

The Role of Internal Audit Practice to Promote Good Governance in Public Institution of Ethiopia: The Case of Jimma Zone

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Received: 15 December 2017 Accepted: 31 December 2017 Published: 15 January 2018

Abstract

9 The purpose of this study is to examine the role of internal audit practice in promoting good
10 governance in public institution of Ethiopia a case of Jimma zone. This study is apparently up
11 to now, have been not empirically examined using inferential statistics in the Jimma zone
12 specifically and rarely examined in Ethiopia generally. Primary data was obtained through the
13 administration of structured questionnaire to purposively selected respondents comprising
14 internal auditors and managers? from14 Were das and 2 town administrations of finance and
15 economic development offices that are expected to represent all other sectors. A total of 132
16 respondent participated in the study. Data obtained was analysed using correlation analysis
17 and multiple regression technique. According to the regression output Formal mandate and
18 Standards for the Professional Practice, Competent staffs, Organizational independences and
19 objectivity were contributed for the promotion of good governance in the public sectors
20 significantly and positively. The management support of internal audit roles was positively
21 related with the good governance but its contribution for the good governance was
22 statistically not significance. However the risk management and control role of internal audit
23 was negatively related with the good governance and its contribution for the good governance
24 was not statistically significant. All of these five independent variables are making 38.6

Index terms— internal audit; good governance; role of internal audit; jimmia zone.

1 I. Introduction

he importance of internal audit function to promote good governance within public sectors is well noted by concerned governmental bodies and known scholars (Barasa, 2015). In this world internal audit is the most necessary tools to improve the performance of organization (Gupta, 2001). It provides the board of directors, the audit committee, the chief executive officer, senior executives and stakeholders with an independent view on whether the organisation has an appropriate risk and control environment, whilst also acting as a catalyst for a strong risk and compliance culture within an organisation ??IIA, 2014).

Internal audit function is an important in any organization that has a positive effect on the quality of financial reporting and good government governance, and also quality financial reporting has a positive effect on good government governance ??Rahmatika, 2013).

Hence the presence of internal auditors will reduce any weaknesses in the accounting system and implementation of their recommendation will improve control and reduce the risk of fraud and errors (Guruswamy, 2012).

39 Besides recent research shows that IA effectiveness does play a role in ensuring effective management in public
40 sector . Furthermore Rahmatika and Yadiati, (2016) assured that internal audit has a positive effect on the

1 I. INTRODUCTION

41 quality of financial reporting, on good government governance, and quality of financial reporting has a positive
42 effect on good government governance.

43 Internal audit function (IAF) is part of the internal monitoring system of the organization and therefore should
44 be positioned within the organization such that the independence of internal auditors can be guaranteed and it
45 has been found to be an instrument for improving public sector management (Unegbu & Kida, 2011).

46 The credibility of the audit activity strengthens public governance by providing for accountability and
47 protecting the core values of government, which it does by assessing whether managers and officials conduct
48 the public's business transparently, fairly, honestly, and in accordance with laws and regulations ??Stephen G.
49 Goodson, 2012).

50 An internal audit that performs well is one of the strongest means to monitor and promote good governance
51 system in an organization. Thus, good governance is considered as a tool that is used in order to achieve strategy
52 of an organization ??Belay, 2007).

53 At a minimum, to promote good governance in public sector audit activities need: organizational Independence,
54 unrestricted access, sufficient funding, technical and managerial competence, objective staff, competent staff, stake
55 holder's support, professional audit standard ??Stephen G. Goodson, 2012) . In general the elements of internal
56 audit ranging from oversight, Further, insight and foresight are the integral pillar of providing proper internal
57 auditing in public sectors (El-Tahan, 2016). From now on, total absence of internal audit will lead the lack of
58 oversight, which intern leads to distrust among citizens and stake holders.

59 The key point, of public sector audit activities must be configured appropriately to enable public sector entities
60 to fulfill their duty to be accountable and transparent to the public while achieving their objectives effectively,
61 efficiently, economically, and ethically (IIA, 2012). For example in Ethiopia internal auditors are employed to
62 provide an independent and objective opinion to the head of public body on risk management, control and
63 governance by measuring and evaluating their effectiveness in achieving the public body's agreed objectives
64 and provide an independent and objective consultancy service specifically to help management improve the
65 public body's risk management, control and governance and applies professional skills through a systematic and
66 disciplined evaluation of the policies, procedures and operations that management put in place to ensure the
67 achievement of the public body's objectives and through recommendations for improvement ??Internal Audit
68 Training Manual, 2005).

69 Furthermore, Internal Audit Training Manual, (2005), of Ethiopia identified challenges hindered the role of
70 internal audit such as lack of management respect this also ??upported Odowa, (2015), Fekadu, (2009), lack of
71 independence, assigned of internal auditors to many tasks and being ignored (conflict of interest) and lack of
72 professional development which is supported by (Amina, 2016).

73 In addition to that the recent research on internal audit practices case of Ethiopian governmental higher
74 educational institutions conducted by Bethlehem Fekadu, ??2009) showed that there are many bottle necks that
75 faces the internal audit of Ethiopian public sector like, lack of developmental programs for internal auditors also
76 supported by Odowa, (2015), no audit committee and internal audit charter in the institution to enhance the
77 independence of the internal auditors, and other organizational factors are critical factors influencing effectiveness
78 of IAF in the public universities.

79 Also recent research on internal audit practice of Somali Regional Government Public sector offices by Odowa,
80 (2015), revealed that internal audit is not free from intervention in performing it duties and internal auditors are
81 not feel free to include any finding in to their audit report , lack of periodical internal audit assignment rotation
82 , lack of budget to carry out beyond financial and compliance audits, no possess knowledge & skills in a variety
83 of areas beyond accounting & finance as necessary, internal auditors do not undertake continuous professional
84 development activities, the scope of the internal audit function did not yet go far to cover scope of internal audit
85 and much time is devoted in performing financial and compliance audits, absence of risk assessment in audit
86 planning and internal audit plan is not based on organizational risk profile factors are critical factors influencing
87 effectiveness of IAF in the Public sector offices (Odowa, 2015).

88 Previously there were some studies conducted on internal audit areas in Ethiopia such as Mihret, and Yismaw,
89 (2007) has been undertaken study on internal audit effectiveness in Ethiopian public universities, Hamdu Kedir
90 and Addisu Gemedu, (2014) has been studied internal auditing standards and its practice the case of East
91 Arsi Zone, Ethiopia, Odowa, (2015) has been undertaken research on Internal audit practice the case of Somali
92 Regional Government Public sector offices, Ethiopia and (Amina, 2016) has been conducted the research on The
93 Role of Internal Auditors in Private and Public Organizations of Jimma Zone Selected Weredas. The previous
94 research reveals that there were some studies under taken in Ethiopia which only emphasized on effectiveness of
95 internal audit and they were not been focused their studies towards Jimma zone. But (Amina, 2016) presented
96 the role of internal auditors in Jimma zone using mixed research approach and descriptive analysis. However
97 she hasn't been used the statistical analysis such as regression and correlation coefficient. In addition she didn't
98 checked relationship of internal audit role and good governance using hypothesis.

