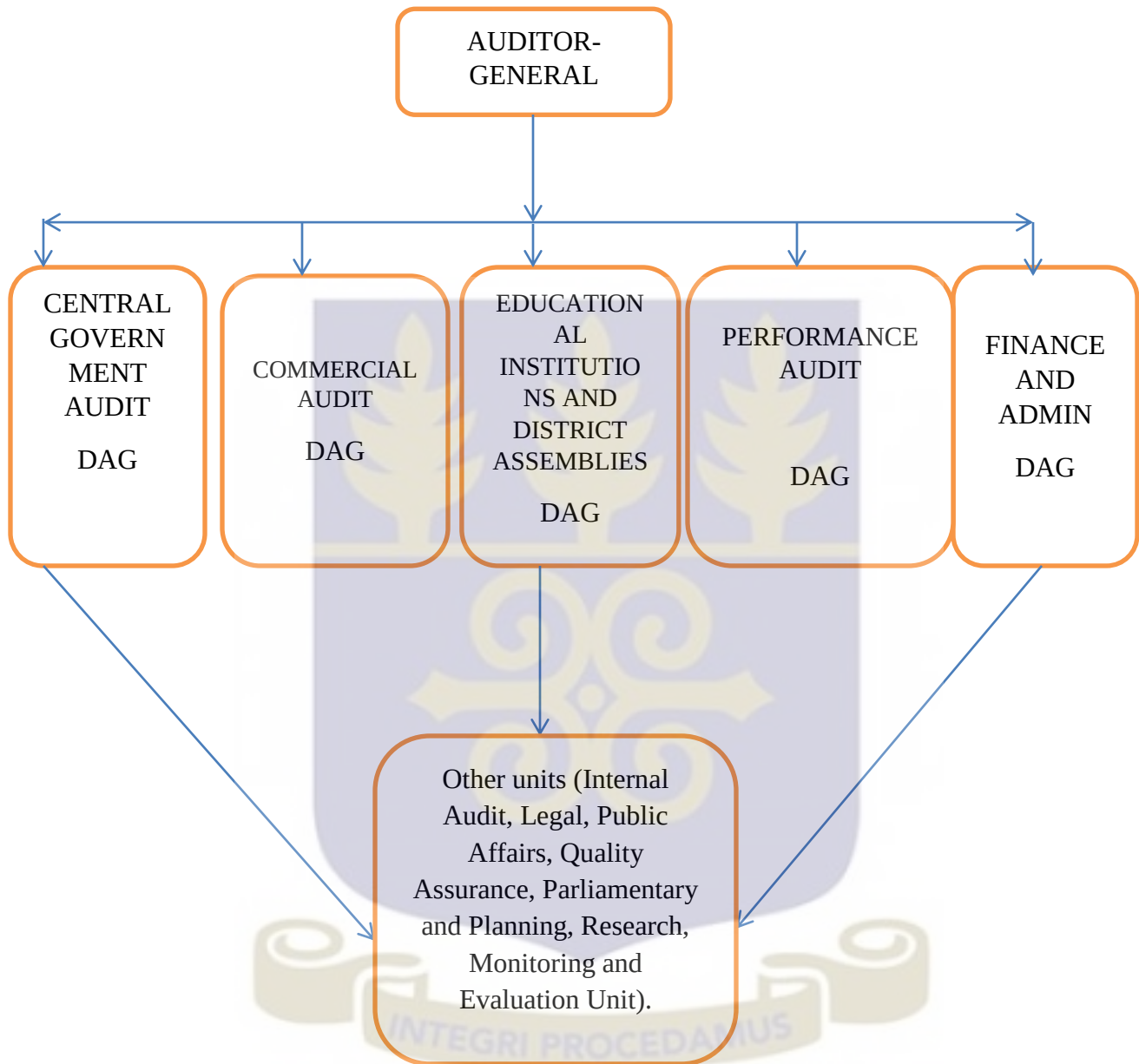
This section presents the historical context of the study organisation. This shows the historical trend of activities of the Ghana audit service. Audit service was established in 1910 by the colonial government and was called the Audit department. It was headed by a director. In the 1950s, the name was changed to Auditor-General's department. On 22nd August 1969, the constitution of the 2nd republic converted the department into the Audit service headed by an Auditor-General. This was to increase the degree of independence of the Service. Audit service of Ghana is a constitutional body under the direction of a seven (7) member governing board.

The service is headed by the Auditor General who is mandated to audit the public accounts of Ghana and all public offices including metropolitan, municipal and district assemblies, Public corporations and organisations established by an act of parliament. The Auditor General is required to report the findings to Parliament. Audit service is therefore the monitoring and accountability organ of the state, and the Supreme Audit Institution (SAI) of Ghana. The 1969 Constitution made it an oversight body to promote good governance, ensure accountability and transparency in the Public Sector. The Article 188 of the 1992 Constitution reaffirms this position of transparency and accountability.

The Audit service is the Supreme Audit Institution (SAI) of the Republic of Ghana and is a member of the International Organisation of Supreme Auditing Institutions (INTOSAI), a standard and guidance - issuing body on governmental auditing. This body is recognised by Governments and international organisations such as the International Monetary Fund, the World Bank and the United Nations as discussed in chapter two. The Audit Service currently employs around 1,760 staff in Accra, the regions and districts. Included within the total are some 1,360 operational field staff and 400 support staff. The Constitution mandates the Auditor-General to approve of the form of which the various books of account should be maintained. The Act requires that the Auditor-General's report be completed and submitted to parliament within six months of the end of the immediately preceding financial year. The Constitution sets out the scope of the external audit work and the functions that the Auditor-General and his office are required to perform as enshrined in Articles 187 – 189 of the 1992 Constitution. The scope includes financial, IT, performance, forensic and environmental audits.

The Audit Service is made up of five (5) departments. A Deputy Auditor-General (DAG) heads each department. These departments are:





Source: Authors own construct

All the various departments are headed by the deputy auditor generals who are supported by assistant auditor generals. The other units provide services that are relevant to all the departments with the Audit service of Ghana.

3.3 Sources of data

Two sources of data were used for the study. They were primary and secondary data sources.

The primary data is the document created at the time of the research subject or the study. This source of data is directly related to the events being researched. The primary data for this study was gathered from the in-depth interviews conducted at the Ghana audit service headquarters. The interviews covered all the issues that needed to be addressed in order to achieve the stated objectives of the study.

A secondary data are data that have been collected by other researchers which includes everything from annual reports, published case descriptions and newspaper reports as well as government printed sources (Wilson, 2010). Zikmund, (2001) defines secondary sources of data as data that have been previously collected for some project other than the one at hand. The secondary data was collected from policy or publicly available documents and other publications on the subject of the research (Walliman, 2011). The main advantage of using secondary data is the enormous saving in resources, in particular time and money (Ghauri & Grønhaug, 2005). It is also less expensive to use secondary data than to collect the data personally. Again it is relatively easier to analyse far larger data sets such as those collected by government surveys. According to Saunders, Lewis and Thornhill (2009), using secondary data within organisations may also have the advantage that, because they have already been collected, they provide an unobtrusive

measure. The study used secondary data in the data collection process. These were already in existence before this study was carried. The data include the corporate history of the audit service, understanding the work of the auditor-general and the auditor-generals report. All these documents were received during the data gathering process and are publicly available document. This complemented the primary data gathered from the respondents. Using the secondary data is convenient and less expensive which made the work quite easier than the primary data.

3.4 Data collection process

Data collection process involves the various ways or techniques used in getting the required or necessary information for the study. The study relied solely on Ghana audit service as it is the sole body responsible for public sector external audit. The data process began with a letter which was sent to the audit service in person. The purpose was to get the relevant data for the study that both primary and secondary data. The respondents selected for these interviews were based on experience and position within the Audit service. The researcher chose to rely on experience because comments about reforms should be from those who were in organisation before the changes and after changes. This will help give vivid account on what was existence before the reforms and what has changed after the reforms to enable the researcher to draw significant and meaningful contributions out of it. The process for selection was based on the fact that most of the assistant auditor generals were at post during the reform implementation and as such have great knowledge in the subject area that can be tapped into. The assistant auditor general per the audit service activities is in charge of monitoring all the activities of the various regional offices

and reports back to management. This makes them have some insightful ideas on the activities of the audit service. Primary data was collected for the study through interviews conducted by the researcher. The number of respondents is presented in the table with the minutes spent on the interviews.

	Interviewees	Department	Interviews duration	Number of years worked	Code
1.	Assistant Auditor General	Central Government Audit	1 hour 20 minutes	20 years	AA1
2.	Assistant Auditor General	Information Technology Audit	2 hours	30 years	AA2
3.	Assistant Auditor General	Performance Audit	34 minutes	14 years	AA3
4.	Assistant Auditor General	Performance Audit	25 minutes	13 years	AA4
5.	Assistant Auditor General	Performance Audit	40 minutes	13 years	AA5
6.	Assistant Auditor General	Commercial Audit	30 minutes	30 years	AA6
7.	Assistant Auditor General	Performance Audit	45 minutes	15 years	AA7
8.	Assistant Auditor General	Education Institutions and District Assemblies	1 hour, 30 minutes	30 years	AA8
9.	Assistant Auditor	Education Institutions and District	50 minutes	28 years	AA9

	General	Assemblies			
10.	Director of Audit	Commercial Audit	45 minutes	25 years	DA1
11.	Assistant Director of Audit	Central Government Audit	30 minutes	21 years	AD1

Primary data collection is an important piece of many research projects. Using proper techniques ensures that qualitative data are collected in a scientific and consistent manner. Improving data collection techniques will enhance the accuracy, validity, and reliability of research findings. Ultimately, using these methods helped to achieve the goal of carrying out high-quality research with credible findings.

The questions were prepared to cover the thematic areas of the study so as to obtain as much information as possible. The respondents were selected based on activities involved and specifically, based on the experience and position held. Based on the number of respondents interviewed, majority of them were assistant auditor generals with the few others being directors and assistant directors. Each interview lasted for a minimum of thirty minutes. The questions were along lines of themes that were identified in literature. The interview method used involved semi-structured open-ended questions that allowed free-flowing discussions with organisational participants. In semi-structured interviews, the interviewer develops and uses an interview guide. This is a list of questions and topics that need to be covered during the conversation, usually in a particular order. The interviewer follows the guide, but is able to follow topical issues in the conversation that may stray from the guide when he or she feels this is appropriate.

Semi-structured interviews, according to Bernard (1988), is best used when the interviewer will not get more than one chance to interview someone and when there will be several interviewers out to the field to collect data. The semi-structured interview guide provides a clear set of instructions for interviewers and can provide reliable, comparable qualitative data. Semi-structured interviews are often preceded by observation, informal and unstructured interviewing in order to allow the researchers to develop a keen understanding of the topic of interest necessary for developing relevant and meaningful semi-structured questions. The inclusion of open-ended questions and training of interviewers to follow relevant topics that may stray from the interview guide does, however, still provide the opportunity for identifying new ways of seeing and understanding the topic at hand. Typically, the interviewer has a paper-based interview guide that he or she follows.

Since semi-structured interviews often contain open-ended questions and discussions may diverge from the interview guide, it is generally best to tape-record interviews and later transcript these tapes for analysis. While it is possible to try to jot notes to capture respondents' answers, it is difficult to focus on conducting an interview and jotting notes. This approach will result in poor notes and also detract for the development of rapport between interviewer and interviewee. Development of rapport and dialogue is essential in unstructured interviews. If tape-recording an interview is out of the question, consider having a note-taker present during the interview. Semi-structured interview is beneficial because many researchers' questions can be prepared ahead of time. This allows the interviewer to be prepared and appear competent during the interview.

Semi-structured interviews also allow informants the freedom to express their views in their own terms. Semi-structured interviews can provide reliable, comparable qualitative data.

Following preliminary analysis, follow-up interviews with some respondents became necessary for clarification on certain key issues. All the interviews were tape-recorded and later transcribed before the analysis begun. The questions were well responded by the interviewees. Some themes were identified from the data gathering which has been addressed in the literature review.

