

Factors Affecting Internal Audit Effectiveness in Public Organizations: Case of Bureau of Agriculture in Wolaita District of South Ethiopia

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Abstract

The general purpose of this study is to examine the factors affecting internal audit effectiveness in agricultural bureau, in Wolaita district of South Ethiopia. The study employed quantitative research approach (questionnaire presented to 110 respondents) to collect the study data. Data is analyzed by employing SPSS (software Package for Social Science) version 21. The empirical analysis of the present study is used both descriptive statistics and regression analysis. To determine variables influencing effectiveness of internal audit, correlation and regression analysis were conducted. The study findings revealed that moral of internal audit staff has power to affect effectiveness of internal audit in agricultural bureau in Wolaita district of South Ethiopia. The study also revealed that correlation of variables is significant at the 0.01 level. Keeping moral of internal audit is mandatory to public financial organizations.

Keywords: Audit effectiveness, internal audit, public organizations,

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1.1 .Back ground of the study

Political and economic changes that have happened during the last decades have considerably influenced basic functions and operations of governmental non-governmental organizations. With respect to this, the rise of financial risks, the economic instability and increasing of financial fraud scandals have needed the employ of internal audit for government, non-government financial institutions, business firms and private corporations and companies(Konstantinos et al, 2015).

Nowadays, internal audit is considered as the most prominent cornerstone of financial governance. Internal auditors reasonably consider establishing good governance both in terms of their functions and organizations. Internal audit needs to update itself in order to respond to today's conditions of changing financial environment. Internal audit provides assurance services to financial operations; internal audit has to provide consultancy services to senior management as a strategic mind co-partner to meet its changing needs. With consultancy role, internal auditors add value to their financial organizations. Focusing on internal control and financial compliance, internal audit can establish good governance in organization by undertaking consultancy role within the scope of risk management activities. Internal audit acts with a systematic and disciplined approach to evaluate and improve effectiveness of organization's risk management, control and governance processes. The main purpose of internal audit is to provide organizational effectiveness and efficiency by bringing constructive criticism(Onay,2021).

Organizations have been facing rapid changes in economic complexity, increased regulatory requirements, and emergence of digital technology in recent years. Internal audit is seen as an important tool to control the governance and operations of the organizations. Internal audit function deals with financial control, compliance assurance and safeguarding assets. An effective internal audit contributes value to the entities by ensuring the adherence to the established procedures, laws, and regulations (Joshi, 2021).

Management plays a role in managing their institutions and be effective in applying its laws because of changes occur in financial organizations to patrol scandals of financial embezzlements, frauds and losses. Internal audit process may provide a reasonable and absolute assurance for the performance of the entire organization as well as its departments. Different management levels need guidance and advice of internal audit in an organization. Internal audit efficiency and effectiveness are used to handle and achieve the established objectives of organizations. It is vital to examine and evaluate the extent to which an organization's governance and risk management are adequate and effective. Internal audit along with internal control systems ensure the integrity of an organization's work processes and forces when there are some irregularities in financial system of organizations (Shamki and Alhajri,2017).

Internal audit has the role of compliance assurance, financial control and assets safeguarding. Commercial financial scandals have reinforced the responsibilities of IA in enhancing business governance mechanisms. It improves the effectiveness of risk management, control and governance systems. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the

effectiveness of risk management, control, and governance processes. It assists an organization in assuring or consulting services. It can assist the audit committee and external auditors in monitoring the internal control system. It can reduce fraud, misappropriation of assets and misreport financial information (Dellai and Omri, 2016).

Role in serve the public interest by increasing accountability of managers and reinforcing trust and confidence in financial reporting process and serve as an important in business and financial reporting process of the public firms and not for profit providers at organizational level. Creates potential opportunities for improving and act as a feedback mechanism for the top management (Lakachew, 2017). This study is focused on exploring factors affecting internal audit effectiveness in public organizations to increase accountability of managers, reinforce trust and confidence in financial reporting process and serve as an important in business and financial reporting process of the public firms.

1.2. Statement of the problems

Factors that impact on internal audit effectiveness are management's support, competence, independence, participation in risk management activities and cooperation with external auditor (Onay, 2021). Determinants affecting internal audit are risk-based planning, usage of big data analysis and frequency of meetings of internal auditor with audit committee (Joshi, 2021). A study conducted in Soudi Arabia revealed that top management support, organizational culture, independence of internal audits, motivation of internal audit staff, size of the internal audit team, utilization of information technology, competence of internal auditors, internal audit effectiveness, motivation of internal audit staff and the size of internal audit team are reasonable factors affecting internal audit (Almahuzi, 2020).