99 With regard to this, the researcher attempted and examined the role of internal auditors practice in promoting
100 good governance in public institution of Ethiopia a case of Jimma zone. Specifically, how Formal mandate and
101 Standards for the Professional Practice, management support, organizational independence, adequate competent
102 internal audit staff, and risk management role of internal auditors will contribute for promotion of good governance
103 using hypothesis.

104 **2 Research Hypothesis**

105 H1: Formal mandate and Standards for the Professional Practice of internal audit do play an important role in
106 promoting good governance in public institutions H2: Competent staffs of internal auditors do play an important
107 role in promoting good governance in public institutions.

108 H3: Organizational independences and objectivity of internal auditors do play an important role in promoting
109 good governance in public institutions H4: Top management supports of internal audit do play an important role
110 in promoting good governance in public institutions H5: Risk managements of internal audit play an important
111 role in promoting good governance in public institutions.

112 This text is prepared as follows: in the primary section in cooperation theoretical and empirical literatures
113 are reviewed and followed by the research methodology followed the third section contracts with data analysis,
114 conclusion and recommendations on warded. According to this definition it provides the board of directors, the
115 audit committee, the chief executive officer, senior executives and stakeholders with an independent view on
116 whether the organization has an appropriate risk and control environment, whilst also acting as a catalyst for a
117 strong risk and compliance culture within an organization.

118 **3 II. Literature Review**

119 It assists an organization achieve its objectives by accompanying a systematic, disciplined method to examine
120 and enhance the successfulness of risk management, control, and governance processes (Griffiths, 2006).

121 **4 b) Elements of Internal Audits**

122 **5 i. Formal mandate and Standards for the Professional 123 Practice of internal audit**

124 The audit activity's powers and duties should be established by the public sector's constitution, charter, or other
125 basic legal document ??Stephen G. Goodson, 2012). Internal auditors apply the knowledge, skills and experience
126 needed in the performance of internal auditing services and shall perform internal auditing services in accordance
127 with the International Standards for the Professional Practice of Internal Auditing as well as shall continually
128 improve their proficiency and effectiveness and quality of their services (IIA, 2012). Professional audit standards,
129 such as the International Professional Practices Framework promulgated by the Institute of Internal Auditors,
130 support the implementation of the previous elements and provide a framework to promote quality audit work
131 that is systematic, objective, and based on evidence ??Stephen G. Goodson, 2012). The existence of proper
132 audit charter helps the audit function to perform its role independently of management influence and objectively
133 ??Belay, 2007).

134 **6 ii. Competent Staffs of Internal Auditors**

135 Internal auditors should possess the knowledge, skills, and other competencies needed to perform their individual
136 responsibilities both cognitive skills and behavioural skills (IIA, 2012). The audit activity needs a professional
137 staff that collectively has the necessary qualifications and competence to conduct the full range of audits required
138 by its mandate. Auditors must comply with minimum continuing education requirements established by their
139 relevant professional organizations and standards ??Stephen G. Goodson, 2012). Competency determines the
140 efficiency of the auditor in setting a systematic and disciplined approach to evaluate and improve the effectiveness
141 of risk management, control, and governance processes (Belay, 2007).

142 **7 iii. Organizational independences and objectivity of internal 143 auditor s**

144 The chief audit executive should report to a level within the organization that allows the internal audit activity
145 to fulfill its responsibilities. The internal audit activity should be free from interference in determining the scope
146 of internal auditing, performing work, and communicating results and have an impartial, unbiased attitude and
147 avoid conflicts of interest. Audit staff must have impartial attitudes and avoid any conflict of interest that create
148 an appearance of impropriety and undermine confidence in the internal auditor, the internal audit activity, and
149 the profession ??Stephen G. Goodson, 2012). If independence or objectivity is impaired in fact or appearance,
150 the details of the impairment should be disclosed to appropriate parties (IIA, 2012).

151 **8 iv. Top Management Supports of Internal Audit**

152 The legitimacy of the audit activity and its mission should be understood and supported by a broad range
153 of elected and appointed public sector officials, as well as by the media and involved citizens ??Stephen G.
154 Goodson, 2012). Irrespective of the need for internal auditors to have access to the audit committee, the IAF
155 must nonetheless, interact with senior management on a close and regular basis since, the character of the function
156 is determined completely by senior management's resource allocated to it, and the support and credence it gives
157 to the role of organization-wide (Alzeban and Sawan, 2013). Top management has an important say in the

11 I. AUDITING FOR GOOD GOVERNANCE

158 resources devoted to the internal audit units (Taiwo and James Unam , 2016). They are also likely to give input
159 to the internal audit work plan which provides the internal audit department with the empowerment required
160 for it to perform its duties and responsibilities (Ali, Gloeck, Ahm and Sahdan, 2007).

161 9 v. Risk Managements of Internal Audit

162 Auditors assess the sufficiency of corporate governance and the control environment and effectiveness of processes
163 to determine, assesses, and manages risks (IIA, 2006).

164 The management of risk involves undertaking three tasks: defining the goals of the organization, identifying
165 the potential drivers of risk and laying out appropriate risk responses (Ritchie & Brindley, 2007; Sitkin & Amy,
166 1992). Internal audit's concern with economy, efficiency and effectiveness (Al-Twaijry, Brierley, & Gwilliam,
167 2003; ??an Miguel & Govindarajan, 1984), i.e., 3Es, is closely aligned to the notion of risk management
168 in complex organizations. This focus indicates that internal auditing assists management by making visible
169 potential disturbances that could hinder the ability of organizations to achieve goals. Internal auditors should
170 incorporate knowledge of controls obtained from consulting engagements into the process of identifying and
171 evaluating significant risk exposures of the organization (IIA, 2006).

172 10 c) Good Governance

173 Ogundiya, 2010 Stated that large people may differ about the best means of achieving good governance, but
174 they quite consent that good governance is very important for social and economic progress. The Organization
175 for Economic Cooperation and Development (OECD) defines good governance "as a method including of a
176 set of principles that make speech of the effective fulfilling of government, the relationship of citizens and the
177 parliament as well as the relationship of government. These principles consist of: respect for rule of law, openness,
178 transparency and accountability to democratic institutions, fairness and equity in dealing with the citizen's"
179 (OECD, Principles of Corporate Governance, 2004). Researchers at the World Bank Institute have distinguished
180 six main dimensions of good governance. These include voice and accountability, political stability, government
181 effectiveness, regulatory quality, rule of law and control of corruption. Good governance is, among other things,
182 participatory, transparent and accountable. It is also effective and equitable, and it promotes the rule of law. It
183 ensures that political, social and economic priorities are based on broad consensus in society and that the voices
184 of the poorest and the most vulnerable are heard in decision-making over the allocation of development resources.