The challenges encountered in the data collection process include the following:

First, Preliminary issues. In the preliminary issues, the researcher experienced some problems which made the researcher to change the approach to research process. In the preliminary stages, the researcher presented a letter to the head office of the Ghana audit service. The letter was personally presented in September 2014 and after one month, the researcher followed up. The response from the office indicated that the letter was missing, therefore there was the need to present another letter. Another letter was presented in October and the actual interview process started in the month of November. At the initial stages, the director of the public affairs scheduled some meetings for me. Those scheduled at the initial stages failed as I went there several times without the respondents.

From the beginning of the study, the researcher planned of interviewing the deputy auditor generals in charge of the five departments of the audit service. Upon series of re-appointment with these top managers, the approach was changed from interviewing the deputy auditor generals to assistant auditor generals since they are the next in command in terms of hierarchy in

the Ghana audit service. With that the study was able to interview nine (9) different assistant auditor generals from the five various departments of the Ghana audit service. After that study went further to interview two other respondents below the rank of assistant auditor generals to ascertain whether there will be any differed opinions.

Second, reluctance to provide the needed atmosphere for the interview. Most of the respondents selected seem to be busy attending to other issues related to their job. Therefore, it was difficult to even get at least 10 minutes of their time. This made the researcher unable to get data on time as expected. Others seem not to be friendly which in affected what they said.

Finally, recording of interviewees. The interviewees have some fear that when their voices are recorded they may be used against them. Some of them doubted that the researcher was indeed a student aside the identification cards and the letter presented. Some of them explicitly indicated that I should not record what they are saying rather I should write them. This was quite difficult because there was the tendency of not writing verbatim what the respondents said. Aside these problems encountered in the data gathering, the collection of the information was good. Almost all the respondents were very open, knew what they were doing and provided some evidence to back their claims. In all, the researcher was able to overcome these challenges to get the necessary information for the success of the study.

3.5 Data management and Analysis

The process of data analysis involves making sense out of text and image data. It involves preparing the data for analysis, moving deeper and deeper into understanding the data, representing the data, and making an interpretation of the larger meaning of the data. According to Sapsford and Jupp (2006), the process of data analysis produces the main claims that form the core of research reports. The qualitative data of this study was analyzed using emergent themes (Veal, 2011). Themes are defined as recurring patterns, topics, viewpoints, emotions and concepts (Veal, 2011). Data was analysed using a thematic approach as suggested by Miles and Huberman (1994). The themes were interpreted for meanings by situating them within the context in which they occurred. Following from the interviews, the researchers' data was transcribed and at the end had about 42 pages which were scaled down about 20 pages to enable the researcher present meaningful and insightful analysis. It was reduced to this number of pages because some of the comments appear to same and others were also not required at that material moment. It could be used for future research. The once used were chosen because of its relation to the study objectives. These provided insights for the objective to be achieved. The data for this study was analysed based along the lines of the research objectives. Specifically, the analyses made up of the types of audit reforms, factors influencing the audit reforms, the nature of the audit reforms, improvements from the reform as well as the challenges of implementing the

reforms in Ghana audit service. The responses gathered were not too different from literature.

There were some revelations which seem not to be popular in literature. All these were analysed

to in line with literature.



CHAPTER FOUR

ANALYSIS AND DISCUSSION OF FINDINGS

4.1 Introduction

This chapter presents the findings from the data gathered for the study. This chapter presents data and findings of the study reforms and auditing in the public sector. This chapter is divided into two main sections. The first section presents the findings in terms of the types of audit reforms, nature of these reforms, motivation for the reform, improvements by these reforms and the implementation issues concerning the reforms in terms of public sector auditing. The second section discusses these findings with reference to the literature presented in earlier chapters to identify the link.

4.2 Background of respondents and audit service

This part of the study looked at the background of the respondents and that of the Ghana Audit Service. The background of the respondents is important because it gives the premise on which respondents answered the question. Usually, a study into historical accounting requires respondents who in one way or the other experienced the phenomenon and will be in a good position to address the questions as such. The study relied heavily on some experienced employees of Ghana audit service to give the needed responses. The respondents were all selected from the Ghana Audit Service to provide the necessary information for the study. Eleven (11) respondents were selected and interviewed. These respondents were selected based on their positions, educational background and the departments that they find themselves. The

interviewees were made up of the assistant auditor general in charge of public accounts, assistant auditor generals in charge of commercial audit department, Educational Institutions and district assemblies, Central government audit department and performance audit department. The interviewees were stationed at the head office and head office annex of the Ghana Audit Service in Accra. Most of the interviewees hold bachelor's degrees and some with masters' degree and professional qualification in accounting, civil engineering and architecture. From their background and their responses, it was clear that all the respondents are well educated and have the capacity to discuss the issue at hand in detail to provide relevant answers to the research questions.

The length of service sometimes determines one's ability to elaborate on reforms. It was therefore important to find information on the duration of service the employee had worked with Ghana audit service. The responses indicate that majority of them have worked for more than 13 years in the Ghana audit service. That notwithstanding, most of the interviewees exhibited a high level of maturity and professionalism with respect to the issue at hand. This clearly shows that the number of years an individual remains in employment enhances to his/her level of experience. It can therefore be said that majority of the employees are experienced enough to talk about the reforms that the Audit service has gone through right from its inception to date. A background of audit service during the colonial era and after the colonial era and the reasons for the difference included. A summary of the background of respondents and the audit service at large is presented in the table below.

Table 4.1 Background of respondents

	Role	Position	Department	Number of years worked
1.	Preparing all central government audit reports	Assistant Auditor General	Central Government Audit	20 years
2.	Supervising and compiling of the reports from the regions	Assistant Auditor General	Information Technology Audit	30 years
3.	Supervising and compiling of the reports from the activities of public interest.	Assistant Auditor General	Performance Audit	14 years
4.	Supervising and compiling of the reports from activities of public interest	Assistant Auditor General	Performance Audit	13 years
5.	Supervising and compiling of the reports from the activities of public interest	Assistant Auditor General	Performance Audit	13 years
6.	Coordinating the activities	Assistant Auditor General	Commercial Audit	30 years

	of the branch			
7.	Supervising and leading audit teams	Assistant Auditor General	Performance Audit	15 years
8.	Supervising and Coordinating the various regional reports	Assistant Auditor General	Education Institutions and District Assemblies	30 years
9.	Supervising and compiling of the reports from the regions	Assistant Auditor General	Education Institutions and District Assemblies	28 years
10.	Compiling the reports of the branch	Director of Audit	Commercial Audit	25 years
11.	Leading a group for auditing government agencies under the jurisdiction this department	Assistant Director of Audit	Central Government Audit	21 years

Field data, (2015)

4.2.1 The Audit Service during the colonial Era (1910-1957)

The history of the present audit service can be traced back to 1910 when the country then known as Gold Coast was part of the British colonies. In the year 1910, a colonial audit department was set up in London to oversee the various institutions of the colonies overseas, leading to the

establishment of the audit department of the Gold Coast headed by directors of audit. Preceding to 1910, the accounts of the Gold Coast administration (the colonial civil service) had been audited by a local auditor appointed by British exchequer and Audit department. With the establishment of the audit department, the director of audit carried out the audit of the account of Gold Coast administration on behalf of the director of colonial audit in London whose title changed to Director-general of colonial office and in turn was responsible to the secretary of state who was therefore carried out under the executive government. From the early 1950s, up to political independence of the country in 1957, there was transfer of power through self-government by the crown to the local administration. This affected external arrangements during the period of self-government, the director of Audit of Gold Coast reported to the governor of the Gold Coast, who represented the crown as head of state and no more to the director of colonial office in London, who was under the secretary of state. Throughout the period of self-government, the audit department also established a link with legislature through the newly created public accounts Committee. The director of audit served as the technical advisor to the committee, which examined the audit reports and submitted its findings to the Legislature.

The 1954 constitution of the Gold Coast (order in council), which for the first time explicitly provided for the external audit function in the financial management system of the country. This constitution created the post of Auditor-General to replace the director of Audit. Consequently, the audit department became the Auditor General's department, which was not specifically mentioned by the constitution and remained part of the civil service. All operational staff of the department was, however, recognized by this constitution as the "deputies" of the Auditor-

General but were subjected to the general's orders and other rules of the civil service. Prior to the political independence of the Gold Coast in 1957, the senior staff and operational officers of the Audit Department/Auditor-General's department were appointed by the colonial office in London. This was intended to ensure the administrative independence of the audit department/audit- General's department from the local administration and ministerial control and authority. Junior officers were, however, appointed locally. This was made to give some level of authority to the Auditor-general.

4.2.2 The Audit Service after the colonial Era (1957 – Date)

The country gained independence in 1957. This independence led to the transfer of power from the British. The independence led to the promulgation of the 1957 constitution. The 1957 constitution of Ghana ushered the country into political independence, the provision of the 1954 constitution on the Auditor-General and his “deputies” were repeated. The Auditor General's department continued to remain a civil service department, this time not under the colonial office in London but within the bureaucratic system of the government in Ghana. There was therefore no mention of Auditor-General's department in the 1957 constitution. The Auditor-General's department was then under the Ministry of Finance. Under the 1969 constitution, the Auditor-General's department represented by the “deputies” of the Auditor-General in previous constitutions was converted into the present Audit Service as a constitutional body and made part of the public services of Ghana. This was a significant milestone in the existence of the external audit function and was due to the acceptance of the recommendations of the 1968 constitutional commission by the constituent assembly, which debated the constitutional proposals of the

commission and came out with the 1969 constitution. With the suspension of the 1969 Constitution in 1972, through a military takeover of the administration, the Audit Service Decree, (NRCD 49)1972 was published to give effect to the provisions in 1969 constitution. Section 1 of this Decree repeated the provisions of Article 136 of 1969 constitution .Article 152 of the 1979 Constitution, Section 4 of the Provisional National Defense Council (Establishment) Proclamation, 1981 ,Article 188 of the 1992 Constitution and Section 1 of the Audit Service Act, 2000, Act 584 have all maintained successively, the 1969 constitutional provision establishing the Audit Service. In terms of reforms to reflect modern requirements for an independent audit institution to support the work of the Auditor-General Ghana went ahead of the United Kingdom by the establishment of the audit service under the 1969 constitution. This is a clear testimony of the far-sightedness of the framers of the law in Ghana, on the need, as required by internally recognized governmental auditing standards, for an independent of the audit service, which is politically and administratively independent of the executive branch of Government.

The structure of the audit service from its inception to date has experienced a lot of differences. This indicates that the structure from the colonial period is entirely different to that post-colonial era. The difference in structure is as a result of the different legal regimes that country has gone through. An interviewee indicated that the structure is different because

“the Ghana audit service existed since 1910 which was then a department under the Ministry of Finance. Since it was a department under the Ministry of finance, it lacked independence to operate. For instance auditing the ministry that the audit service finds itself under was a difficult task. Therefore the various governments changed the status quo to grant them some level of

independence through the various constitutions that the country has had. This dates back to 1954. Currently the Ghana audit Service is a government institution working independently”.

In addition, an interviewee had this to say:

“The structures are different because it was under a ministry which was difficult to audit. The independence was very minimal because the department was virtually controlled by the sector minister”.

4.3 Types and nature of public sector audit reforms

Under this objective, the key issues discussed are the understanding exhibited by the employees on the reforms, the form in which the reforms took and the significant reforms that has taken place in the Ghana audit service. The nature of the reforms were basically the internal and external whiles the significant reforms were the systems based audit, risk-based audit, IT audit, performance audit and regularity audit.

4.3.1 Types of audit reforms

The reforms refer to the changes in the processes and practices that take place in organisations. There have been several reforms that has taken place in the Ghana audit service. The respondents were asked to indicate the various reforms that Ghana audit service has gone through from its inception. The respondents indicated the following reforms namely, system based-audit, risk-based audit, IT audit, performance audit and regularity or compliance audit. The respondents gave some explanations to the reforms above.