A study conducted across Ethiopian Insurance private companies found that competence of internal audit teams, quality of internal audit, management support, internal audit scope, internal auditor's experience and senior management's relationship with audit staff are substantial factors affecting internal audit (Arefayne, 2019). A study in Tunisia found that the independence of internal audit, the objectivity of internal auditors and the management support for internal audit are factors influencing internal audit in public sectors of Tunisia (Dellai and Omri, 2016).

Factors affecting internal audit effectiveness are quality of internal audit, competence of internal audit team, independence of internal audit and management support (Theofanis and Konstantinos, 2015). Internal auditor competencies, internal auditor independence, auditee support to internal audit activity, internal and external auditor relationship and increase internal audit competence (Mustika, 2015).

Factors that influence the internal audit effectiveness including internal auditor competencies, internal auditor independence, auditee support to internal audit activity and independence and relationship between internal and external auditor (Mustika, 2015).

Management support, the existence of adequate and competent internal audit staff, management perception for the internal audit value and the organizational independent of internal auditors were factors affecting internal audit in Ethiopian public sector (Shewamene, 2014).

A study conducted in the Ethiopian government ministries on the performance of internal auditors revealed that salary and benefits can highly affect the perform of internal audit (Essayas and Meskerem, 2018). A study conducted across Amhara region public universities reveal that auditee attribute, management support, organizational independence, adequate and competent internal audit staff, and internal audit function reengineering are factors affecting internal audit effectiveness (Lakachew, 2017).

All the above surveyed international and local studies have more or less used the same independent variables affecting internal audit effectiveness but no researcher employed corruption, morale of auditors, power to take action against malpractices and training in the public sector. The current study would fill this gap. With regard to this, the researcher attempted to examine corruption, moral behavior of internal auditors; decision making and training are the assumed factors affecting the effectiveness of internal audit effectiveness in bureau of agriculture in Wolaita district in South Ethiopia.

1.3. Objectives of the Study

1.3.1. General Objective

The general purpose of this study is to examine the factors affecting internal audit effectiveness in agricultural bureau in Wolaita district of South Ethiopia.

1.3.2. Specific Objectives

Specifically, the researcher tried to achieve the following objectives;

- 1-To examine the effect of corruption on internal audit effectiveness in Bureau of agriculture Wolaita district
- 2-To assess the contribution of morale of audit staff impacts on internal audit effectiveness in Bureau of agriculture Wolaita district.
- 3-To look over the contribution of decision making against malpractices on internal audit effectiveness in the

area understudy.

4-To evaluate the role of training on internal audit effectiveness in the study area

1.4. Research Hypotheses

After related literatures are extensively reviewed on corruption, moral of audit staff, training, power to take action against malpractice of internal audit, the following research hypotheses are developed.

H1: Corruption has significant effect on the internal audit effectiveness in agricultural bureau in Wolaita district.

H2: Morale of audit staff has significant effect on internal a Wolaita district audit effectiveness in the study area.

H3: Decision making against malpractices has positive effect on internal audit effectiveness in the area understudy

H4: Training has significant positive on the internal audit effectiveness in agricultural bureau. Wolaita district

2. Review of related literature

2.1.Theoretical and Conceptual Literature

Diverse literatures define internal audit in different ways but the standard definition is made up of central issues that form the elementary framework of internal audit principles. A simple meaning of internal auditing is defined as: an autonomous appraisal function conventional within an organization to study and evaluate its activities as a service to the organization. To the new Institute of Internal Audit (IIA, 2001), defined internal audit as that it is an independent, objective assurance and consulting activity designed to add worth and advance an organization's operations. It helps an organization realize its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal auditors are employees of may be government organizations, individual companies, partnerships, and other entities. Internal auditors always conduct financial activities, internal control, obedience, operational, and legal audits within their organizations. In some cases they may assist the external auditors with the annual financial statement audit. Internal auditor also often involve in assurance and consulting engagements for their organizations (Arefayne, 2019).

2.2. Audit effectiveness

Audit effectiveness involves quality, competence, procedures and independence of the audit firm (Bender, 2006).

2.3. Internal Audit Effectiveness

A study launched in the Netherlands used a systematic literature review investigated that quantifying internal audit effectiveness is impacted by the inconsistencies in the metrics used in quantifying some factors, the size of the organization, influence of internal audit competence, independence on financial reporting quality and the influence of internal audit quality(Turetken et al, 2019).

Internal audit office of the organization has low technical staff proficiency, high staff turnover limiting its capacity to provide effective service to the management, lack of mechanism to follow-up implementation of auditing, absence of prepare strategic plans, not applying of consistent documentation styles for audit work, internal audit quality, the organizational setting and technical proficiency of the internal audit staff are one of the major factors affecting internal audit effectiveness(Dessalegn and Aderajew,2007). A study conducted in Tigray region indicated that the major challenges of the effectiveness of internal audit are less management support, absence of independence and competence of internal auditors (Zinabu et al, 2021). A study conducted in East Arsi revealed that competency in terms of educational level, background and experience is in line with the standards, compliance, independency are attached with internal functional areas (Hamdu Kedir et al, 2014).