185 Concerning to good governance Barasa, (2015) maintained the elements of good governance which united
186 Nation, 2005 focused on their work of public governance such as: Accountability, Government is able and willing to
187 show the extent to which its actions and decisions are consistent with clearly defined and agreed-upon objectives.

188 Transparency, Government actions, decisions and decision-making processes are open to an appropriate level of
189 scrutiny by others parts of government, civil society and, in some instances, outside institutions and governments.

190 Efficiency and Effectiveness, Government strives to produce quality public outputs, including services delivered
191 to citizens, at the best cost, and ensures that outputs meet the original intentions of policymakers.

192 Responsiveness, Government has the capacity and flexibility to respond rapidly to societal changes, takes into
193 account the expectations of civil society in identifying the general public interest, and is willing to critically
194 re-examine the role of government. (Herbert, 2010).

195 11 i. Auditing for Good Governance

196 Public auditing that carry for a transparency, accountability, efficiency, effectiveness, openness, protecting of
197 corruption and surplus expenditure, can assure good governance ??Shimomura 2003). This is also assisted
198 by Curtin and Dekker (2005) who stressed the principles of accountability, transparency, effectiveness and
199 participation in public administration. They shared opinion that providing government accounting system and
200 public sector auditing can supply accountability of public sector agencies which guide to good governance. Besides,
201 ??arret (1996) maintained that the audit institution is element of the governance context that influences the
202 economic and social development.

203 Public sector offices are part of the public body which are partially or totally financed by government budget
204 and concerned with providing basic government services to the whole society (Ministry of Finance and Economic
205 ??development, 2004). The arrangements of the public sectors are diverse by their function and purposes, but
206 in greatest situations, they are planned in order to make possible the public sectors to attain their goals. The
207 public sector provide services such as banking service, financing, education, communication service, healthcare,
208 police, transportation, electric services, security and whatever, which help all of the society and inspire equal
209 opportunity to benefit from the services (Mihret, and Yismaw, 2007).

210 The Ethiopian ministry of finance first publishes the audit directive in 1942, emphasized mostly on the public
211 sector application of funds, and pronounced on the modernization of audit practice in the country. Next to this,
212 the Office of the Auditor General (O.A.G) was originated in 1961 with the significant amendments with regard
213 to the functions and responsibilities of the bureaus and the auditors; and from 1987 and onwards there have been
214 important developments in public sector auditing systems in the country.

215 Office of Oromia Regional State Auditor General which was comes into existence by proclamation number
216 90/1997 and reestablished by proclamation number 154/2002 has been show greatest role towards stimulating

improvements in the administration and management practices of public sector organizations. Suggestions made by Office of Auditor General auditors to auditees best part actions that are expected to advance entity performance when implemented and generally address risks to the successful delivery of outcomes. The appropriate and timely implementation of recommendations that has been agreed by auditee's management is an important part of achieve the full advantage of audit. (Shamsuddin, 2014), examines the factors that influence the effectiveness of the internal auditors' functions in public sectors in Malaysia. Data were collected through semi-structured face-to-face interviews conducted on eight internal auditors from three government ministries as well as an auditor from the Auditor General (AG) office. The findings from this paper suggesting that internal auditors in public sector are facing difficulties in carrying out their functions effectively due to lack of independence since they have to audit their own "boss".

12 d) Review of Empirical Studies

Study by (Alzeban and Sawan, 2013), revealed that It was confirmed by all interviewees that whilst internal auditors have their own separate departments in the organizational structure, these departments, nonetheless, operate under the administrative leadership of lower level managers, internal audit report to the same level in which they are placed in the organizational structure, a significant gap between the theoretical and the actual reporting structures, also interviewees a result indicated two other main causes of the restricted access faced by internal auditors in respect of their ability to meet with personnel and to obtain the relevant information needed to fulfill their duties. Furthermore, (Alzeban and Sawan, 2013), observed that even when the internal audit was located at a relatively senior managerial level, it might still be subject to pressure from more highly placed management Simultaneously, top level managers control organizational resources which they may withhold to prevent an in-depth investigation by internal auditors of a matter which they do not want to be probed. Also (Alzeban and Sawan, 2013) noted that some other reasons for the challenge to the independence of internal audit emerged as being the relationship between auditees and auditors.

(Okibo & Kamau, 2012), Exploring internal auditor independence motivators to Kenyan perspective, the study collected its data using a selfmade questionnaire which was distributed among auditors in Kenya so as to establish the status of internal auditor's independence in Kenya. The researchers observed that the level of involvement by the internal auditors in the management activities significantly affects their professional independence. The study also observed that audit committees effectiveness also plays a significant role in enhancing audit independence. Organizations may therefore consider building capacity of the audit committees so as to improve internal audit independence. Additionally, (Okibo & Kamau, 2012) found out that there is a statistically significant causal relationship between the level of internal auditor's skills and auditor independence in Kenya. ??Alzeban and Sawan, 2014) shown that the internal audit activities had not expanded beyond the traditional audit of financial regularity and compliance; and that the primary work of internal audit continues to focus on the traditional roles of internal audit in terms of concentrating on the reliability of financial records and compliance with procedures and regulations. In addition ??Alzeban and Sawan, 2014), argued that competence of internal audit was unanimously confirmed that the lack of qualified staff stands represents one of the most important problems facing internal audit in the Saudi public sector, and several reasons were offered for this situation, including staff recruitment, educational qualifications, professional qualifications, work experience and continuous development.

(Enofe, & Ehioroba, 2013), conducted research on, "the Role of Internal Audit in Effective Management in Public Sector" By employing survey design and analysed data by using Z-test statistical tool, the findings of the study reveal that effective management can be achieve in local government and IA effectiveness does play a role in ensuring effective management in public sector, while IA effectiveness does not affect management control in public sector.

(Alzeban and Sawan, 2014) , have been conducted the research on "Factors affecting the internal audit effectiveness: A survey of the Saudi public sector" by obtaining the data from 203 managers and 239 internal auditors from 79 Saudi Arabian public sector organizations. Multiple regression analysis examines the association between IAE and five principal factors. Results suggest that management support for IAE drives perceived effectiveness of the internal audit function from both management's and the internal auditors' perspective. Management support is linked to hiring trained and experienced staff, providing sufficient resources, enhancing the relationship with external auditors, and having an independent internal audit department. (Barasa, 2015), examined statistical analysis of the role of internal audit in promoting good governance in public institutions in Kenya. Internal audit function was measured by risk management, control process, and governance process, while accountability, transparency, effectiveness, efficiency and responsiveness measured good governance. Using correlation analysis, the study showed that there was a strong significant relationship between internal audit and good governance in public institutions. (Barasa, 2015), conducted research on "Statistical Analysis of the Role of Internal Audit in Promoting Good Governance in Public Institutions in Kenya" by adopting the survey type of research in which a sample of 398 from the target population of about 100,000. He has been used a questionnaire for data collection and analyzed data using SPSS version 20 and presented in the form of tables. The result from the data revealed that that internal audit had the greatest effect on good governance within Kenyan Public institutions. ??Taiwo etal;, studied on "Promoting Good Governance through Internal Audit Function (IAF): The Nigerian Experience" by employing only primary data which was obtained through the administration of structured questionnaire. He has been captured census survey was adopted where all the 33

12 D) REVIEW OF EMPIRICAL STUDIES

279 Local Government organisations in Oyo State revealed that the internal audit system in the public organisations
280 was not absolutely independent and professional competence of the internal audit system was limited due to
281 the challenge of insufficient funds to successfully carry out its duties. More over the researcher showed that
282 however scope of internal audit work was comprehensive, examination process was scientific and systematic, and
283 management gives adequate support to internal audit process. Thus, the effectiveness of internal audit function
284 in public sector organisations in the Southwestern Nigerian is moderate.