4.3.1.1 Systems audit

The systems based approach was the first approach to auditing that was introduced after the traditional audit approach where the auditors only focused only government finances or revenues. With this the audit was seen mostly as military – civilian relationship where the auditees were asked to do before complaining. At this point when the revenues collected are not properly accounted for, the auditor takes an action by inviting the police to arrest the auditee. The challenge associated with this system is that it only focused on the finance departments of the auditee organisations. This made the other management members to just act in a manner that seem to be favourable to them. This led to the introduction of the system-based audit. System-based audit is about looking at how the various systems in the organisation function to achieve the organisational objectives. For instance, on the issue of the systems audit, this is what an interviewee had to say:

“System-based audit approach was introduced in the 1990’s in Ghana audit service. The system based approach assesses the entire organisation and how it works, that is the processes and practices in what they do. It is an extension of the traditional auditing system. The system audit approach evaluates all what the organisation is expected to do. It is not only about the finances but the entire management. The system enhances interaction between the auditor and auditee. It is more like an interview, where responses are expected and must be backed by adequate, sufficient and reliable documentation”(AA8).

Another respondent also supported this claim by saying: *“the introduction of the systems based auditing which was meant to help the audit service to audit the systems of various public*

institutions. With this reform the various systems are checked to ensure that the complying with the various financial regulations”(AA9).

The system-based auditing approach has some challenges which made the audit work quite difficult for the audit service to meet its statutory deadlines. An interviewee had this to say:

The system was very cumbersome since it takes a lot of time to complete and often delays the audit report because every activity must be evaluated (AA9).

4.3.1.2 Risk based audit

This led to a new system called the risk based audit approach. The risk-based system evaluates the organisation to determine the risky areas in the organisation. This is less cumbersome than the system-based approach. An interviewee explained the risk-based approach as follows:

“Risk-based audit approach was introduced in the year 2000. In the risk based approach, the auditor looks at the major areas that are risky in the organisation. Therefore, the work becomes quite reduced as compared to the system based. This is just a matter of selecting the risky based areas which narrows the audit work” (AA8).

Another interviewee with slightly different explanation on risk-based approach had this to say:

“This approach helps the audit service to understand the clients business and identify the risk associated with the business. Applying this approach, the audit service will be required to audit only the risky part of the clients business. This was introduced to move along with the modern trends in the industry” (AA1).

This made the work quite easier for the audit service because there was no need audit the entire activities of the auditee.

4.3.1.3 IT audit

Determining the risky areas is sometimes not easy in situations where the organisations use some level of information technology. It was always difficult to determine the risk associated with IT based transaction as the audit was manual based. This brought about the IT audit which was introduced in the process of using the risk-based approach. This approach is used to determine the risk associated with IT based transactions to help auditors ascertain the needed information. An interviewee explained how the IT audit works as:

“IT Audit is able to determine the weaknesses in clients’ computerized system where management should focus attention and make sure they are remedied. It also gives indications to financial auditors with regard to the weaknesses to plan the financial audit”(AA2).

4.3.1.4 Performance audit

After introducing all these reforms, the management of the Audit service then decided to join international organisation of supreme audit institutions (INTOSAI) because the audit service had the opportunity to audit the United Nations therefore management thought it wise that joining the INTOSAI could give them more of such opportunities. After joining the INTOSAI, it was required that members of the supreme audit institutions perform their audit according to some standards. These include performance audit and regularity or compliance audit. Therefore in the year 2001, the audit service introduced performance audit. The performance audit is about going

beyond just the compliance with rules and regulations but the impact of the project and activities of public sector organisations. Performance audit department seek further clarification of the activities of the organisation. The performance audit goes beyond what the money was used for and whether it followed the due process. Performance audit measures economy, efficiency and effectiveness of public sector activities. In some jurisdictions, for example India and Canada, performance audit measures environment and equity in addition with economy, efficiency and effectiveness. Respondents gave their respective understanding of performance audit.

An interviewee explained performance audit as follows:

“Performance audit seems to be the new face of audit in Ghana. Performance auditing has to do with the audit of the 3Es namely Economy, efficiency, effectiveness and environment. The economy has to do with minimising cost without compromising on the quality of the product or service. It is important to note that the comparison is based on the same product and services but when they are different, economy may not be audited. Efficiency looks at the level of performance that describes a process that uses the lowest amount of inputs to create the greatest amount of outputs. Efficiency relates to the use of all inputs in producing any given output, including personal time and energy. Therefore where a certain activity is achieved with minimal inputs or resources then it can be concluded that efficiency is achieved. Effectiveness also examines the degree to which objectives are achieved and the extent to which targeted problems are solved. In contrast to efficiency, effectiveness is determined without reference to costs” (AA3).

In addition, an interviewee presented this:

“Performance auditing is about assessing programmes and activities whether they were procured economically, efficiently and effectively. Performance auditing goes beyond the figures and its corresponding evidence. Economy is concern with low prices without compromising on quality. It is expected that before a programme or activity is undertaken, there is the need to compare prices or cost to determine the lowest price without leaving out the quality. In effect the economy is all about prices. Efficiency looks at how well the inputs are used to achieve the stated objective. Effectiveness also looks at how the objectives are achieved and its impact on the citizenry” (AA5).

This makes the performance audit quite different from the other approaches to auditing. This is unique and very involving getting to the root of the issue at hand. In performance audit in Ghana, the performance audit department gets their audit topic from the discussions in the media and other sources which are likely to attract the citizenry. Performance audit sometimes go beyond the usual one year for the auditor general to present his or her report to parliament. It may take more than two years to complete one audit activity.

4.3.1.5 Regularity audit

The joining of the INTOSAI also influenced the audit service to adopt another way of auditing which is modern and practiced by member countries. Regularity audit has to do with the assessment of all government entities with respect to its operations at the end of each year. The objective of regularity audit is to enable the auditor general to express an opinion of fair presentation of financial statements as well as the compliance with the laws, regulations and

other directives pertaining to the entity. This approach is used for financial audit. An interviewee explained the regularity audit as:

“The regularity / compliance audit is a hybrid of the traditional system, system-based and the risk-based system. This system is aimed at efficiency” (AA8).

The regularity audit requires the audit to follow some steps.

An interviewee described the steps as follows:

“In applying this approach, the audit activity is divided into four aspects namely:

Administrative planning	The administrative planning has to do with the composition of the audit team. At this point the head will select the people with the required or relevant skills for the audit. The selection by the head will have to be justified why those people have been selected. The people who will be selected are taken through the code of ethics of the profession so as to present a credible report of the audit activity.
Strategic audit planning	At this level, there is an interaction between the auditor and the auditee. The auditor presents the letter of understanding introducing the auditor and what the auditor expects from

	the auditee. Within it, the time that the audit will last are all indicated to give the auditee an understanding of the activity. The auditee also presents the letter of representation indicating what they will do. The concluding aspect of carrying the audit is the overall audit strategy to indicate the key deliverables.
Audit Execution	The execution has to do with the actual activity that is been carried. At this point the various strategies will be applied.
Audit Reporting	The final stage of the audit work is the reporting. The various activities are all documented for the purpose of peer review by other supreme audit institutions. The peer will review help know whether the audit is meeting the international standards as stipulated”

Source: (AA8).

The reforms above shows how far the audit service has come with its processes and practices since the inception of the then audit department to the current audit service. All these reforms were geared towards the independence of the Ghana audit service. The reforms were also aimed towards the achievement of international recognition.

4.3.2 Nature of public sector audit reforms

Here the study seeks to know whether the reforms are internally induced or externally induced. That is whether the reforms were introduced from within or they were introduced as a result of external pressures from some institutions. The reforms that are internally induced are those that were introduced as a result of some pressures within the organisation to correct some inefficiency in the process and practices of the audit service. The external induced factors are those pressures from external parties to change the way an organisation behaves. The external influences may come from development partners such as World Bank, European Union and international organisation of supreme audit institutions (INTOSAI). The International organisation of supreme audit institutions requires some specific practices and processes for auditing public sector institutions worldwide. Since the Ghana audit service was not a member from its inception, there was therefore the need to adopt the practices and processes as expected by the INTOSAI.

It was important to examine the interviewees on the nature of reforms in the audit service. From the interviews, the interviewees indicated that the reforms were as a result of some pressures which came from within the audit service and outside the audit service.

An interviewee had this to say:

“The nature of the reform is both internally and externally induced. It is internally induced because the change of name was not influenced by any external pressure. It was just a national policy. The others are externally induced because it was influenced by the external parties such as supreme audit institutions, European Union and others. The international organisation of

supreme audit institutions requires member countries to perform their audit according to a laid down standard, therefore if the standard is not up to what they expect, then there is the need to reform to meet the international standard”(AA4).

In addition an interviewee had this to say:

“The nature of the reforms was internal and external. The nature of the reforms may be considered as internal because, the constitution right from the 1954 has given some level of powers to the audit service to undertake its activities. The constitution served as the tool for several changes in the Audit service. For instance, the 1954 constitution expanded the scope of audit from only the central government to public or government institutions in Ghana. This brought some level of autonomy to the service. Again, the 1969 constitution brought about the change in name, which is from the auditor general’s department to the Audit Service to grant the organisation more independence or autonomy. Finally, the 1992 constitution of the republic however maintained the name but rather strengthened and expanded the mandate of the Ghana Audit Service” (AA6).

Most of the respondents expressed similar ideas indicating that the reforms were both externally and internally induced. That is the reforms were caused by some internal and external factors. However, an interviewee had a differing opinion indicating that the reforms were caused mainly by external factors which the Ghana audit service had no absolute control over. The interviewee had this to say:

The nature of the reforms was externally induced. This is because some external factors pushed for this changed. Examples of the externally induced factors are the pressure from supreme audit institutions and the donor agencies such as the World bank, European Union and others” (AA1).

The interviewees were further asked why the reforms took this nature. It may be assumed that some nature of reforms is embarked based on some reasons. Based on this, an interviewee had this to say:

“The reforms took this nature because of modernization and standardization of audit activities by the supreme audit institutions worldwide.” (AA2)

Another interviewee who seem to have similar reason also said:

“The nature of reforms was embarked on because of the need to give a face lift to the audit service to move in line with other countries.” (AA1)

An interviewee reiterated why both internally and externally nature of reforms was adopted. The interviewee explained both factors differently. This is what the interviewee said concerning the internal factors:

“The internally induced nature was adopted because there was the need to strengthen the audit service in the wake of the expanding nature of government activities”(AD1).

4.3.2.2 Externally induced reforms

On the external factors, this is what the interviewee has to say:

“The externally induced posture was accepted because Ghana is a member of supreme audit institutions worldwide therefore whenever there is change in the processes and practices of this association, there should be a reform to cater for the change. Also, the reforms were to ensure that the audit service activities are aligned to that of the private sector to realise the full benefit of audit”(AA9).

An interviewee further elaborated why the reforms took external nature:

“The reforms took this nature because there was the need for standardization of activities worldwide. That is, as the various countries have signed on to international agreements, whenever there is a change there must be a corresponding change in member countries. This will make the countries meet the international requirement where its reports are widely accepted as the true and fair view” (DA1).

The views by the respondents confirm the fact that reforms in public institutions may be internally and externally influenced.

4.4 Factors influencing the audit reforms

Reforms usually do not evolve suddenly, but is caused by some factors that are sometimes beyond the control of the management team. When such pressures begin, there is the need to change the activities, processes and practices to meet the demand of these stakeholders. From the study, it was realised that there are several factors that influenced the reforms namely:

Internationalisation, policy, quest for good governance, restructuring of the audit service and others.

4.4.1 Internationalisation

An interviewee described the need for internationalisation as:

“The management of the audit service thought it wise to join supreme audit institutions to put the service on its toes. Because of this, there was the need to change how the audit service works to suit what the other supreme audit institutions are doing” (AA3).