2.4. The role of internal audit

Internal audit activity plays an active role within an organization. Internal audit action may help a government institution and private organizations by evaluating the risks they are under control or value taking, providing assurance on the process that management use, consult on internal audit's independence and objectivity. Internal audit activities may make strides in playing a role in risk management. Senior management and the board may increase their reliance on the internal audit to improve the organization's operation and evaluate the management or organizational risks, controls and governance processes (Ibid).

The need for improved internal control and auditing mechanisms is one of the important issues in public debate regarding corporate governance. To some external auditors' reliance on internal audit work could produce a cost saving through reduction of external audit time. The reliance may be considered as an area where internal audit adds value through reduced audit fees. It is mandatory to enhance the quality of internal audit activities and audit processes and internal auditors' activity should verify the integrity, transparency and commitment of internal audit to the internal audit standards in preparing the report and activate the communication among the internal auditors in order to achieve a positive role. Organizations may be interested in increasing their

performance having desires that is possible if their internal auditing department is keeping up the pace to identify the potential risks. Value adding role of internal auditing may help to achieve the efficiency, effectiveness and financial activity of an organization's performance and of resources utilization, helping management to achieve an organization's goals (Lakachew, 2017).

2.5. Decision Making

Internal audit effectiveness may be influenced by government laws and regulatory institutions through coercive is morph. The study also found that managerial practices are internal factors that influence internal audit effectiveness. Poor top management supports and high political circumvention of internal controls have power to impede internal audit effectiveness in public sectors. Effectiveness of internal audit activity has been the concern of many organizations due to the dynamic nature of the modern business context that are confronted with pressures from socio-political factors, international regulations and professional standards (Owodo, 2016).

2.6. Corruption

Corruption is a phenomenon that has become prevalent in societal settings especially in government owned organizations in Africa. Government of most countries put in place some mechanism to ensure that public organizations are run in line with acceptable procedures and practices. One of such tools is the internal audit. A study shows that the independent variable; internal audit quality has a significant effect on corruption and can help in checking corruption in the public sector. Internal audit quality has to be pursued by ensuring that the internal auditor carries out his responsibility independently through the enactment of laws that protect the job of the internal auditor. The fight against corruption must be taken seriously and to achieve this, more focus must be on the public sector (Ibironke, 2019).

Aside the established anti-graft agencies, internal mechanism to combat corruption must be put in place in all public sector establishments. The public sector is widely acclaimed as the source of inefficiency, wastefulness and corrupt practices. Establishment and strengthening of an internal audit department in all government organizations will militate against the misuse and abuse of public offices in the MDAs and will also serve as a complement to the anti-graft agencies. Internal audit, as part of management mechanism, has the potentials to enforce accountability and check corruption in the public sector if properly utilized. Audit quality will boost financial transparency and accountability. Various literatures have studied Internal Audit in public sector with more emphasis on how it can help revenue generation, safeguard assets and control fraud. Also, with the poor rating of Nigeria by the Transparency International in terms of corruption indices and a study on internal audit quality and its role in combating corruption especially in the public sector becomes necessary. The study found out and concluded that Internal Auditors independence has a positive significant impact on corruption. This means that the level of independence of the internal audit rather than mitigating corrupt practice increases. The study concludes that internal auditors of the samples institutions are not independent in the discharge of their responsibility thus influencing corruption. The study concludes that ability of the internal auditor reduces corruption practices in the public sector. The study further found that internal auditor integrity has a positive relationship with corruption thus concludes that the integrity of the internal auditors encourages corruption in the Nigerian public sectors (Ibid).

2.7. Training

This study examines factors influencing internal audit effectiveness in the Tunisian context revealed that the effectiveness of internal auditing is influenced by the use of internal audit function as a management training ground (Dellai and Omri, 2016).

The rise in financial scandals in recent times in government institutions and entities despite the existence of internal audit units in the public sector has made the role of internal audit effectiveness to attract the attention of academic researchers, professional bodies, the financial community and regulators. The study found out that, independence of internal auditors, competence of internal auditors and control environment have significant positive influence on internal audit effectiveness in the public sector in the Central Region. The study recommended regular training and development of internal auditors on new internal audit policies, rules, procedures and also sharing of experiences among internal auditors across various public institutions and organizations (Almahuzi, 2020).