285 The empirical studies showed that much research on the subject matter have been carried out even in different
286 countries.

287 In Ethiopia, there are several studies reviewed regarding tax audit, Hailemariam, (??014 ??014) studied
288 internal auditing standards and its practice the case of east Arsi zone, Ethiopia, Mebratu,(2015), studied
289 Internal audit function and its challenges in public sector governance: Empirical evidence from Amhara National
290 Regional State, Ethiopia, Berhanu, (2016), studied on assessment of audit recommendations in public sectors in
291 Oromia regional government public institution (2003-2006EC) Research findings by Hailemariam, (2014), based
292 on questionnaire response from internal auditor officers and manager, working in Ethiopian public sectors office,
293 suggests that the availability of approved IA charter were contributed for the internal audit effectiveness in the
294 public sector significantly and positively. Mihret and Yismaw, (2007) studied internal audit effectiveness in
295 Ethiopian public sector, commonalities in policies, procedures and organizational contexts of most public sector
296 entities in Ethiopia and the same internal audit manual was used by all public bodies in Ethiopia (Ministry of
297 Finance and Economic ??evelopment, 2004). The study argued organizational setting does not have a strong
298 impact on audit effectiveness. The study results by Mulugeta, (2008) on internal audit reporting relationship in
299 Ethiopian public enterprises based on both stratified and random sampling method and primary and secondary
300 data collection method also Both quantitative and qualitative data analysis method were used, argued that the
301 audit charter is not effectively communicated in those organizations.

302 Mihret and Yismaw, (2007) studied internal audit effectiveness in Ethiopian public sector the study highlight
303 that internal audit effectiveness is strongly influenced by management support, additionally, Mihret and Yismaw,
304 (2007) indicated that the auditors feel that the university does not sufficiently utilize audit reports and the
305 management's response to the internal audit findings and recommendations is generally not adequate. Similarly,
306 research finding by (Hailemariam, 2014) based on questionnaire response from internal auditor officers and
307 manager, working in Ethiopian public sector office, suggests that the management support contributed for the
308 internal audit effectiveness in the public sector significantly and positively. research findings by Hailemariam,
309 (2014), based on questionnaire response from internal auditor officers and manager, working in Ethiopian public
310 sectors office, suggests organizational independent of internal auditors were positively related with the IAE
311 but their contribution for the IAE were statistically not significance. Kedir et al. (2014) studied internal
312 auditing standards and its practice the case of east Arsi zone, Ethiopia. Accordingly competency, compliance,
313 independency, risk management and quality assurance has been taken as major parameters for comparison. This
314 study revealed that auditors independency is impaired because most of the time they are attached with internal
315 functional areas. Also Fekadu, (2009) revealed that all sample respondents stated that their CAE functionally
316 reports to the president office that has forced them to lose their independence. Study conducted by Mihret and
317 Yismaw, (2007) indicated that the internal audit office reports to the President but the office does not administer
318 its own budget.

319 Fekadu, (2009) noted that according to his sample response in Ethiopian higher governmental institutions
320 internal auditors qualification is adequate for internal audit activities. Also, Mulugeta, (2008) revealed that
321 majority of sample respondents noted that Size internal audit staffs are not sufficient but they are qualified.
322 Similarly, Kedir et al. (2014) stated that the size of the IA staff is small due to the wrong perceptions that they
323 are enough for financial and compliance audits. But ideally they are not sufficient.

324 Mebratu, (2015), studied Internal audit function and its challenges in public sector governance: Empirical
325 evidence from Amhara National Regional State, Ethiopia and research finding by Mebratu (2015) based on
326 Structured questionnaire survey of all internal audit directors and staff from 35 public sector bureau of Amhara
327 National Regional State was used and analyzed the data by using OLS multiple regression statistical analysis
328 method. The OLS regression results shows that the potential challenges of risk management role were: low level
329 of organizational independence, low level of competent staff and low level of sufficient funding. For governance
330 process role, low level of formal mandates, low level of top management support and low level of unrestricted
331 access were the major challenges.

332 Amina Ahmed Muhammed, 2016 conducted the research titled "The Role of Internal Auditors in Private
333 and Public Organizations of Jimma Zone Selected Weredas," by using both qualitative and quantitative data
334 with purposive sampling technique and distributed 128 self administered questionnaires to members of the audit
335 committee or equivalent found in both the public and private enterprises in the study area. The survey conducted
336 showed that majority of internal auditors of private and public sectors have no professional certificate related
337 to auditing, majority of public organization and some of private organization don't have an audit committee in
338 their organization, majority of the public organization did not have an audit charter, the internal auditors still
339 didn't free from interference in determining the scope of internal auditing, The majority of the audit executives
340 of the public organization did not have direct communication with the board rather their communication is with
341 the managers of the organization.

342 The review of empirical studies reveals that most of the studies were outside Ethiopia. But Few studies
343 undertaken on the role of internal audit practices in Ethiopia and they were not focused to examine the role of
344 internal audit using hypotheses. In addition there were no researchers that under taken the study on the role
345 of internal audit practice to promote good governance using statistical model by testing hypothesis in Ethiopia
346 generally and in Jimma zone particularly.

347 13 e) Conceptual Framework

348 Based on the preceding discussions of the previous research and related literature, this study postulates the
349 following conceptual framework as shown in Figure ???.1 below: In this study, descriptive research studies
350 were used. Due to, it concerned with describing the characteristics of a particular individual and it enables
351 the researcher to obtain complete and accurate information in the said studies, to define clearly, what the
352 researcher wants to measure and must find adequate methods for measuring it along with a clear cut definition
353 of 'population' the researcher wants to study, the methods of data collection the researcher wants to use, the
354 procedure the researcher uses in Selecting the sample, the method of data processing and analyzing that the
355 researcher employees, the way the researcher presents the reports and findings (Kothari, 2004).