In addition, another respondent confirmed this by saying:

“The other reasons include that of the international requirements. The Supreme Audit Institutions worldwide are expected to ensure that the activities are line with all other Supreme Audit Institutions therefore this brought some changes to how the Audit Service works in Ghana. It was also as a result of other reason such as the regulatory institution that is the INTOSAI which introduces guidelines on how public sector audit should be carried. This allows the supreme audit institutions world-wide to follow a certain pattern in its activities. Again, the reforms were to ensure that the Ghana Audit Service activity is accepted world-wide as that of any supreme audit institution” (AA8).

4.4.2 Governmental policy

The reforms were caused as result of governmental policy which was meant to give independence to audit service. The independence was to enhance practices and make them more

relevant in public sector accountability. These policies made the audit service activities in line with other international organisations. An interviewee shared his opinion on this:

“The reforms somehow were seen as a policy because there is an international agreement binding on member countries to follow specific practices and processes. Therefore when these processes are absent, they must be introduced. Again, it was considered as a policy because these reforms had it legal backing from the 1957, 1969 and 1992 constitutions. The audit service gave a further boost to its legal environment by becoming an autonomous institution” (AA1).

In addition to this, another respondent had this to say:

The cause for the implementation of audit reforms was considered as a policy because some of the reforms were supported by the constitution and the audit service act. For instance the change of name from the audit department to the audit service had it legal support from the 1969 constitution where as the performance audit had it support from the audit service act 2000 (AA9).

It was a policy because of the promulgation of the audit service act and the various constitutional regimes that the country has experienced. The various constitutions gave the Ghana audit service some new mandate and powers to execute its activities. These include the 1954, 1969 and 1992.

In summing up, an interviewee had this to say:

“The reforms were introduced as a result of a policy. For instance the introduction of the PURFMAP brought some reforms to the audit service. These reforms became necessary because the approach to government financial management has changed therefore there is the need to match the audit activities with the financial management practices” (AA2).

4.4.3 Quest for good governance and accountability

Research has shown that citizens in recent times have realised the need to demand accountability from public officials. These demands have brought some pressure on the management of audit service to adopt new or modern auditing techniques to satisfy the demands of the citizenry. This demands affected the need for reforms in Ghana Audit service.

An interviewee explained this factor as:

“The reforms were caused by the quest of good governance and accountability in the public organisations. This is because the scope of government activities has expanded therefore there was the need to decentralize the activities of the audit service to match up. Again, there was the need to adopt new strategies to align itself with the international community as the audit service strives to be one of the best supreme audit institutions”(AA5).

In conclusion, the reforms may be considered as a restructuring of the Ghana audit service because whenever there is a change in the financial management practices of government, there must be a corresponding change in the activities of the audit service to meet the expectation of the entire citizenry. Others were initiatives from the Ghana audit service which was supported by the European Union to put the audit service in line with the international standards. For instance the ongoing reform in public financial management requires a corresponding change in the audit techniques so as to be well equipped to audit this new system and also be well prepared for challenges that may arise.

4.5 Improvements in public sector auditing

Ghana was the first country to experience World Bank reforms in the sub Saharan Africa. Reforms may range from introducing very micro-scale alterations, such as the introduction of new software in an office, to large-scale organisational restructuring, including the creation of new organisations or divisions and the termination of existing ones. It is useful to note that reform is a key to surviving and growing in today's global economy. The challenge then is to learn to move through this valve of transition as easily and creatively as possible to the organisational activities. The reforms were not easily accepted by the other employees because most of them felt they were not involved and also they felt threatened by the change in process and practices. After series of meetings and trainings, employees became so interested and embraced the change process.

The issue with reforms are whether the reforms undertaken achieved its intended objectives. The intended objectives of reforms are usually to improve the existing system to create some level of efficiency. The respondents were asked to indicate whether the reforms brought some improvements to the audit service. All the respondents unanimously agreed that the reforms brought significant changes to the processes and practices of the Ghana audit service.

The respondents indicated that the following are the improvements, namely; meeting of statutory deadlines, international acceptance, enhanced accountability, enhanced institutional capacity, cost-effectiveness, quality assurance, interactive approach to auditing and others. The respondents explained the various improvements brought as a result of the reform. On the issue

of meeting statutory deadlines, the respondents indicated that the auditor general is able to present the auditor's report on time for possible debates and actions to be taken.

4.5.1 Meeting of statutory deadlines

On the issue of statutory deadlines, an interviewee had this to say:

“The reforms have enhanced the timing of the audit reports. Information by auditees is provided quickly to avoid any delay in their reports. Nowadays, the public institutions have realised the need to present their financial statements. This has made the audit service to present its reports to parliament on time for discussion” (AA1).

Another respondent reiterated the fact that the reforms have indeed contributed to the submission of the audit report to parliament. This is what the respondent said:

“The audit service now has devised new ways of auditing the public institutions although there have been massive increases in government activities overtime. Since government activities are expanding, one would conclude that the audit service may not be able to present the report to parliament on time but rather the auditor-general is able to present even faster than the previous years where the activities seemed to be less. This means that the audit service has lived to expectation” (AA2).

4.5.2 International acceptance of the audit reports

Also, the respondents talked about the international acceptance of the auditor-generals report. When a country is a member of the organisation of supreme audit institutions, the country should conduct its audit in accordance with international standards. Therefore, since the Ghana audit service is still a member, their audit must be according to the standards, making it easier for peer review by other supreme audit institutions. A respondent had this to say on the international acceptance:

“The audit report presented by the auditor general to parliament is widely accepted by supreme audit institutions. This is because it follows the guidelines by international organisation of supreme audit institutions” (AA6).

In addition to that, this is what another interviewee had to say:

“The public audit institutions world-wide are all in an association which demands that they conform to certain practices and procedures. Therefore, if an institution acts differently, that country may be considered not to be line with what the association does or accepts. The reforms undertaken by the audit service has led to the acceptance of the audit reports of Ghana audit service as credible and reliable” (DA1).

4.5.3 Enhanced accountability and institutional capacity

The reforms according the respondents have enhanced accountability and institutional capacity of the Ghana audit service. This has enhanced accountability in the sense that the audit report is able to identify fraudulent transaction which has made the citizenry more interested in government activities as compared to that of the previous years. This has given rise to civil society organisations springing up to demand for accountability from public officials. This has

also enhanced its institutional capacity. The reforms have brought new ways of undertaking audit in the public sector. For instance the introduction of performance audit is able to reveal the impact of government spending on the citizenry. Performance audit is able to detect the inefficiencies in the activities.

In interviewee hinted that:

“The reforms have enhanced public sector accountability in the sense that the citizenry see the auditor general’s report as an important document and as such can demand accountability from public officials. The audit report reveals the activities carried by public institutions. Whenever accountability is lacking, the citizens have the moral right to demand for it” (AA1).

An interviewee further elaborated that:

“The reforms have made it easier for accountability and good governance. People can be held accountable for their actions and inactions. There is some form of transparency therefore citizens or civil society organisations can now demand for accountability”. (AA4)

In summing up an interviewee concluded that:

“The reform has raised the capacity of the audit service dealing with the new way of auditing in the public sector institutions. This has made the audit service an autonomous institution. The audit service now has the capacity to conduct more specialised audit” (AA5).

4.5.4 Interactive approach to auditing

The reforms has made auditing much flexible than the previous years where the auditors was more aggressive and unapproachable by the auditees. The auditees are able to express themselves

in the audit process and this even helps the auditors gather more evidence through the interactive process.

An interviewee stressed on this matter:

“Previously, auditing was seen as a struggle between the auditor and auditee. Currently, because of the reforms, the auditee feels free to interact with the auditor. Whenever there is the need to explain, the auditee has the opportunity to do so. This makes the auditee happy to give reliable evidence. With this, there must be documentation in all activities for review.” (AA8)

4.5.5 Cost efficiency

Another improvement that the respondents stressed most is on the issue of cost-efficiency on the part of the Ghana audit service. When the audit process is cumbersome, it requires more auditors and other resources to undertake the audit activity. Therefore, when the audit activity reduces, the cost of the audit is likely to reduce which will save government some revenue. The reforms have made some departments inter-linked making their work easier.

This is what the respondent shared on the cost-efficiency:

“Public sector auditing is cost effective as compared to the previous systems where the service was required to assess the entire organisation. This time round the risky areas are audited which requires few days and few employees for some audits” (AA4).

Another respondent supported the claim by saying:

“The reforms were seen as an approach for audit service to be cost-effective. Some activities of the activities previously were more separated or disjointed. The reforms have brought some

coordination in the activities of the various departments within the audit service and other government agencies in Ghana” (AA3).

In conclusion, the reforms in Ghana’s audit service have improved the activities of the audit service. This has made the auditing activities very interesting for both parties. This has led to quality assurance and peer review. This is where someone outside or within the organisation is asked to check the evidence gathered and the corresponding auditors reports. The auditor is monitored in his or her activities with the institutions he or she is auditing. Therefore, there is the need to exhibit high level of professionalism. This is because there is a possibility for another person to review the work done by an auditor.

4.6 Challenges in the implementation of the reforms

Reforms should be managed with the change management process in mind. First, the management together with the board made the employees to realise that there is the need to change the processes and practices in this modern day. This involves creating the initial motivation to change by convincing staff of the undesirability of the present situation. This was a difficult stage for management. Secondly, there is the stage where the change actually takes place.

4.6.1 Resistance of change

The change process itself is mainly concerned with identifying what the new processes and practices should be. This stage will often involve establishing new patterns of auditing and so on. Management made sure they communicated the necessary information to the employees. At

some point, a pilot audit was organised for employees. The employees were made to form teams to try their hands on new issues arising out of the reforms. Finally, there was the need to ensure that the change has come to stay. This was successfully done by the management and the reforms are sustainable. Although management had this in mind, there were a lot of challenges associated with the implementation of audit reforms. From the study, the most significant ones include financial challenges, acceptance of change by employees, political support and host of others.

A very difficult issue in organisations usually arises when there is the need to change from one process to another. Some employees resist this change with the notion that the change is likely to affect what they are doing. Therefore, when there are any benefit associated with the old system, they are going to loose it. Some employees also believe that the change will affect the positions that they hold in the organisation. Such employees always work extra hard to protest the change. There it is very serious issue for management to overcome. It sometimes takes a lot of time to get employees convinced and involved in the process. A respondent had this to share on the reform implementation:

“The reforms encountered some challenges in its implementation such as resistance from some employees as they saw it as something that will affect their job. Change as it is may be difficult for employees to accept. There was the need to sensitize the employees to feel that their job is not at stake or affected” (AA9).

4.6.2 Financial constraints

The respondents indicated for the reforms to be successful, there should be funds available to cater for the implementation. Sometimes employees need to be trained so as to appreciate the importance of this new concept and apply it as management expect. Therefore, where the logistics are not available, the reform may not achieve its intended objective. A respondent elaborated on how the financial challenges affected the implementation of the reform:

“There were some financial constraints in the implementation of the reform. The reform requires some financial commitment on the part of the audit service to be able to achieve its intended objectives. The funds were not flowing as expected therefore at some point there was the need to halt the activities. For instance, the introduction of the Ghana Integrated Financial Management Information Systems requires some changes in the activities to the audit service but because there funds are not coming, this activity is halted making the audit service incapable to audit this new system”(AA2).

4.6.3 Governmental support

The success of implementing a reform in the public sector is linked to the government’s ability to support the change. It is important that the government will help the implementing agency so as to make it a successful one. Some reforms were not successful because the government did not support it. The reform will achieve its intended objectives when there the needed support from the government. The reform had some challenge in that regard. An interviewee had this to say:

“Reforms require the political support of the government. When the necessary support is not given, the implementation of the reform becomes difficult to achieve its intended objectives” (AA1).

4.7 Discussion of findings

4.7.1 Types of audit reforms

Public sector reform is about strengthening the way that the public sector is managed. The public sector may be overextended and attempting to do too much with too few resources may lead to it been poorly organized; its decision-making processes may be irrational; staff may be mismanaged; accountability may be weak; public programs may be poorly designed and public services poorly delivered. As a result, there have been several reforms in public institutions such as the audit service. The types of reforms that are implemented affect how the practices and processes are undertaken. There have been various reforms in Ghana audit service. The results from the interviews indicate that the types of audit reforms improved the services provided by the audit service. The respondents indicated systems-based audit, risk-based audit, IT audit, performance audit and regularity or compliance audit.