Internal audit plays significant role to achieve organizational objectives. An important factor in the professionalization of internal audit is to create a solid ethical climate. Without an ethical environment, laws will never be properly applied, and the legal framework will only be for show. Effectiveness of internal audit function is influenced by human and capital resources available, the scope of internal audit function. Internal auditing is handicapped by a critical shortage of appropriately trained and skilled manpower and a lack of professional independence. Inadequacies in professional education and lack of training program are critical obstacles to strengthening internal auditing. Internal audit is effective when internal auditors need appropriate

training, experience and professional qualifications to influence internal audit effectiveness (Tesfaye, 2020).

For implementation of the auditing activity, getting well trained auditors with strongly built skills is the urgent need of the corporation; the auditors play the desired role. Investing in training has a paramount importance. Public organizations have to have sound budget to train auditors. Staffing uses training and development potential of internal audit may result in staff who bring skillful workers (Ibid).

2.8. Morale of audit staff

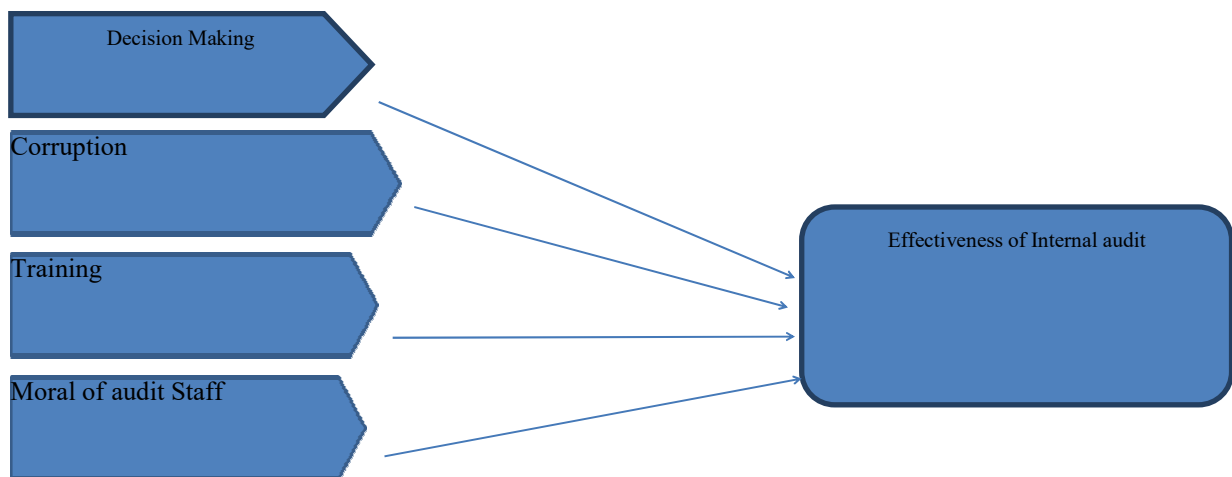
Objectivity, moral courage and senior management support are elements influencing towards the effectiveness of internal audit. Principles of the internal auditor are the attitude of integrity, objectivity and confidentiality can positively or negatively impact on the effectiveness of internal audit. Internal auditors are likely to face ethical pressures at some point during their career and there are distinct differences in pressures on internal auditors in various regions. There may be differences in the strength of support for the function when internal auditors face ethical dilemmas. Many public organizations do not have organizational codes of conduct or codes of ethics and internal auditors receive little or no training on code of ethics (Sari and Sirajuddin, 2018).

Internal auditors do not always operate in reasonable ethical environments. Internal auditors who resist pressure to change their findings are at times subjected to negative consequences such as pay cuts, involuntary transfers to other positions, or even termination of employment. The internal audit profession could not exist without a strong foundation based on a commitment to ethical conduct (Rittenberg, 2015).

Public sector internal auditors pose a high level of ethical behavior and are more compliant with the code of ethics. Adoption of a strong and stable internal audit system prevents opacity, suspicion, corruption fraud in public sectors. Moral of internal auditors is a matter that can be enforceable by law and is a matter of personal commitment and choice. Internal auditors are able to comply with legal provisions and explicitly formulated rules and promote exemplary behavior focusing on the role and mission they are set upon to daily work. Ethics is a very sensitive issue for internal auditors when executing their mission. Internal auditors' ethical decision-making ability depends on their own personal morals when attempting to resolve a real situation (Pappaa and Filos, 2019).

2.9. Conceptual Frame work

Figure.1 Conceptual Frame work



Source: Researcher's own work based on literature review

3. Methodology of the study

3.1. Research Design

This study employed explanatory research design. Through this design study sought to assess the effect of decision making, corruption, training and morale of audit staff on the effectiveness of the internal audit function in the public sector with a focus on bureau of Agriculture in Wolaita district of south Ethiopia. The research design determined and reported the way auditing activities are described such things as possible behavior, attitudes, values and characteristics of audit board managers, management body, auditor general and audit staffs.