356 14 b) Data Type and Source

357 The study investigated the role of internal audit practices in promoting good governance in public institutions
358 of Jimma zone. The primary data were used to accomplish the study to collect the data from the respondents.
359 The questionnaires were distributed to the senior managers and the internal auditors of the public institutions of
360 Jimma Zone. were prepared to deal with the role of internal audits and good governance, and both questionnaires
361 were distributed for the managers and internal auditors. Hence, this is to cross check their responses and to test
362 their professional and responsibilities whether they realize good governance in Jimma zone and to suggest with
363 valid conclusions.

364 The researcher was also adopted and modified the questionnaires from different materials such as Supplemental
365 Guidance: (IIA, 2012), (Alzeban and Sawan, 2014), (Barasa, 2015), Samuel Adebayo Adedokun of Nigeria 2016,
366 Ethiopia Ministry of Finance and Economic Development, 2005 internal audit manual and those questionnaires are
367 prepared in the form of Likert-Scale type (showing respondents agreement or disagreement) by constructing into
368 five point scale where the lowest scale represent strongly disagree and the highest scale represent strongly agree
369 (Likert, 1932). For taking definite decisions, a grand average was calculated by using spss for each respondent
370 (i.e. each internal auditor) and the average remark will take to smooth the variables.

371 Target Population-The target populations for this research were Jimma Zone finance and economic development
372 sector offices that include senior management team and internal auditors. As data researcher got from
373 Jimma zone finance and economic development, human resource department office reveals, currently Jimma zone
374 has one zonal governmental office administration, 20 woreda administration they are; Gomma, Guma, Satama,
375 Sigmo, Gera, Sokoru, Omo Nada, TiroAfeta, OmoBeyam, Sarbo, Dedo, Mancho, Seka Chokorsa, ShabeSambo,
376 Mana, LimmuKosa, ChoraBotor, Botor Tolay, LimmuSeka, and NunuBenjaworeda and two town administrations
377 which are Jimma Town and Agaro town.

378 Sample Size and Sampling Techniques-the use of purposive sampling enables the researcher to generate
379 meaningful insights that help to gain a deeper understanding of the research phenomena by selecting the most
380 informative participants that is satisfactory to its specific needs (Hailemariam, 2014). The data of Jimma zone
381 finance and economic development, human resource and management department office reveals that, Jimma
382 zone have 120 internal auditors. Each woreda has five internal auditors while two town administrations have
383 12 internal auditors and Jimma zone finance and economic development office has eight members of internal
384 audit staffs. Two city administration towns and zonal administration office are selected purposively. Due to the
385 difficulty of covering all the total existing Weredas in Jimma Zone, the researcher obliged to minimize its study
386 area from 20 Weredas to 14 Weredas using random sample.

387 The 40 sample of senior management of zonal bureaus, woreda level and town administration are selected
388 purposively, were as 92 samples of internal auditors of zonal bureaus, woreda level and town administration
389 were selected using (Yamane, 1967) which is a simplified formula for Proportions. This formula will be used to
390 calculate the sample sizes at a 95% confidence level and assumed $P = 5\%$ as followsn = ? $N 1 + N(e) 2$?

391 Where n is the sample size, N is the population size, and e is the level of precision. The fourteen Weredas
392 selected randomly were Sokoru, Omo beyam, Omo Nada, Tiro Afeta, Serbo, Shebe Sombo, Seka Chokorsa, Mana,
393 Gomma, Gumay, Satama, Sigmo, Limmu Kossa and Limmu Seka Weredas.

394 Moreover, the draft questionnaires were given to both main advisor and co-advisor to view it in the light of
395 the research objectives, its relevance, the adequacy of the questionnaires items, and coverage. The questionnaires
396 distributed to the respondents were organized in to two parts; the first part comprises the demographic
397 questionnaires regarding the respondents, and the second part contains items related to the role of internal
398 audit practices to promote good governance in government institutions of Jimma Zone. Personal contact of the
399 researcher with the respondents gave him the opportunity to explain when necessary to some respondents.

400 **15 c) Model Specification**

401 The following model was formulated for this research in order to test the research hypothe-
402 ses δ ???" δ ???"????? δ ???" δ ???" δ ???" = ??0 + ??1 + ??2 + ??3 + ??4 + ??5 + ??
403 Where, ??0, ??1, ??2, ??3, and ??4 are parameters estimate in the model, and ? is the residual value.

404 **16 Goodgov**

405 Good Descriptive statistics were employed to analyze the demographic status of internal auditors such as, position
406 of internal auditors within the department, educational status of internal auditors, professional qualifications,
407 work experience, annual training hours taken by internal auditors, internal audit courses taken by internal
408 auditors, number of internal auditors assigned in department.

409 Correlation models were used to measure the degree of association between dependent and independent
410 variables under consideration and to determine whether multicollinearity exists among variables where as multiple
411 regression was used to check whether the role of internal audit functions such as risk management and control,
412 Formal mandate and Standards for the Professional Practice, Competent staffs ,Organizational independences
413 and objectivity, top management supports have significant relationship or not with good governance.

414 The Statistical Package for Social Sciences (SPSS) version 20 was also used for the data analysis. Descriptive
415 statistics such as frequencies, percentages, mean, standard deviations, and Pearson productmoment correlation
416 coefficient was used to analyze the data. To determine the relationship among the independent variables and to
417 test the research hypothesis correlation and regression analysis were used by meeting the ordinary least square
418 (OLS) assumptions of the linear regression.

419 **17 IV. Research Findings: Analysis and Discussions**

420 The questionnaires were distributed to both the senior managers and the internal auditors of the selected Jimma
421 zone public sector offices. 132 questionnaires were prepared and distributed for both senior managers and internal
422 auditors. All questionnaires, were collected (40 responses from managers and 92 responses from internal auditors)
423 giving the response rate of 100%. This shows that, best response rate for this research.

424 **18 a) Reliability Analysis**

425 In terms of reliability, if the alpha value is less than 0.6, it is considered not acceptable, while the alpha value is
426 over 0.6, the result (questionnaire) is acceptable ??Hair et al, 2003).

427 Because of the advantages using Cronbach's alpha, the researcher used Cronbach's alpha to test the reliability of
428 the questionnaires. Furthermore, there were strong correlations between the dependent variable good governance
429 (goodgov) and independent variables MS ($r = .348$), IND ($r = 0.447$), FMSPP($r = 0.570$), CS ($r = 0.230$), and
430 ($r = 0.301$), with ($P < 0.01$) level of significant, shows a strong support for all hypothesis. This finding indicates
431 that the greater the role of internal audit function, the higher the Accountability, Transparency, Efficiency and
432 Effectiveness and Responsiveness of public institution of Jimma zone to deliver quality services and manage public
433 resources. Moreover, the model summary also shows the significance of the model by the value of F-statistics
434 ($P = .000$) and $F = 17.491$. This meant that the probability of these results occurring by chance was less than
435 0.0005. Therefore, a significant relationship was present between the Management support for internal audit
436 (MSUP), Independence of internal audit (IND), Formal mandate and Standards for the Professional Practice
437 (FMSPP), Competent staffs (CS) and Risk management and control (RMC) to predict the good governance in
438 the public institution. The beta (?) sign also shows the +ve or -ve effect of the independent variables coefficient
439 over the dependent variable. And as shown in table 4.8 above, beta sign of all the independent variables except
440 risk management and control shows the positive effect of the predicting dependent variable. That means, any
441 increase in the independent variables lead to increase in the dependent variable good governance. This finding is
442 consistent with (Samuel Adebayo Adedokun 2016).