In addition, it was realised that performance audit has made citizenry more interested in public sector audit. This has made the auditor-general's office more relevant in terms of accountability. The responses support the view of Othman, Nath & Mahzan (2013), English, Guthrie, Broadbent, & Laughlin, (2010), Norton & Smith, (2008); and English, (2007). According to

Othman, Nath and Mahzan (2013), regularity or compliance audit had to do with ascertaining that all reasonable precautions have been taken to safeguard the collection and custody of public moneys; the accounts and records are properly maintained and all expenditures are properly spent in accordance with laws and regulations in the country. Performance auditing is defined as an independent evaluation of the economy and efficiency of auditee operations, and the effectiveness of programs in the public sector to the citizenry (Broadbent, & Laughlin, 2010). The purpose of performance auditing is the objective assessment of the accomplishments or processes of a government program or activity for the purpose of determining its effectiveness, economy, or efficiency. The response points to the fact that the focus is to achieve economy, efficiency and effectiveness of public sector programs and activities.

Respondents once again indicated that the objective of performance auditing consists of elements such as economy, efficiency and effectiveness. This has been supported by several scholars such as English, Guthrie, Broadbent and Laughlin, (2010); Daujotaite and Macerinskiene, (2008); Lee, (2008); Gendron, Cooper and Townley, (2001); Daujotaite and Macerinskiene, (2008) for example state that “the objective of public sector performance auditing is about economy, efficiency and effectiveness”. Notwithstanding this, the respondents added that in some jurisdictions, the objectives of performance auditing is no longer three that is economy, efficiency and effectiveness but rather five including environment and equity. This is been practiced in Canada and India.

4.7.2 Nature of audit reforms

In order to examine how the reforms came about, there was the need to look at the nature of the reforms. With respect to the nature of reforms, almost all the responses were the same. The respondents said that the nature of the reforms was externally and internally induced in nature. Respondents were with the view that some of the reforms were promoted by international organisations or development partners such as European Union, World Bank and others. Others were from government and within the audit service. The responses are supported in literature.

Public sector reforms are meant to reduce the inefficiencies in the economy. The nature in which the reforms take determines its objectives. Public Sector Reforms are mainly classified in two forms namely; externally induced and internally induced reforms. These are supported by scholars such Mutahaba and Kiragu, (2002) Stevens and Teggemann, (2004) and Owusu, (2006). According to Owusu (2006), the search for reforms has been led by the World Bank and other international development agencies. Indeed, many African countries, including Ghana, with the support of donor agencies – especially the World Bank – have been experimenting with various reform strategies since the 1980s.

4.7.3 Factors influencing the audit reforms

The reforms were influenced by so many factors. The factors identified in the study include, the desire for standardisation, governmental policies, quest for good governance, market efficiency and others. Some of these are supported in literature. The standardisation has put the audit service in the lime light where various institutions and countries are accepting and relying on the reports of the audit service.

The reforms that were caused as result of governmental policy were meant to give independence to audit service. The independence was to enhance practices and make them more relevance in public sector accountability. An interviewee shared his opinion on this:

“The reforms somehow were seen as a policy because there is an international agreement binding on member countries to follow specific practices and processes. Therefore when these processes are absent, they must be introduced. Again, it was considered as a policy because these reforms had it legal backing from the 1957, 1969 and 1992 constitutions. The audit service gave a further boast to its legal environment making it an autonomous institution”.

These factors are supported by the following scholars Ayee, 2001; Owusu, 2006; Pollit and Bouckaert, 2011; Pearson, 2014. For instance, according to Owusu (2006), for government institutions to improve their ability to deliver on their promises, governments try to get officials to focus on outputs and outcomes, rather than processes and structures. A strong bond of accountability between citizens and the public sector generates demand for Public sector reforms. Public sector performance is determined to an important extent by the interplay between the public sector and the country’s key institutions of accountability. Others which were not specifically stated by respondents but implicitly shown are as follows:

Market Alignment

Market alignment as a key idea has been based on the notion that the public sector organisation would be more efficient and effective if it were more like the private sector entity. The reforms suggested hinge on trying to use private sector methods, and market-style strategies and incentives to drive public policy, strategies and behaviour. This makes public sector entities to

rely on private-based techniques grow or improve on its programmes and activities to the benefit of the citizenry.

Productivity Enhancement

Again, one motive for reforms has to do with productivity enhancement. This is to ensure that public sector institutions produce as expected from the public. The persistent search for greater efficiency is often driven by public demand for more services to be provided without commensurate increase in taxes. This leads public administrations or institutions to review their key processes, eliminating or streamlining the activities of the where possible.

Service Orientation

One of the influencing factors of reform is to make the government more customer-friendly and service conscious, public sector institutions have tried to reinvent their service delivery programmes. Instead of designing programmes from the perspective of the service providers (especially government officials) and managing them through existing bureaucracies, reformers have literally turned the system on its head and tried to put the service recipients (mainly citizens and businesses) first.

4.7.4 Improvements in public sector auditing

To a greater extent, reforms are carried to bring improvements in the activities of the organisations involved. Respondents were asked whether the reforms brought some level of improvement. The unanimous decision of the respondents indicated that the reforms have brought improvement in the activities of the audit service. The improvements according to the

respondents are meeting of statutory deadlines, international acceptance, enhanced accountability, enhanced institutional capacity, cost-effectiveness, quality assurance, interactive approach to auditing and others. These improvements are clear manifestations of economy, efficiency and effectiveness of the activities of the Ghana audit service. This made the employees and management happy when the reforms carried achieved its intended objectives.

An interviewee shared his opinion:

“Previously, auditing was seen as a struggle between the auditor and auditee. Currently, because of the reforms, the auditee feels free to interact with the auditor. Whenever there is the need to explain, the auditee has the opportunity to do so. This makes the auditee happy to give reliable evidence. With this, there must be documentation in all activities for review.”

This assertion by the respondents that reforms have brought improvement is supported in literature (Pearson, 2014; Barrett, 2014). According to these studies, the reforms require involvement of the people and experts. The processes leading up to the legislation should be reasonably inclusive of the stakeholder community, including experts and other professional advisers. The government should give commitment to consult widely on the development of the rules, with extensive consultation within government but also with other sectors and interested stakeholders. There is the need to have institutional capacity, which is essential to the success of public sector reforms. The involvement leads to successful implementation. This study does not support the assertion by some scholars such as Uddin and Hopper, (2003); Uddin and Tsamenyi, (2005) reforms may not achieve their intended objectives.

4.7.5 Challenges in the implementation of the reforms

The interviewees indicated that the Audit service did not easily move through the implementation of the reforms due to a number of challenges. Some of these challenges revealed by the respondents include the following: proper communication mechanism, financial challenges, acceptance of change by employees, political support and host of others. Some of the respondents felt that the reforms in the early stages were imposed on them and for that matter they were not consulted at its inception. The revelation that some employees of the service were not consulted at the inception of the reforms has crucial implications in terms of employees' commitment and attitudes towards the reform. This situation creates some apathy in the implementation of the reform. When the employees are not involved and communicated to properly, they are likely to feel that the reforms will affect their job and are likely to resist such implementation process. A respondent had this to share:

“The reforms encountered some challenges in its implementation such as resistance from some employees as they saw it as something that will affect their job. Change as it is may be difficult for employees to accept. There was the need sensitize the employees to feel that their job is not at stake or affected”.

These challenges have basis in literature where various reforms undertaken experienced some challenges but sometimes the impact of the challenge on the implementation. The study confirmed that the reform implementation is not likely to be successful without challenges. Authors such as Kim, (2009); Pollit and Bouckaert, (2011); Pearson, (2014) claim that reform implementation may not be without challenges. These authors believes that the context and the

nature of advancing public sector reforms between developed and developing countries differ considerably on a number of issues and this may bring some challenges.

Others identified by these scholars include the involvement of other government and private agencies. For effective application of public sector reforms principles, governments must explore, assess, and engage in opportunities for collaboration both within and outside the public sector. Public sectors have embarked on profound change processes to confront the problems of inefficiencies and inadequacies of the state in addressing public problems. These reforms relate to the quality of relationships between the governments and the governed.

4.8 Reforms and theoretical explanations

From the study one theory emerged namely the institutional theory. As theories are meant to explain a group of facts or phenomenon, the study therefore classifies how the reforms were explained by the respondents and why those patterns were chosen as against the available options. This will be in a theme namely institutional theory and audit reforms.

4.8.1 Institutional theory and audit reforms

DiMaggio and Powell (1983), suggest that the various actors operating in and around organisations can create the institutional pressures that lead individual organisations to adopt specific structures and procedures. The study reveals that the audit reforms were undertaken because of some reasons or factors created by some institutional pressures.

4.8.1.1 Mimetic isomorphism and audit reforms

The institutional pressures according to respondents were strongly linked to mimetic isomorphism. Mimetic pressures center on the influence of ‘best’ or ‘good’ practice on the structural choices that organization makes. This manifest in the tendency some organizations have to emulate or copy what appear to be desirable or accepted practices in the sector or industry they find themselves, even if these have not been proven effective. Organizations dealing with uncertainty are particularly vulnerable, especially when uncertainty clouds the relationship between organizational means and ends, complicating the choice of means (DiMaggio and Powell, 1983). The Ghana audit service embarked on the various reforms mainly due to mimetic pressures. The institution decided to emulate what other countries is doing which is seen as the best practice for the industry. A respondent narrated why audit service decided to embark on the reforms:

“The reforms took this nature because there was the need for standardization of activities world-wide. That is, as the various countries have signed on to international agreements, whenever there is a change the must be a corresponding change in member countries. This will make the countries meet the international requirement where its reports are widely accepted as the true and fair view” (DA1).

This means the Ghana audit service tried to copy best practice as expected and demanded by the international organisations.

4.8.1.2 Coercive isomorphism and audit reform

Coercive pressures involve one organization exerting power and influence over another to force the adoption of preferred structures or institutions, often through political and legal means or by controlling resource access. Highly dependent, politically vulnerable organizations are particularly susceptible to such pressures (DiMaggio and Powell, 1983). There was some form of coercive isomorphism where Ghana audit service was made to change some practices and processes because the audit service was a member of international organisation of supreme audit institutions (INTOSAI). Members of INTOSAI cannot do anything different from the association requires therefore as a member the audit was coerced to adopt certain practices that were not known or in existence in the service. A respondent described how the audit service changed its practices according to the demands of the international association:

“The other reasons include that of the international requirements. The Supreme Audit Institutions worldwide are expected to ensure that the activities are line with all other SAIs therefore this brought some changes to how the Audit Service works in Ghana. It was also as a result of other reason such as the regulatory institution that is the INTOSAI which introduces guidelines on how public sector audit should be carried. This allows the supreme audit institutions world-wide to follow a certain pattern in its activities. Again, the reforms were to ensure that the Ghana Audit Service activity is accepted world-wide as that of any supreme audit institution (AA8)”.

As institutions join associations, their activities become highly regulated, therefore as a member of INTOSAI, the Ghana audit service was mandated to go according to the laid down processes

and practices. An organisation can decide to change when that organisation is no more a member.

4.8.1.3 Normative isomorphism and audit reforms

Normative pressures “describe the effect of professional standards and the influence of professional communities on organizational characteristics” (Ashworth et al, 2007). They are particularly strong where a professional grouping accredits certain practices, establishing them as norms. The normative isomorphism basically entails adhering to international best practice which may be demanded by citizens and some civil society organisations in Ghana.

A respondent had this to say:

“The reforms were caused by the quest of good governance and accountability in the public organisations by citizens. This is because the scope of government activities has expanded therefore there was the need to decentralize the activities of the audit service to match up. Again, there was the need to adopt new strategies to align itself with the international community as the audit service strives to be one of the best supreme audit institutions” (AA5).