3.2. Research Approach

This study used quantitative research approach to explicate the quantitative methodology. The study established quantitative research deals with quantifying and analyzing independent variables (decision making, corruption,

staffing and training and morale of audit staffs) against the dependent variable(effectiveness of internal audit) in order to get results. It also involved the utilization and analysis of numerical data using specific statistical techniques to answer the research questions. This study approach also measured variables and hypothesis

3.3. Methods of data collection

3.3.1.1. Questionnaire

The current researcher designed questionnaire structured in regard with the research hypotheses and independent variables. Questions included the questionnaire that are considered as more relevant with the present study as well as more significant with regard to the content that best described internal audit's effectiveness. The questionnaire comprised of twenty-eight questions, which will represent each and every study's independent and dependent variables. Each independent variable have equal share of seven questions in four groups.

The first group composed of questions referring to an independent variable that is decision making, the second group beard questions posing about corruption, the third group contained questions of concerning staffing and training and the last group of questions consist of morale of audit staff. All groups question were adjusted in Likert scale.

3.4.1. Sample Size

In any research, determining the sample respondents is critical which directly or indirectly influence the research finding. This study selected the three Woreda workers purposely. In order to get the real data from respondents, the researcher included sample workers (110), accountants, purchasers and internal auditors of the three Woredas worker population. The researcher employed sample size formula of Slovan(1960): $n = N / (1 + Ne^2)$ Where n= the required sample size

N = total population

e = 5% marginal error

$$152 / (1 + (0.05 \times 0.07 \times 0.07)) = 0.38$$

$$152 / (1 + 0.38) =$$

$$152 / 1.38 = 110$$

3.5. Variables

3.6.1. Dependent variable

Determining effectiveness of internal audit is dependent variable.

3.7.2. Independent variables

Socio demographic characteristics such as educational status, sex, age, profession independent variables- decision making, corruption, staffing and training and morale of audit staff are assumed a independent variables of the study.

3.8. Model

At first, variable analysis using principal component analysis was conducted for all questions except for these questions which refer to demographic characteristics. Varimax orthogonal rotation was used as it facilitates the interpretation of the results. Measuring the consistency or reliability of the data is essential. To measure such a reliability analysis, Cronbach's Alpha (α) was used to measure reliability of the study. Regression analysis was conducted to test the effect of independent variables on dependent variable.

$$IAE = a + b_1DM + b_2Corru + b_3T + b_4MAS + \text{error.}$$

The variables are defined below:

IAE = Internal audit effectiveness

DM = Decision Making

Corru = Corruption

T = Training

MAS = Moral of Audit Staff

3.9. Method of data Analysis

After ceasing of data collection, the researcher will conduct cleaning, encoding, and cross-checking of data. After cross checking and cleaning, data will be interned into software package for social science version 21 which is statistical software for data analysis. Secondly, the researcher will use descriptive statistics such as count (frequency), percentage and mean summary of percentages to analyze the data and narration. Thirdly, the current researcher will employ multiple regression analysis to test the relationship between dependent variable (effectiveness of internal audit) and independent variables (decision making, corruption, training and morale of audit staff).

4. Data presentation, analysis and interpretation

4.1. Demographic Characteristics of the respondents

Frequency Statistics

Sex of the Respondents

It is important to analyze the extent to which demographic character influence a studies' results. As indicated in table-1, the demographic domination of this research confined to female respondents. About 63% of female workers in agricultural bureau of Wolaita district in South Ethiopia involved in the study. Therefore, gender segregation and marginalization has no share in influencing effective implementation of internal audit in the study area.

Table-1 sex of the respondents included in the study

	Frequency	Percent
Male	69	62.7
Female	41	37.3
Total	110	100

Source: Field Survey, 2022

4.1.2 Age of the Respondent

Age of the respondent is another factor having capacity to impact the finding of a study. Yong and middle aged working population may have better capacity to perform duties and responsibilities they are assigned to execute than workers approaching to pension line and newly employed younger working population. In this study, table-2 indicated that 75.4% working age population are under the category of 26---35 year from which age 36-40 year category are the leading ones. Majority of the respondents included in this study are medium aged population and have deep-rooted insight and understanding on the factors affecting internal audit effectiveness.

Table-2 Age of the Respondent

	Frequency	Percent
less than 25	15	13.6
26-30 years	36	32.7
31-35 years	47	42.7
36-40 years	8	7.8
above 41 years	4	3.3
Total	110	100

Source: Field Survey, 2022

4.1.3 Education level of the Respondents

As illustrated in table-3, vast majority of the respondents may be operators of financial activities such as auditing, purchasing, accounting and selling deeds having bachelor degree. TVET and who have mastered in auditing and other financial activities are relatively less number of populations. It can confidently been realized that 18.2% the respondents have medium level educational knowledge or have no mastery on financial activities in general conducting effective internal auditing in particular. Therefore, educational level of financial and auditing workers may negatively affect internal audit effectiveness in public financial institutions. In the study area majority of the workers were bachelor degree holders and have insufficient knowledge to execute internal audit activities and internal audit activities that can affect internal audit effectiveness.