443 **19 Coefficients a**

444 **20 Model**

445 Therefore, based on the coefficients of the dependent variable (?) sign) five hypotheses proposed by the researcher
446 such as Management support for internal audit (MSUP), Independence of internal audit (IND), Formal mandate
447 and Standards for the Professional Practice (FMSPP) and Competent staffs (CS) are acceptable because of
448 all the four hypotheses stated the positively relationship with the dependent variable are meet. However Risk
449 management and control (RMC) hypothesis developed by the researcher stated the negative relationship with
450 dependent variable. But based on the statistical significances of the independent variable over the dependent
451 variable at 5% level of significance, only three independent variables Formal mandate and Standards for the
452 Professional Practice (FMSPP), independency of internal audit and Competent staffs (CS)are significantly
453 contributed for the Good governance at ($P < 0.05$) level of confidence.

454 Thus, this implies the Formal mandate and Standards for the Professional Practice (FMSPP), independency
455 of internal audit and Competent staffs (CS) are the most important elements that do plays an important role
456 in promoting good governance in public institutions. Besides this, even if their relationships are positive the

457 remaining two independent variables (Management support for internal audit (MSUP), and Risk management
458 and control (RMC)) have not significant contribution for the predicted dependent variable (good governance)
459 because they have a sig. value of greater than 5%. The variable with the level of It is easiest to conceptualize
460 the t-tests as measures of whether the predictor is making a significant contribution to the model ??Field, 2009).
461 Therefore, if the t-test associated with alpha and beta value is significant (if the value in the column labeled
462 Sig. is less than .05) then the predictor is making a significant contribution to the model. The smaller the value
463 of Sig the larger the value of t, the greater the contribution of that predictor (Field, 2009). The t-test results
464 for the individual regression coefficients (shown in the first extract) for the four independent variables such as
465 Independence of internal audit (IND), Formal mandate and Standards for the Professional Practice (FMSPP),
466 Competent staffs (CS) were 2.000, 5.236, and 3.326 are positive respectively. This shows that these variables
467 were made significant contributions to the model at Sig. less than 0.05. The t-test of Management support for
468 internal audit (MSUP) was .388 which was positive. Due to it sig >0.05 it was made less contribution to the
469 model. But the t-test results for risk management and control (RM) was -.105 which means it made negative
470 contribution to the model.

471 **21 b) Hypothesis Test**

472 The regression analysis whose results are presented in table 4.8 above provides a more comprehensive and
473 accurate examination of the research hypothesis. Therefore, the regression results obtained from the model
474 were utilized to test these hypotheses. The hypotheses sought to test role of internal audit practices to promote
475 good governance on the managements support (MS), Independence of internal audit (IND), Formal mandate
476 and Standards for the Professional Practice(FMSPP), Competent staffs(CS) and Risk management and control
477 (RMC) which was measure in terms of internal auditors ability to realize the Accountability, Transparency,
478 Efficiency and Effectiveness and Responsiveness of public institutions of Jimma zone to deliver quality services
479 and manage public resources.

480 As can be seen in table 4.10 above the p value for the Formal mandate and Standards for the Professional
481 Practice (FMSPP, Independence of internal audit (IND)and Competent staffs (CS) are statistically significant at
482 ($p < 0.05$) which suggests a strong support for hypothesis 1,2and 3; whereas, Management support for internal
483 audit (MSUP), and Risk management and control (RMC) are not supported the developed hypothesis (hypothesis
484 4, and 5) because it was statistically insignificant at ($p < 0.05$).

485 The following hypotheses test were conducted based on the regression results of the good governance obtained
486 from the regression output.

487 **22 H1: Formal mandate and Standards for the Professional 488 Practice of internal audit do play an important role in 489 promoting good governance in public institutions**

490 The first hypothesis of this research posted that the Formal mandate and Standards for the Professional Practice
491 of internal audit do play an important role in promoting good governance in public institutions. Showing
492 the strongly correlated relationship between the good governance and the Formal mandate and Standards for
493 the Professional Practice, the positive beta sign and a statistically significant result of Formal mandate and
494 Standards for the Professional Practice related with the good governance ($? = 0.447$, $t = 4.686$, $P < 0.01$) support
495 the proposed hypothesis acceptable. The Formal mandate and Standards for the Professional Practice do play an
496 important role in promoting good governance in public institutions because the key and necessary components
497 like Internal audit charter is established within the organizations appropriately, the organization internal audit
498 mission statement is established, The purpose, authority, and responsibility of the internal audit activity should
499 be formally defined in a charter, There is a complete internal audit manual to guide internal audit work , Internal
500 auditing is required by law or regulation where the organization is based, Internal audit team is involved in the
501 formal reporting of results, Conformance with the standard is seen as a key factor for the internal audit activity to
502 add value to the governance process, Internal audit activity conforms to some or all of the standards, Verification
503 of compliance with other standards or codes has been made in their institutions to realize good governance.

504 These were supported by previous auditing supplement guidance issued by institute of internal audit entitled
505 the role of internal audit to promote good governance 2012. They maintained that the audit activity's powers
506 and duties should be established by the public sector's constitution, charter, or other basic legal document. In
507 addition to this they also explained that the Professional audit standards provide a framework to promote quality
508 audit work that is systematic, objective, and based on evidence. Similarly, in this research finding the Formal
509 mandate and Standards for the Professional Practice plays the role in terms of checking whether Internal audit
510 charter is established within the organizations appropriately, the organization internal audit mission statement
511 is established, The purpose, authority, and responsibility of the internal audit activity should be formally defined
512 in a charter, the presence of complete internal audit manual to guide internal audit work , the requirement of
513 internal auditing by law or regulation where the organization is based, involvement of internal audit team in
514 the formal reporting of results, Conformance with the standard is seen as a key factor for the internal audit
515 activity to add value to the governance process, Internal audit activity conforms to some or all of the standards,

22 H1: FORMAL MANDATE AND STANDARDS FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDIT DO PLAY AN IMPORTANT ROLE IN PROMOTING GOOD GOVERNANCE IN PUBLIC INSTITUTIONS

516 Verification of compliance with other standards or codes has been made in promotion of good governance within
517 their institutions.

518 This result confirms with the previous research Agumas (2015), who found that governance process role of
519 internal audit function is positively related with the existence formal mandate and compliance with professional
520 audit standards.

521 Therefore, the Formal mandate and Standards for the Professional Practice of internal audit do play an
522 important role in promoting good governance in public institutions were strongly supports the first proposed
523 hypothesis (H1).