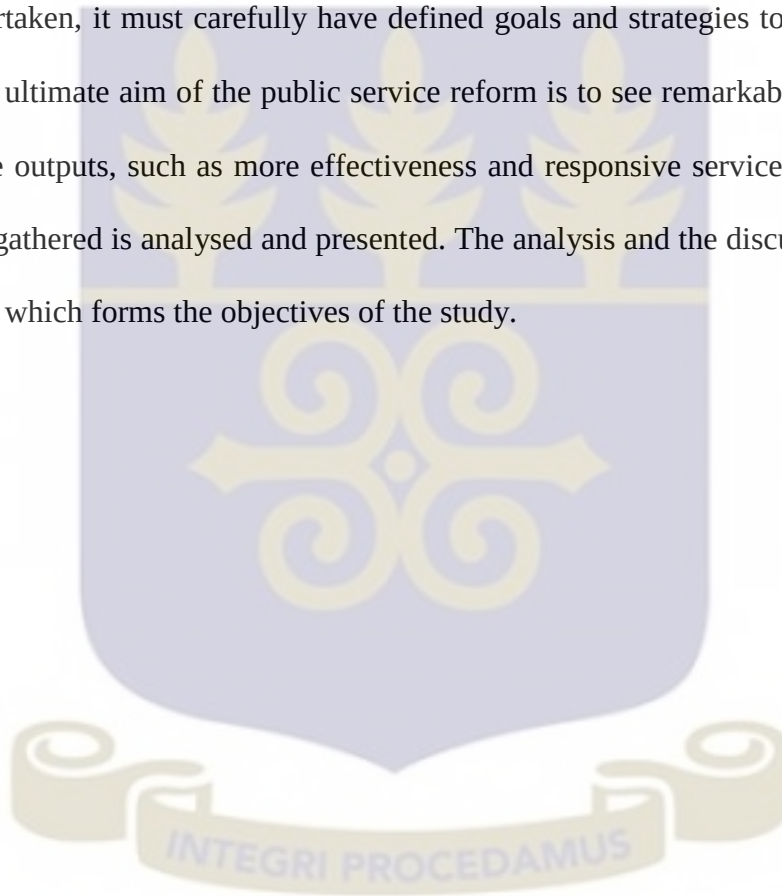
Aside citizens causing for change, government also introduced a policy which made the institutions change their processes and practices. A respondent indicated that there was a government policy that changed their activities. This is what the respondent said:

“The reforms were introduced as a result of a policy. For instance the introduction of the PURFMAP brought some reforms to the audit service. These reforms became necessary because the approach to government financial management has changed therefore there is the need to match the audit activities with the financial management practices” (AA2).

This implies that international best practices should be adhered in order not to deviate from the accepted norm in society.

4.9 Chapter summary

Reforms are planned interventions to raise the level of public service performance. Before reforms are undertaken, it must carefully have defined goals and strategies to attain these goals set for them. The ultimate aim of the public service reform is to see remarkable improvement in the public service outputs, such as more effectiveness and responsive service deliveries. In this chapter, the data gathered is analysed and presented. The analysis and the discussions focused on four main themes which forms the objectives of the study.



CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter presents a summary of the study, conclusions arising as well as the recommendations. In addition, the directions for future research have also been provided.

5.1 Summary of key findings

Reforms in the public sector continue to be a challenge for many organizations. Employees believe that the reforms may affect their work and as such are likely to fight against it, making it unable to achieve its intended objectives. The study sought to investigate reforms and public sector auditing in Ghana. Specifically the study investigated the specific reforms, its nature, the improvements through the reforms as well as the challenges faced by the Ghana Audit service in implementing the reforms. The study was undertaken from an interpretivist perspective as this offered explanation to the reforms and its implementation in Ghana audit service from the perspectives of the employees. This paradigm is relevant as it helped the researcher to pose the what, the why and how questions so as to probe the issue of reforms and public sector auditing in Ghana. The study adopted a qualitative approach to research. Although, several studies have been conducted in the area of reforms, little is known on audit reforms and therefore approaching this study from a qualitative perspective was in the right direction taking into consideration the experiences of the employees as well. The specific design that was adopted is case study because the study examined only the Ghana audit service. The data for the study was obtained from the

two main sources namely primary and secondary data. The primary data for this study was gathered from some observations and the in-depth interviews conducted by the researcher. Eleven (11) employees made up of nine (9) assistant auditor generals, one director of audit and an assistant director of audit were selected and interviewed. A purposive sampling technique was used in selecting the interviewees. The respondents were chosen for the interview due to the fact that they have first-hand experience, information and requisite knowledge on the subject matter. They were chosen based on the number of years that they have worked. The data gathered from the interviews was analysed using the Miles and Huberman, (1994) approach to qualitative data analysis. The data was coded to identify and describe themes from the perspective of the respondent(s), so as to understand and explain these patterns and themes and come out with the relevant conclusions.

The study first revealed that the motive behind reforms is to promote efficiency and independence in the activities of the Ghana audit service. This was to ensure that the inefficiencies in the system are eliminated. From the responses the various reforms that were undertaken by the audit service includes the system-based audit, risk-based audit, IT audit, performance audit and regulatory or compliance audit. The respondents added that the change in the practices and processes were as a result of the challenges faced and the dynamic nature of the government activities. The respondents were quick to add that the reforms were both internally and externally induced in nature. This means that the reforms were not only caused by factors or pressures within the government machinery but also pressures from outside the government machinery such as the World bank, European union and the international organisation of supreme audit institutions. As reforms are not caused on their own, the study revealed that the

following factors influenced the implementation of the reforms namely, the desire for standardisation, governmental policies, quest for good governance, market efficiency and others. It was realised that the government policies were aimed to give independence to the Ghana audit service so that their reports will not be manipulated. References of such policies can be cited from the 1954, 1969, and 1999 constitutions as well as the audit service act 2000. These factors have strengthened the audit service.

Again it was revealed that the reforms introduced have improved the activities of the Ghana audit service. This has given the audit service a competitive edge to be among the international organisation of supreme audit institutions. The improvements as revealed by the respondents include the timely presentation of audit report. The reforms to some extent have reduced the workload which has made the audit service to be able to meet its statutory deadlines. The other improvements as indicated by the respondents are international acceptance, enhanced accountability, enhanced institutional capacity, cost-effectiveness, quality assurance and interactive approach to auditing. For instance, the respondents indicated that there is a strong collaboration between the audit service and the auditees as the audit is carried with notification to the institutions involved. Both the auditors and auditees interact very well to be able to come out with their findings.

The study revealed that as already stated in literature, reforms come with some challenges. Some of these challenges revealed by the respondents include the following: proper communication mechanism, financial challenges, acceptance of change by employees and the political support.

The challenges were not new in the area of reforms. On the issue of financial challenges, the audit service could not sponsor the reforms and the government was not also interested in supporting the reform. Currently, there is planned reform which is yet to take place but because the financial resources are not available, the project has been suspended.

5.2 Conclusions

The study looked at reforms and public sector auditing in Ghana. It was realised that implementing a successful reform is not an easy task therefore the Ghana Audit service has to put in more efforts than what it is doing at the moment. The basic assumption underlying reform implementation is that if employees are involved and know what is expected of them, they are more likely to accept the reform and make sure it achieves its intended objectives. This is also essential for employee engagement. These results in improved individual performance, enhanced institutional capacity, enhanced accountability and ultimately ensured better organizational performance in the wake of dynamic government activities. The responses gathered calls for a strong governmental support since the audit service is not financially independent. All their activities are largely financed by government so that they can move in line with the international trends.

Consideration should be given to instituting punitive measures to enforce section 30 of the *Audit Service Act, 2000 (Act 584)*. Under the above section, Audit Report Implementation Committees (ARICs) - the intra-departmental units in public offices - are charged with enforcing the Auditor-General's recommendations. However, they are non-existent in a significant number of public

institutions. Consequently, the recommendations from external and internal audits to address institutional lapses are not implemented. Addressing these failings should be a priority. Measures such as withholding allocations meant for public offices which have not established ARICs, or failed to implement audit recommendations, should be considered and as such their appointment should also be considered. This is because the chief directors in these ministries are required to appoint members of these committees, therefore the ARICs when set up may not be able to deal with the enforcement of recommendations involving the chief directors. These committees should be given some independence.

Again, the financial and technical capacity of Parliament needs to be strengthened. Ghana's 1992 Constitution requires audit reports to be presented to Parliament for scrutiny. The House is also empowered to recommend necessary corrective action. The recurrence of identical financial malpractices, however, indicates that Parliament's response has been ineffective over the years. On the other hand, the Public Accounts Committee (PAC) lacks adequate financial and logistical capacity and this impacts its work. Further, while the diversity of talents on the PAC is valuable, building the technical capacity of its members has to be taken up as an issue of priority.

5.3 Contribution of the study

This study contributes significantly to literature on reforms and public sector auditing in developing African countries. The previous studies have been conducted with the focus to explain the historical, socio-economic and political contexts within which auditing has been reformed and how individuals and institutions have influenced the processes in both developed

and developing countries. This study therefore has contributed to literature from an African perspective. The study indicated that audits have been widely accepted, albeit with different interpretations of how these were used as a tool by Parliament to hold the public sector managers and office holders to account for their stewardship role of the government. First, the study investigated the reforms in public sector auditing in Ghana and concluded with the significant ones being systems-based audit, risk-based audit, performance audit and regulatory or compliance audit. The study also touched on the improvements in public sector auditing as a result of the reforms. The respondents indicated that the reforms have indeed changed the face of auditing in Ghana. These improvements include enhanced institutional capacity, enhanced accountability, meeting of statutory deadlines and others. The study clearly shows these improvements and how it has impacted on accountability. Again, the study contributes to literature by providing the challenges faced in implementing reforms in public sector setting. The challenges include logistical challenges, lack of political support and funding being the major hindrance to the implementation process. The study established that once again change comes with resistance and it was not different in audit service. As usual, there was some resistance in the earlier stages of implementation.

The study contributes to research in terms of theory. The researcher did not impose any theory on the study. The theory emerged out of the study. The behaviour and the responses of the respondents made the researcher to realise the theoretical underpinnings of this behaviour. Hence, the researcher concluding that the reforms were as a result of mimetic institutional isomorphism. According DiMaggio and Powell (1983), mimetic pressures center on the influence of 'best' or 'good' practice on the structural choices that organization makes. This

manifest in the tendency some organizations have to emulate or copy what appear to be desirable or accepted practices in the sector or industry they find themselves, even if these have not been proven effective. Organizations dealing with uncertainty are particularly vulnerable, especially when uncertainty clouds the relationship between organizational means and ends, complicating the choice of means. The reforms according the respondents were highly geared towards international standardisation. The study used qualitative techniques with the help of in-depth interviews to explain the reforms and Auditing in Ghana.

5.4 Recommendations

From the findings and discussions made in the earlier chapter, the following are recommended:

First, looking at the employee capacity and the ability of some of the supervisors, there is the need to adequately prepare and train them to make them learn the modern trends in auditing. Managing the performance of an employee is not an easy task and requires many skills. Training is required to ensure managers feel adequately prepared to effectively complete all the tasks related to the auditing. This is especially the case for newly promoted or engaged employees. Heads of the various districts are likely to face this challenge since some employees being engaged or employed have no prior knowledge of the auditing environment. The audit activities require continuous training to upgrade their skills. The best practice is that whenever there is any change in government financial activities, auditors should be trained as such to be able to monitor the system approve of it. But what has been happening is that the system is implemented before auditors are trained which makes it difficult to audit. Staff training requires more financial commitment therefore the budgetary support by government should be adequate for the audit

service to carry the intended training sessions for employees to gain new knowledge and skills. Therefore, there is the strong need to give them continual training to always be line with the modern techniques to auditing.