Table-3 educational level of the respondents

	Frequency	Percent
TVET Diploma	15	8.8
BA Degree	79	46.5
Masters Degree	16	9.4
Total	110	100.0

Source: Field Survey, 2022

4.1.4. Professional level of the Respondents

According to the field of study, the participants of study indicated their highest level of education. In this regard 39 respondents (22.9%) had Accounting educational background, 26 respondents (15.3%) had Management background, 27 respondents (15.9%) had economics educational background and 18 respondents (10.6%) had other discipline backgrounds. Descriptive statistics of the data are presented in table 4; most of the study respondents had a background in Accounting. Based on this, internal audit activity in bureau of agriculture in Wolaita district of south Ethiopia has limited to financial operation areas. The scope of internal audit in the study area had not expanded to non-financial operation areas. Internal audit workers and financial workers including most accounting background staffs could lack skills, experience, and knowledge in other fields.

Table -4 Professional level of the Respondents

	Frequency	Percent
Accounting	39	22.9
Economics	27	15.9
Business management	26	15.3
Other Subjects	18	10.6
Total	110	100

Source: Field Survey, 2022

4.1.5. Work experience of the Respondent

Respondents' working experience in internal audit ranged from two years and less up to above five years. Fifty one respondents had 11-15 year work experience (30.0%) in internal audit and financial activities, thirty one respondents had 16-20 years' experience (18.2%) had the same years working experience in financial operations and internal audit activities, sixteen respondents (9.4%) had five years working experience in financial operations and internal audit activities, nine respondents (5.3%) had five years working experience in the same. Descriptive statistics of the data are presented in table 5. The response indicated that internal auditors and financial officers in agricultural bureau of Wolaita district of South Ethiopia had high levels of experience in the area of internal auditing.

Table -5 Experience of the Respondents

	Frequency	Percent
less than 5 years	3	1.8
6-10 years' Experience	9	5.3
11-15 year experience	51	30.0
16-20 years' experience	31	18.2
Above 20 years' experience	16	9.4
Total	110	100

Source: Field Survey, 2022

4.2. Reliability Statistics

In a Likert-scale questionnaire measuring the consistency or reliability of the questionnaire is essential. Reliability analysis has been employed in prior internal audit researches those adopt likertscale questionnaire (Arafayne, 2019). To measure such a reliability analysis, Cronbach's Alpha (α) is the most common measure of reliability scale. If a reliability analysis value (α) greater than 0.600 is acceptable (Cronbach's, 1951). To Field (2009) reliability analysis value (α) greater than 0.700 is very acceptable. Based on Table 6, the reliability analysis value for Cronbach's Alpha (α) of this study shows that 0.707 for all variables. Therefore, the responses generated from all variables in this study were acceptable (reliable) for data analysis.

Table -6 Reliability Statistics

Cronbach's Alpha	N of Items
.707	5

Source: Field Survey, 2022

4.3. Correlation Statistics.

Inter-item correlations were also examined to assess reliability of the study. According Table 7, some of the

variables in the study show more than 0.30. This indicates that sufficient and adequate correlations were among item responses (DeVellis, 2003). The correlation analysis of this study revealed that the assumed independent variables have positive signs (+) and negative signs (-). An independent variable; moral of audit staff defamation by leadership body has 64.7% correlation with the independent variable corruption. Secondly, training and moral of audit staff correlated 27.8%. Thirdly, the correlation between corruption and training is 21.9%. Between independent variables training and decision making, there is weak correlation (1.3%). There is almost no correlation between moral of audit staff and decision making (.003). Decision making and corruption are negatively correlated (-.138). In terms of measuring level of correlation among the study variables, measuring level of correlation between training and moral of audit staff defamation is .003 and moral of audit staff defamation and corruption is extremely significant at 0.000. Thus, the selection of independent variables (moral of audit staff, corruption and training) is acceptable.