524 H2: Competent staffs of internal auditors do play an important role in promoting good governance in public
525 institutions.

526 The existence competent internal audit staff also supposed to be the one element that does play an important
527 role to promote good governance and is the second hypothesis of this research. The regression result highly
528 supports this hypothesis at ($P<0.01$) level of significant and with the positive signs of beta and t statistics ($\beta =$
529 0.238 and $t = 3.290$, and $p<0.05$). This result was consistence with previous auditing researches, Samuel Adebayo
530 Adedokun (2016), who found that Competent staffs of internal auditors was crucial to the operation and success
531 of good governance in public sector.

532 Therefore, the existence of adequate and competent IA staff in the public sector office results with positively
533 relationship with good governance and with high contribution for the good governance because Internal audit
534 staff have professional certifications, they are member of the IIA Audit staff members and they have at least 40
535 hours of formal training per year . This results with the overall contribution of good governance and its positive
536 relationship with good governance leads to highly support the proposed hypothesis (H2).

537 H3: Organizational independences and objectivity of internal auditors do play an important role in promoting
538 good governance in public institutions.

539 The third hypothesis of this research which is assumed to promote good governance is the independence of
540 the organization in which internal audit work were conducted. As shown in table 4.8 above the regression result
541 highly supports this hypothesis at ($P<0.05$) level of significant and with the positive signs of beta and t statistics
542 coefficient of ($\beta = 0.171$, $t = 2.000$ and $p = .048$) were positively related with the good governance.

543 Therefore, the presence of Organizational independences and objectivity of internal auditors in the public
544 institutions results with positive relationship with good governance and with high contribution for the promotion
545 of good governance by Internal audit staff are sufficiently independent to perform their professional obligations
546 and duties, The head of internal audit reports to a level within the organization that allows the internal audit
547 to fulfill its responsibilities, The head of internal audit has direct contact to the board (to the President for
548 Government Organizations), The internal audit department has direct contact with senior management other
549 than the finance director, Conflict of interest is rarely present in the work of internal auditors, Internal auditors
550 rarely face interference by management while they conduct their work, Internal audit staff have free access
551 to all departments and employees in the organization, The board of directors (the President for Government
552 Organizations) approves the appointment and replacement of the head of internal auditing, Internal audit staff
553 are not requested to perform non-audit functions. This result is can contribute to the overall of good governance
554 and its positive relationship with good governance leads to highly support the proposed hypothesis (H3).

555 For instance, it is consistent with the previous studies conducted by (Samuel Adebayo Adedokun 2016) he
556 find that, the more organizational independence to the internal auditors plays the vital role in promote good
557 governance in terms of the purpose and authority of internal audit is clearly defined, internal auditors have
558 full access to records and information they need in conducting audits, Internal auditors feel free to include any
559 audit findings in their audit reports, internal audit unit is free to choose any transaction or area of interest for
560 audit, and Internal audit provides reports directly to the Chief Executive Office freely and this all supports the
561 promotion of good governance in their institutions. H4: Top management supports of internal audit do play an
562 important role in promoting good governance in public institutions.

563 The fourth hypothesis of this research posted that the promotion of good governance is directly related with
564 the extent of the support internal audit receives from top management. Showing that to some extent correlated
565 relationship between the good governance and the management support, the positive beta sign and positive t test
566 a statistically significant result of management support related with the good governance ($\beta = 0.024$, $t = 0.0275$,
567) however, $P>0.05$ does not support the proposed hypothesis acceptable. The management support in terms
568 of Senior management supports internal audit to perform its duties and responsibilities, Senior management
569 are involved in the internal audit plan, Internal audit provides senior management with sufficient, reliable and
570 relevant reports about the work they perform and recommendations made, The response to internal audit reports
571 by the senior management is reasonable, Internal audit department is large enough to successfully carry out its
572 duties and responsibilities, Internal audit department has sufficient budget to successfully carry out its duties
573 and responsibilities to promote good governance within their institutions. This is also supported by Agyenim,
574 obeng, opoku, owusu, and sackey, 2012 research that they realize managers in the public sector organizations do
575 not support internal audit.

576 H5: Risk managements of internal audit play an important role in promoting good governance in public
577 institutions.

578 The fifth hypothesis of this research which is assumed to be the role of internal audits to promote good

579 governance is the risk managements of internal audits. As shown in table 4.8 above the coefficient of RM
580 ($? = -0.018$, $t = -0.223$) were negatively related with the promotion of good governance. Also, because of its
581 statistical result ($P > 0.05$) the regression output result haven't statistically significant relationship between the risk
582 management and control and the promotion of good governance reveals not to support the fifth hypothesis. This
583 is also supported by Kampata, (2015) who stated that Internal auditing can provide consulting services (e.g. tools
584 to used, co-ordinate) so long as they have no role in actually managing risks -that is management responsibility.
585 In addition he maintained that the internal auditor should never assume any management responsibility for risk
586 and should avoid being involved in any risk management activities that might compromise their independence or
587 objectivity.

588 **23 V. Conclusions and Recommendations a) Summary of Major 589 Finding**

590 Based on findings of the study related to the Management support for internal audit, Independence of internal
591 audit, Professional Competency, Formal mandate and Standards for the Professional Practice, Competent staffs
592 and presence Risk management and control roles of internal audit in the public sector offices, the conclusions
593 and recommendations are drawn.

594 According to the regression output, four of predictors were positively contributed in promotion of good
595 governance in Ethiopia a case of Jimma zone, public sector offices. Therefore, the public sector offices should
596 emphasize using these elements of internal audit to be accountable, transparent, effective, efficient and responsive
597 throughout their service delivery. However, the finding of this research shows that risk management and control
598 was negatively contributed in promotion of good governance.

599 Moreover, the Formal mandate and Standards for the Professional Practice of internal audit, competent
600 staff of internal auditors and Organizational independences and objectivity of internal auditors were the major
601 elements of internal audit that play an important role to promote good governance. However, the finding also
602 reveals management supports of internal audit and risk management role of internal audit were not significantly
603 important for the promotion of good governance of public sectors.

604 This study found that, the composite Management support for internal audit , Independence of internal audit,
605 Formal mandate and Standards for the Professional Practice, Competent staffs and Risk management and control
606 accounted for 38.6% (adjusted $R^2 = 0.386$) of the variation in the Good governance, the rest 61.4% are other
607 variables not included in this study.

608 **24 b) Conclusions**

609 Internal audit is the major mechanism to ensure good governance in public institutions. It plays an important
610 role to the overall management system and acute service deliverance. The existences of good governance
611 in the offices enhances the accountability, and transparency of the government institutions to their people,
612 improves organizational efficiency and effectiveness, reduce information asymmetry during decision making, and
613 responsiveness. By taking this aspect into consideration, this study was identified internal audit roles that
614 promote good governance in the public sector offices and then analyzed the organizational dimensions in which the
615 public sector offices should carry out to promote good governance. And also by testing the proposed hypotheses
616 in relation to these independent variables, for the realization of good governance, the following conclusions were
617 drawn.