Looking at the nature of activities undertaken by the audit service, there is the need to provide them with adequate logistics. The activities of the audit service require more logistics to be able to deliver to expectation. The logistics required includes vehicles, employees, internet connectivity and others. All these when provided will give the audit service the capacity to carry out its mandate effectively and efficiently. Audit requires serious research in this modern day to learn and read about the new techniques employed by auditees but unfortunately, the internet service is not stable to assist the audit service. The audit service by law is expected to audit all government institutions nationwide and missions abroad but their logistics is woefully inadequate to be able carry out this activity. There is the need for government to provide these logistics to make the work easier and reliable. It is therefore recommended that the needed resources for effective work should be provided on time in other to perform their job devoid of any influences from the auditees.

Thirdly, for Ghana audit service to be completely independent, there is the need for government to fulfill its financial obligations. There are a lot of challenges associated with the finances of the audit service. The resources are not enough for the service to do a very good job as expected by the citizenry. Audit service needs financial independence in the sense that carrying out a good audit requires a sound financial background. The audit service suffers high budgetary cuts year

in, year out. At beginning of every budgetary period, the audit service get not less than 60 percent budget cut which makes the activities of the audit service difficult. When such situations occur, the audit service is forced to cancel out some important audit activities. It is therefore recommended that audit service is made to audit the various government institutions for a fee so that they raise their own funds without relying on the government. When the audit service does this for a fee, it will compel the institutions to keep proper records. This is because some institutions do not present proper records which make the audit very difficult. When such situation happens, these institutions will be made to pay more for their inability to produce proper accounts. This in effect will generate more money for the Audit service.

Also, for the audit service to fully achieve the purpose for which it was established, it is important to ensure that the necessary information needed to carry effective audit are managed well by the auditees. It seems to be normal in government or public institutions to keep records poorly. These institutions usually forget that they are not only keeping records for themselves. It is kept anyhow which makes auditing difficult. In some instances, they go to institutions where they are told that the one who was in charge has retired therefore the documents relating to certain transactions cannot be traced. This situation has been a detracting factor for the audit service. It is recommended that serious punishment be meted out to these personalities and institutions so as promote public sector accountability to the entire citizenry. By so doing, the employees will appreciate what they are doing better and do whatever they can to make it a success.

Finally, the Auditor-General's reports in Ghana are predictable and gloomy. The predictability of the reports lie in the fact that, year-on-year, identical cases of misappropriation of public funds are documented, often within the same public institutions. In some sections of the public sector, a culture of impunity to embezzle has taken grip. It will be appropriate to describe public financial management as in a state of permanent crisis. The evidence from audit reports confirm that perennial issues of financial irregularities are a substantial drain on public finances and paints a gloomy picture for our country's long term economic development. Ghana has elaborate legislation to ensure sound public financial management. However, the recurrent financial irregularities are, partly, as a result of failure to implement laws, weak public institutions and lax internal controls. Hence the current focus on prosecution, whilst critical to accountability, is not enough to stem the scale of irregularities. It is therefore recommended that there should be effective institutional checks and balances to prevent abuse of public resources, implementing the laws on the statute books and ensuring that procedures and processes are followed. This has not been a focal point of the recent debate. Indeed, until the fundamental issues of institutional weaknesses are addressed, the financial irregularities in the public sector will persist.

One of the challenges revealed by the respondents had to do with the effective monitoring of the staff in the hinterlands. The service is expected to monitor all staff to ensure that their activities comply with international standards or with the ethical requirements. They are expected to without any influence and be objective in all their dealings. This will make them present the true findings of their work. In such situations, there is a possibility of that the auditors may not be

objective as they are likely to be influenced. It is therefore important for the audit service to put in place stringent measures to prevent this challenge.

5.5 Limitations of the study

The limitations of the study were discussed along three main issues namely generalization, validity and reliability.

5.5.1 Generalization

The criticisms leveled against qualitative researchers are usually on the basis of their inability to generalize the findings arising out of the study outside the designated case(s). The study may be criticized for not being statistically generalizable. However, the study can be analytically generalised. Meaning, the findings are generalizable to similar circumstances (Ryan et al., 2002). The term qualitative generalization is used in a narrow way in qualitative studies since the intent of this form of research is not to generalize results to entities, sites, or places outside the scope of the study. The value of this qualitative research lies in the particular context and themes developed in that setting. This study does not seek to draw general conclusions, however the shortcomings arising from this study have been well noted. Nonetheless, the study was able to examine in detail the reforms and public sector auditing in Ghana, considering the motivations, nature, types and nature of audit reforms in Ghana.

5.5.2 Reliability

Reliability on the other hand addresses, the extent to which the data collection methods will yield constant/reliable results, and comparable observations or inferences can be made by other researchers, or whether there is transparency in how the raw data was analysed. Reliability according to Joppe, (2000) is the extent to which results are consistent over time and an accurate representation of the total population under study and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable. Reliability requires consistency in data and findings and it involves demonstrating that the data collection process and data produced can be repeated with the same results (Saunders et al., 2007). In this study, the data collected was coded and the emerging themes examined in detail. Nevertheless the issue of consistency discussed above, it is extremely possible to have findings using the same methods which is one of the features of qualitative studies such as this.

5.5.3 Validity

Validity is a factor which any qualitative researcher should be concerned about while designing a study, analysing results and judging the quality of the study. This corresponds to the question that "How can an inquirer persuade his or her audiences that the research findings of an inquiry are worth paying attention to?" (Lincoln & Guba, 1985, p. 290; Patton, 2001). To answer to the question, Healy and Perry, (2000) assert that the quality of a study in each paradigm should be judged by its own paradigm's terms. To this end, the researcher made use of multiple and different sources of evidence. The researcher solicited the views of interviewees with the motive of enhancing the credibility of the data collected and the findings and interpretations from the

study. The researcher relied on some of the respondents who were useful in reviewing the findings and reports to ensure validity of the data and findings. The study relied on different levels of respondents in terms of position and experience to draw meaningful conclusion.

5.6 Future research directions

First, future research can look at the impact of the audit reforms on public sector accountability where other government institutions would be involved share their respective views on the subject matter. The citizens should be considered in this so that they can share what they have seen in terms of public sector accountability. A study of this nature must be approached from a positivist approach where hypothesis can be formulated and tested on selected public sector organisations to confirm or disapprove the findings of studies in this arena. Again, a multiple case studies can also be conducted where more than one public sector organisation will be selected and studied in detail so as to compare the implementation of reforms amongst these institutions. This will help broaden the literature base. Few studies have been done on the impact or effect of reforms on the performance of public sector institutions in general and therefore future research can consider a comparative study.

References

- Acemoglu, D., Johnson, S., & Robinson, J. A. (2003). An African success story: Botswana. In D. Rodrik (Ed.), *In search of prosperity: Analytic narratives on economic growth* (pp. 80–122). Princeton, NJ: Princeton University Press.
- Adejuwon, K. D. (2012). Globalisation and public sector reform in developing societies: issues and prospects. *Advances in Arts, Social Sciences and Education Research*, 2(3).
- Araral, E. (2010). Reform of water institutions: review of evidences and international experiences. *Water Policy*, 12(S1), 8-22.
- Arens, A. A., Elder, R. J., & Beasley, M. S. (2014). *Auditing and assurance services*. 15e. London: Pearson Education.
- Arthur, B. (1988). 'Self-reinforcing mechanisms in economics' in *the economy as an evolving complex system*. P. Anderson et al. (eds), Reading, Mass.: Addison-Wesley.
- Arjmandi, H. R. (2001). *Managing Audit Risk*, 2nd edn. Moien Publications, Tehran.
- Aucoin, P. (1995). *The New Public Management: Canada in Comparative Perspective*. Montreal: Institute for Research on Public Policy.
- Ashworth, R., Boyne, G. & Delbridge, R. (2007). Escape from the Iron Cage? Organizational Change and Isomorphic Pressures in the Public Sector. *Journal of Public Administration, Research and Theory* 19: 165-187.
- Ayee, J. R. A. (2001). *Deepening Democracy in Ghana: politics of the 2000 elections*. Freedom publications.

- Ayee, J.R.A. (2007), 'Trends in public sector reforms'', in: Ayee, Joseph R.A. (ed) 2007, Ghana at 50: government Politics and Development, Department of Political Science University of Ghana and the Friedrich-Ebert-Stifting; Accra O`Mens Graphix, Chapter 10:163-198
- Barrett, P. (2014). New development: Financial reform and good governance. *Public Money & Management*, 34(1), 59-66.
- Barbour, R. S. (2001). Checklists for improving rigour in qualitative research: a case of the tail wagging the dog? *BMJ: British Medical Journal*, 322 (7294), 1115.
- Baxter, P., & Jack, S. (2008). Qualitative case study methodology: Study design and implementation for novice researchers. *The qualitative report*, 13(4), 544-559.
- Bratton, M., & Van de Walle, N. (1992). Popular protest and political reform in Africa. *Comparative politics*, 419-442.
- Berger, P. L., & Luckmann, T. (1966). *The social construction of reality*. New York: Anchor Books.
- Berger, P. & T. Luckmann (1967). *The social construction of reality*. London: Penguin.
- Bedard J.C & Graham L.E. (2002). The Effects of Risk Decision Aid Orientation, Client Risk, and Repeat Client Experience on Risk Factor Identification and Audit Test Planning. *A Journal of Practice and Theory*.21: 39-56.
- Bell, T., Peecher, M. E., & Solomon, I. (2005). The 21st century public company audit: Conceptual elements of KPMG's global audit methodology. KPMG LLP.

- Blay A, Kizirian T, & Dwight S. (2008). Evidential Effort and Risk Assessment in Auditing. *Journal of Business & Economics Research*. 6: 39-59.
- Boatright, J. (1994). What's so special about shareholders? *Business Ethics Quarterly*, 4: 393-408.
- Bourdieu, P. (1977), *Outline of a theory of practice*. Cambridge: Cambridge University Press.
- Brenner, S. N., & Cochran, P. L. (1991). The stakeholder theory of the firm: Implications for business and society theory and research. *International Association for Business and Society* 449-467.
- Brown, B., & Perry, S. (1994). Removing the financial performance halo from Fortune's "most admired" companies. *Academy of Management Journal* 37: 1347-1359.
- Broadbent, J., & Guthrie, J. (1992). Changes in the public sector: a review of recent “alternative” accounting research. *Accounting, Auditing & Accountability Journal*, 5(2).
- Brooks, R.C. & Pariser, D.B., (1995). 'Audit recommendation follow-up systems: a survey of the States', *Public Budgeting & Finance*, 15(1).
- Bryman, A. (2012). *Social Research Methods*, 4th edn, Oxford University Press, New York.
- Burrell, G., & Morgan, G. (1979). *Sociological paradigms and organizational analysis*. London: Heinemann.
- Bhuiyan, S. H., & Amagoh, F. (2011). Public sector reform in Kazakhstan: issues and perspectives. *International Journal of Public Sector Management*, 24(3), 227-249.
- Caiden, G. E. (2007). Corruption and governance. *Combating Corruption, Encouraging Ethics: A Practical Guide to Management Ethics*, 78.

- Clarkson, M. B. E. (1995). A stakeholder framework for analyzing and evaluating corporate social performance. *Academy of Management Review*, 20: 92-117.
- Creswell, J.W. (2009). *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches*, 3rd edn, Sage Publications, Thousand Oaks, California.
- Cresswell, J. W. (2014). *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches* (sixth edition), SAGE Publications Inc, Thousand Oaks, CA.
- Colquhoun, P. (2013). Political and organizational legitimacy of public sector auditing in New Zealand local government. *Accounting History* 18(4). Sage Publications limited.
- Coase, R. (1937). "The Nature of the Firm" in *Economica*, Vol. 4, No. 16, pp. 386–405.
- Denzin, N. & Lincoln, Y. (2005). *The Sage Handbook of Qualitative Research*, 3rd edn, Sage Publications, London.
- DiMaggio, P. J. & Powell, W.W. (1983). The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields. *American Sociological Review*, 48:147-160.
- Eisenhardt, K.M., (1989). Building theories from case study research. *Academy of Management Review* 14 (4), 532–550.
- Ellram, L.M., (1996). The use of the case study method in logistics research. *Journal of Business Logistics* 17 (2), 93–138.