Table-7 Correlation Statistics

		Decision Making	Corruption	Moral of Audit Staff defamation	Training
Decision Making	Pearson correlation	1.00			
	Sig(2-tailed)				
	N	110			
Corruption	Pearson correlation	-.138	1.00		
	Sig(2-tailed)	.151			
	N	110	110		
Moral of Audit Staff defamation	Pearson correlation	.003	.647**	1.00	
	Sig(2-tailed)	.978	.000		
	N	110	110	110	
Training	Pearson correlation	.013	.219	.278*	1.00
	Sig(2-tailed)	.895	0.22	.003	
	N	110	110	110	110

**correlation is significant at the 0.01 level (2-tailed)

*correlation is significant at the 0.05 level (2-tailed)

Source: Field Survey, 2022

4.4. Assessment of Autocorrelation

When there are patterns in the residuals from a model, then they can be considered as auto correlated. The Durbin-Watson (DW) is a test for first order autocorrelation. It undertakes that the association between an error and the previous of an error. In this type of test, the null hypothesis can't be rejected when DW result is near 2 (Hair, et al., 1998). Because, it shows there is little or no evidence of autocorrelation. Based on Table8 the Durbin-Watson (DW) statistics value of this study is 1.984 and close to 2. Therefore, there is no evidence of autocorrelation among error terms in this study. The aggregated effect of all the independent variables (Decision Making, Corruption, Moral of Audit Staff, and Training) on the dependent variable (internal audit effectiveness) is 8.7% and however, they have significant value of 0.046.

Table -8 Durbin Watson Test Model Summary of autocorrelation

Model	R	R ²	Adjusted R ²	Sig	Durbin- Waston
1	.296 ^a	.087	.053	.046	1.984

a. Predictors: (Constant) Decision Making, Corruption, Moral of Audit Staff, Training

b. Dependent Variable: Internal Audit Effectiveness

Source: Field Survey, 2022

4.5. Regression Analysis

The linear regression model is the standard procedure for analyzing dependencies between variables that are measured on a metric scale. In the course of model estimation, it is common practice to evaluate the appropriateness of a single descriptive model for the problem under study with the help of the coefficient determination, R². In empirical studies, the most important benefit of R² is that it serves as a fast and easily interpretable measure for the goodness of fit of the estimated model. However, R² is not an absolute indicator of goodness of fit. It is just a relative measure of explained variance relative to total variance in the dependent variable. Some authors particularly in social science largely reject the usage of the coefficient of determination.

Further, Cross-sectional studies achieved lesser R^2 value than time-series studies. Thus, the best value for R-square depends on what the researcher measured. This study depends on participant's perception which collected through questionnaire. Therefore, r-squared value more than 25% can be respectable and good to fit (Thompson, 2002). The regression result of this study explores the necessary indicators of internal audit effectiveness using the independent variables identified in the model. Based on Table 8, the appropriate indicators of the variables used to show the effectiveness of internal audit were explored. It means the overall contribution of decision making, corruption, moral of internal audit and training to effectiveness of internal audit effectiveness accounted for 8.7% (0.087) of the variation in the effectiveness of internal audit.

Based on Table -9, the ANOVA shows the significance of the model by the value of F statistics ($P=.046$) and $F= 2.514$ which indicates there was relationship between the predictors and the outcomes of the regression variables. It is moderately fitting of the model to predict the effectiveness of internal audit effectiveness in bureau of agriculture in Sidama region, Tula cub-city and Hawassa Zuriya Woreda.

Table -9 ANOVA

Model		Sum of squares	df	Mean Square	F	Sig
1	Regression	62.619	4	15.655	2.514	.046 ^b
	Residual	653.935	105	6.228		
	Total	716.555	109			

a. *Dependent Variable: Internal Audit Effectiveness*

b. *Predictors: (Constant) Decision Making, Corruption, Moral of Audit Staff, Training*

Source: Field Survey, 2022

The beta (β) sign includes a sign of positive (+) and negative (-). It shows the effect of independent variables over the dependent variable (Field, 2009). Based on table 10, beta sign of the three independent variables (Decision Making, Corruption and Training) shows negative (-) and the only independent variable which shows positive sign is Moral of Audit Staff. Thus, three of independent variables (Decision Making, Corruption and Training) had a negative effect on the predicting dependent variable (effectiveness of internal audit). Therefore, any decrease in independent variables lead to decrease in dependent variable.

The independent variable with the level of significance (sig.) value less than 5% can make a significant contribution to the predicted value of the dependent variable and a variable beyond this level of significance cannot make a significant contribution to the predicted value of the dependent variable. Based on Table-10, the statistical significance of the independent variable over the dependent variable at 5% level of significance, three independent variables (Decision Making, Corruption and Training) were not significantly contributed for the dependent variable (effectiveness of internal audit). But the independent variable (Moral of audit Staff) was significantly contributed for the dependent variable (effectiveness of internal audit)