618 ? The good governance of the public sector office promoted, when there were formal mandate, Standards for
619 the Professional Practice, competent staff of internal auditors and Organizational independences and objectivity
620 of internal auditors. The regression analysis of this research shows strong contributions of these variables for
621 the promotion of good governance. ? Therefore, the overall effect of the Formal mandate and Standards for the
622 Professional Practice of internal audit, competent staff of internal auditors and Organizational independences and
623 objectivity of internal auditors are very important for the promotion of good governance in the public sector offices
624 without neglecting the management support role of internal audit. Because it has a positive sign of beta and
625 contributing 38.6% of the variances for the promotion of good governance. Thus, neglecting these variables may
626 cause to decrease the value of good governance promotion variance that was obtained from collective contribution
627 of the four independent variables. ? On the other hand, since risk management and control of internal audit
628 to promote good governance has negative sing of beta (-.018) and negative sign of t value (-.0223), it should be
629 neglected because it will not cause to decrease the value of good governance promotion within the organizations
630 because they have no role in actually managing risks rather they provide consulting services (Kampata, 2015).
631 ? In addition, the correlation analysis shows all the independent variables have the positive effects on the good
632 governance and the regression result also depicts all the independent variables except of risk management and
633 control have a positive sign of coefficients (shown on table 4.10) with good governance in the public institutions. ?
634 However, the management support role of internal audit was statistically not significant enough at 5% significant
635 level to contribute for the promotion of good governance. Moreover, the risk management and control of internal
636 audit was insignificant and have negative sign of beta values. Hence, this conclusion requires further research
637 should be considered for obtaining the role of these variables in advance. ? Furthermore, the correlation analysis
638 (see table ???.9) shown the contributions of the independent variables in promoting good governance. For instance,

25 C) RECOMMENDATIONS

639 all variables were weakly correlated with promotion of good governance to the public institutions. Besides, this
640 conclusion requires additional research should be considered so as to explicitly indicate the role of these elements
641 in promoting good governance.

642 to advance their skills and ability to add their efficacy. ? The public institutions of Jimma zone should also
643 give independency and autonomous right to their internal auditors to perform their professional obligations and
644 duties by allowing the head of internal audit reports to a level within the organization that allows the internal
645 audit to fulfill its responsibilities. ? This can be accomplished by letting the head of internal audit to have direct
646 contact to the board (to the President for Government Organizations), making the internal audit department
647 to have direct contact with senior management than the finance director, avoiding the presence of Conflict of
648 interest in the work of internal auditors, avoiding interference faced from management to Internal auditors while
649 they conduct their work, letting Internal audit staff to have free access to all departments and employees in the
650 organization, directly approving the appointment and replacement of the head of internal auditing, restricting
651 themselves from requesting Internal audit staff to perform non-audit functions. ? The internal auditors of the
652 public sector office should recommended to maintain and improve their vital role for the promotion of good
653 governance in their office, improving their professional certification in line with the institute of internal audit
654 standards and organizational guidelines and introducing themselves with modern technologies that improve their
655 internal audit function for their office. ? Finally, the internal audit staffs of the public sector recommended to
656 work in accordance with the available internal audit charters, since it formally define the purpose, authority, and
657 responsibility of the internal audit activity, and it also helps the internal auditors to provide the appropriate
658 reports and to know the extent of their relationships with the managements, briefly describes their rights and
659 duties of internal auditors and the employers.

660 25 c) Recommendations

661 After the research had conducted, the researcher come up with findings and achieved results with regard to
662 identify the major roles of internal audit practice to promote good governance in public institutions and also to
663 prove the hypotheses, the following recommendations were made.

664 ? The finding of this research proved that the formal mandate, Standards for the Professional Practice,
665 competent staff of internal auditor and Organizational independences and objectivity of internal auditors were
666 statistically significant and positively related with the promotion of good governance in the public institutions
667 of Jimma zone. Thus, Jimma zone finance and economic development coordination office were recommended
668 to provide continually evaluation to the internal audit charter for each woreda office; ? Jimma zone finance
669 and economic development coordination office also should support the internal audit works by hiring sufficient
670 number of internal auditors and funding the certification fees for the internal auditors. ? Facilitate, structure,
and set the way of certifying them as well as provide additional trainings ¹

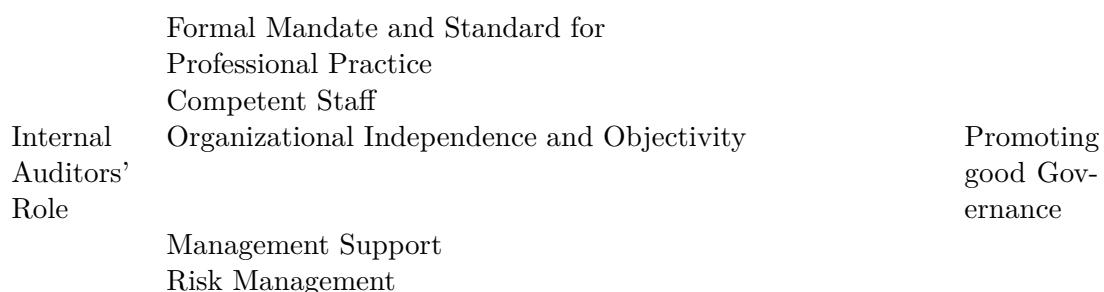


Figure 1:

671

¹The Role of Internal Audit Practice to Promote Good Governance in Public Institution of Ethiopia: The Case of Jimma Zone

31

Total Population

Sampling Meth- ods

senior management(head of internal audits and managers of finance and economic development office from zonal, Internal auditors from Jimma zone administration, Agaro and Jimma town and from Weredas=120

Total = 160

132

Then the internal auditors from the two town's administration and internal auditors of Jimma zone finance and economic development office were selected

purposively while 72 internal auditors were selected 14 Weredas randomly as follows.

$$= \text{????????????? } \text{????????????? } \text{????? } \text{????????????? } =$$

72
5

Figure 2: Table 3 . 1 :

41

Cronbach's Alpha
.689

No. of Items
6

Source: Survey data, 2017 SPSS output

Figure 3: Table 4 . 1 :

4

Table 4.2: Pearson Correlations Matrix

Variables	goodgov	MSUP	IND	FMS	PCS	RMC
Good governance	1					
Management support for internal audit	.348 **	1				
Independence of internal audit	.447 **	.498 **	1			
Formal mandate and Standards for the Professional Practice	.570 **	.509 **	.531 **	1		
Competent staffs	.230 **	-.033	.041	.420	1	**
Risk management and control	.301 **	.383 **	.231 **	.570	.301 1	**

[Note: **. Correlation is significant at the 0.01 level(2-tailed).]

Figure 4: Table 4 .

25 C) RECOMMENDATIONS

410

Model Summary b

[Note: significance]

Figure 5: Table 4 . 10 :

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