- Forsati, V. (2002). The Shortcomings of System-Based Auditing and Its Replacement with Risk-Based Auditing in Iran. Ma thesis, Tarbiat Modarres University, Tehran.
- Gerring, J. (2004). What is a case study and what is it good for? *American Political Science Review*, 98(2), 341–354.
- Goodpaster, K., & Holloran, T. (1994). In defense of a paradox. *Business Ethics Quarterly*, 4: 423-430.
- Gong, T., (2009). 'Institutional learning and adaptation: developing state audit capacity in China', *Public Administration and Development*, 29(1).
- Guthrie, J., & Humphrey, C. (1996). Public sector financial management developments in Australia and Britain: trends and contradictions. *Research in Governmental and Nonprofit Accounting*, 283-302.
- Gültekin, S. (2011). New public management: Is it really new? *International Journal of Human Sciences*. Available: <http://www.insanbilimleri.com/en>
- Harrington C. (2004). Internal Audit's New Role. *Journal of Accountancy*. 198: 65-70.
- Hoffman, A. J. (1999). 'Institutional evolution and change: Environmentalism and the US chemical industry'. *Academy of Management Journal* 42: 351–371.
- Houghton, K.A. & Jubb, C.A., (2003). 'The market for financial report audits: regulation of and competition for auditor independence', *Law and Policy*, 25(3).
- Hyden, G. (2000). Africa: Challenges to global partnership. *Development*, 43(4), 23-25.

- Jepperson, R.L. (1991). 'Institutions, institutional effects and institutionalism' in *the new institutionalism in organizational analysis*. The University of Chicago Press: 143–163.
- Jonker, J. & Pennink, B. (2010). *The Essence of Research Methodology: A Concise Guide for Master and PhD Students in Management Science*, Springer, Heidelberg.
- Jones, T. M. (1994). Essay on the Toronto conference. *Business & Society*, 33: 98-101.
- Jones, T. M. (1995a). Instrumental stakeholder theory: A synthesis of ethics and economics. *Academy of Management Review*. 20: 404-437.
- Jones, T. M. (1995b). Instrumental stakeholder theory and paradigm consensus in business and society: Advances on the methodological front. *Association for Business and Society*; 637-641.
- Kuzel, A. J. (1992). Sampling in qualitative inquiry.
- Khodadad, A. M. (1994). Barriers to Audit Risk Estimation in Iran. MA thesis, Mazandaran University of Technology.
- Kratchman S, Smith, J.S & Smith M. (2008). The Perpetration and Prevention of Cybercrimes Internal Auditing. 23: 3-12.
- Knechel, W. R. (2007). The business risk audit: Origins and obstacles (and opportunities?). *Accounting, Organizations, and Society*, 32(4/5), 383–408.
- Langer, E., & H. Newman (1979). 'The role of mindlessness in a typical social psychological experiment' in *Personality and Social Psychology Bulletin* 5/3: 295–299.
- LeCompte, M. D., & Preissle, J. (1993). *Ethnography and qualitative design in educational research*, 2.

- Lemon, W. M., Tatum, K. W., & Turley, W. S., (2000). Developments in the audit methodologies of large accounting firms. ABG Professional Information.
- Louwers, T. J., Ramsay, R. J., Sinason, D. H., Strawser, J. R. & Thibodeau, J. C. (2013). Auditing and assurance services. 5e. New York: Irwin-McGraw-Hill Inc.
- Liou, K. T. (2007). E-government development and China's administrative reform. *International Journal of Public Administration*, 31(1), 76-95.
- Mansour, A. M. E. (2008). The impact of privatization on the United Arab Emirates (UAE) federal public sector. *International Public Management Review*, 9 (2), 66-89.
- Messier, W. F., Jr., Glover, S. M. & Prawitt, D. F. (2014). Auditing and assurance services: A systematic approach. 9e. New York: Irwin-McGraw-Hill Inc.
- Meyer, J.W., & B. Rowan (1977). 'Institutionalized organizations: Formal structure as myth and ceremony'. *American Journal of Sociology* 83: 340–363.
- Moradi M. & Pourhosseini M. (2009). The Relationship between Certain Financial and Non-Financial Factors and Audit Operations in the firms listed in Tehran Stock Exchange. *Iranian Journal of Accounting Research*.
- Miles, M. B., & Huberman, A. M. (1994). *Qualitative data analysis: An expanded sourcebook*. Sage publications ltd.
- Mutahaba, G., & Kiragu, K. (2002). Lessons of international and African perspectives on public service reform: Examples from five African countries. *Africa Development*, 27(3), 48-75.

- Mulgan, R., (2003). *Holding Power to Account: accountability in modern democracies*, 1st edition, Palgrave MacMillan, New York.
- Nath, N., (2011). *Public Sector Performance Auditing and Accountability: A Fijian Case Study*. Doctor of Philosophy thesis, Department of Accounting, University of Waikato.
- Neuman, W.L. (2011). *Social Research Methods: Qualitative and Quantitative Approaches*, 7th edn, Pearson/Allyn and Bacon, Boston.
- Oakes, L. S., & Young, J. J. (2008). Accountability re-examined: evidence from Hull House. *Accounting, Auditing & Accountability*, 21(6), 765-790.
- Olson, O., Guthrie, J., & Humphrey, C. (1998), "International experiences with 'new' public financial management (NPFM) reforms: new world? Small world? Better world?".
- Othman, R., Nath, N. & Mahzan, N. (2013). Public Sector Audits: A Century and Beyond- the case of Malaysia, presented at 7th New Zealand Management Accounting Conference , 4-5 November, at Queenstown, New Zealand.
- Omoyefa, P. S. (2008). Public sector reforms in Africa: A philosophical re-thinking. *Africa Development*, 33(4).
- Owusu, F. (2006). Differences in the Performance of Public Organisations in Ghana: Implications for Public-Sector Reform Policy. *Development Policy Review*, 24(6), 693-705.
- Onwuegbuzie, A. J. & Collins, K. M. T. (2007). A Typology of Mixed Methods Sampling Designs in Social Science Research. *The Qualitative Report* Volume 12, 2, 281-316.

- Pal, L. A., & Ireland, D. (2009). The public sector reform movement: mapping the global policy network. *Intl Journal of Public Administration*, 32(8), 621-657.
- Pallot, J. (1992). Elements of a theoretical framework for public sector accounting. *Accounting, Auditing & Accountability Journal*, 5(1).
- Pallot J (2003). A Wider Accountability? The Audit Office and New Zealand's Bureaucratic Revolution. *Critical Perspectives on Accounting* 14(1-2): 133-155.
- Pearson, D. (2014). Significant reforms in public sector audit—staying relevant in times of change and challenge. *Journal of Accounting & Organizational Change*, 10(1), 150-161.
- Pollitt, C., & Bouckaert, G. (2011). *Public Management Reform: A comparative analysis-new public management, governance, and the Neo-Weberian state*. Oxford University Press.
- Pollitt, C. & Bouckaert, G. (2000). *Public management reform: A comparative analysis*. Oxford: Oxford University Press.
- Pollitt, C. & Summa, H. (1997). Trajectories of Reform: Public Management Change in Four Countries, *Public Money & Management*, 17:1, 7-18.
- Prendergast, C. (2003). 'The limits of bureaucracy efficiency', *Journal of Political Economics*, 111(5).
- Quinn, D., & Jones, T. M. (1995). An agent morality view of business policy. *Academy of Management Review*. 20: 22-42.
- Rodrik, D. (Ed.). (2003). *In search of prosperity: Analytic narratives on economic growth*. Princeton, NJ: Princeton University Press.

- Russell, J.P., (2000). *The Quality Audit Handbook: principles, implementation, and use*, 2nd edition, American Society for Quality (ASQ) Press, Milwaukee, Wis.
- Saunders, M., Lewis, P. & Thornhill, A. (2009), *Research Methods for Business Students*, Pearson Education, London.
- Scapens, R.W. (2004), “Doing Case Study Research”, in Humphrey, C and Lee, B (eds), *The Real Life Guide to Accounting Research: A Behind-The-Scenes View of Using Qualitative Research Methods*, Elsevier, Oxford.
- Schacter, M. (2000). Public Sector Reform in developing countries. *Issues, Lessons and Future Directions Report*. Ottawa: Policy Branch, Canadian International Development Agency.
- Sapsford, R., & Jupp, V. (2006). *Data collection and analysis*. Sage publications ltd.
- Schatzman, L. & Strauss, A.L. (1973). *Field Research: Strategies for a Natural Sociology*, Prentice-Hall, Englewood Cliffs, N.J.
- Scott, R. (1995), *Institutions and organizations*. Thousand Oaks, CA: Sage.
- Silverman, D. (2010). *Doing Qualitative Research* (Third edition), SAGE Publications Ltd, London.
- Simons, H. (2009). *Case study research in Practice*, SAGE Publications Ltd, London.
- Smith M, Sagafi-Nejad T, & Wang K. (2008). Going International: Accounting and Auditing Standards. *Internal Auditing*. 23: 3-12.

- Smith M. (2006). Audit Committee Effectiveness: Did the Blue Ribbon Committee Recommendations Make a Difference? *International Journal of Accounting, Auditing and Performance Evaluation*. 3: 240-251.
- Stevens, M., & Teggemann, S. (2004). Comparative experience with public service reform in Ghana, Tanzania, and Zambia. *Building State Capacity in Africa: New Approaches, Emerging Lessons*, 43-86.
- Stuart, K. & Graeme, H. (2009). Performance Auditing in the Public Sector: Reconceptualising the Task. *Journal of Contemporary Issues in Business and Government*, 15, (2) 33-60.
- Shimomura, Y., (2003). 'In search of endogenous elements of good governance: the case of eastern sea board development plant in Thailand.
- Suchman, M.C. (1995) 'Managing legitimacy – strategic and institutional approaches'. *Academy of Management Review* 20: 571–610.
- Teddlie, C., & Tashakkori, A. (2003). Major issues and controversies in the use of mixed methods in the social and behavioral sciences. *Handbook of mixed methods in social and behavioral research*, 3-50.
- Tashakkori, A., & Teddlie, C. (Eds.). (2003a). *Handbook of mixed methods in social and behavioral research*. Thousand Oaks, CA: Sage.
- Toye, J. (2000). Fiscal crisis and fiscal reform in developing countries. *Cambridge Journal of Economics*, 24(1), 21-44.
- Uddin, S. & Hopper, T. (2001), "A Bangladesh soap opera: privatisation, accounting, and regimes of control in a less developed country", *Accounting, Organizations and Society*, Vol. 26, pp. 643-72.

- Uddin, S., & Hopper, T. (2003). Accounting for privatisation in Bangladesh: testing World Bank claims. *Critical Perspectives on Accounting*, 14(7), 739-774.
- Uddin, S., & Tsamenyi, M. (2005). Public sector reforms and the public interest: a case study of accounting control changes and performance monitoring in a Ghanaian state-owned enterprise. *Accounting, Auditing & Accountability Journal*, 18(5), 648-674.
- Wartick, S., & Cochran, P. (1985). The evolution of the corporate social performance model. *Academy of Management Review*. 10: 758-769.
- Wahyuni, D. (2012). The Research Design Maze: Understanding Paradigms, Cases, Methods and Methodologies. *JAMAR Vol. 10 · No. 1*, 69
- Weick, K. (1979). *The social psychology of organizing* (2nd ed.). New York: McGraw-Hill.
- Whetten, D. (1989). What constitutes a theoretical contribution? *Academy of Management Review*, 14: 490-495.
- Williamson, O. (1985). *The Economic Institutions of Capitalism*. New York: Free Press.
- Yang S, Zezhong Xiao J. & Pendlebury M. (2008). Government auditing in China: Problems and reform. *Advances in Accounting, incorporating Advances in International Accounting* 24, 119–127.
- Yin, R. K. (2009). Case study research: Design and methods (4th ed.). Thousand Oaks, CA: SAGE.
- Zapico-Goni, E. (2007). Matching Public Management, Accountability and Evaluation in Uncertain Contexts: A Practical Suggestion. *Evaluation*, 13(4), 421-438.