Table-10 Regression Results Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig	95.0% confidence interval for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower bound	Upper bound	Tolerance	VIF
Constant	13.693	4.387		3.122	.002	4.995	22.391		
Decision Making	-.173	.094	-.175	-1.847	.068	-.360	.013	.966	1.035
Corruption	-.196	.180	-.135	-1.087	.279	-.553	.161	.560	1.785
Moral of audit staff	.528	.224	.295	2.357	.020	.084	.972	.554	1.804
Training	-.113	.181	-.061	-.624	.534	-.473	.246	.919	1.088

a. *Dependent Variable: internal audit effectiveness*

Source: Field Survey, 2022

4.6. Data Results and Interpretation

This section presents the results of quantitative data analysis. The hypotheses testing are used to test a significant influence of independent variables on dependent variable (Field, 2009). In this study, the hypotheses testing used to test a significant influence of Decision Making, Corruption, Moral of Audit Staff and Training on effectiveness of internal audit which was measured in value adding to a business, enhance department performance, and enhance organizational performance. According to Table 9 the p-value for Corruption, Decision Making and Training were statistically insignificant at ($p<0.05$) which lacks to support for hypothesis 1, 3, and 4. Whereas, the p-value for Moral of internal audit was statistically significant at ($P<0.05$) which shows a strong support for hypothesis 2. It also reports the results of collected questionnaires from the respondents

simultaneously.

4.6.1. Corruption

H1: Corruption has significant effect on the internal audit effectiveness in agricultural bureau in Wolaita district.

This section discusses the views of participants regarding corruption as a factor may impact on internal audit effectiveness. To this regard, the study examined the corruption from quality leadership, disciplined auditors and other financial staff, effective communication, development, and warm acceptance of audit findings. The first hypothesis tested corruption of internal audit had negative association with the effectiveness of internal audit in bureau of agriculture in Wolaita district. The result shows corruption was negatively associated with the effectiveness of internal audit in the study area at a statistical insignificance level of ($P < 0.05$). The magnitude (β) of the effect of this variable on the effectiveness of internal audit was -0.196 and the t-value of -1.087 . The t-value of less than 2 is indicating a weak relationship between the independent and dependent variable (Hair, et al., 1998). Therefore, the corruption results in statistically insignificant contribution for the effective internal audit activities in their public organizations. This variable have a coefficient of negatively related with the effectiveness of internal auditors and other financial workers as a result of its insignificant regression analysis output result leads not to support the proposed hypothesis (H1).

4.6.2. Morale of audit staff

H 2: Moral of internal audit staff is positively associated with the effectiveness of internal audit in.

Morale of audit staff was the second proposed hypothesis in this research. As per the regression results Morale of audit staff significantly determines internal auditors' effectiveness ($p < 0.05$) which means $0.020 < 0.05$. The regression analysis shows very strong support for second hypothesis. Morale of audit staff was the only variable that was strongly and positively related to the internal auditor's effectiveness dimensions. To this regard, the study examined the Morale of audit staff from existence of decisive internal auditors and morally strong financial workers who could promote organizational independence of internal audit function perspective.

This hypothesis tested Moral of internal audit staff positive association with the effectiveness of internal audit in agricultural bureau in Wolita district. The result shows Moral of internal audit staff positively associated with the effectiveness of internal audit in the study area at a statistical significance level of ($P < 0.05$). The magnitude (β) of the effect of this variable on the effectiveness of internal audit was 0.528 the t-value of 2.357 . The positive magnitude sign and t-value of more than 2 are indicating a strong relationship between the independent and dependent variable (Arafyane, 2019). This result was consistent with previous auditing researches conducted by Cohen & Sayag, (2010). It implies that internal auditors become more effective when moral of internal auditors and other financial staff kept while conducting auditing activities. Therefore, the second hypothesis of this research was accepted.

4.6.3 Decision making

H3: Decision making against malpractices has positive effect on internal audit effectiveness in the area understudy. The third hypothesis tested Decision Making positive association with the effectiveness of internal audit in agricultural bureau in Wolita district of Southern Ethiopia. The result shows that negative association between Decision Making and the effectiveness of internal audit in the study area at a statistical significance level of ($P < 0.05$). The magnitude (β) of the effect of this variable on the effectiveness of internal audit was -0.173 and the t-value of -0.847 . The negative magnitude sign and t-value of less than 2 is indicating no relationship between the independent and dependent variable. Therefore, the third hypothesis of this research was rejected.

4.6.4. Training

H4: Training has significant positive on the internal audit effectiveness in agricultural bureau in Wolita district of Southern Ethiopia. The last hypothesis tested training negative association with the effectiveness of internal audit in agricultural bureau in Wolita district of Southern Ethiopia. The result shows that negative association between training and the effectiveness of internal audit in agricultural bureau in Wolita district of Southern Ethiopia at a statistical significance level of ($P < 0.05$). The magnitude (β) of the effect of this variable on the effectiveness of internal audit was -0.113 and the t-value of -0.624 . The negative magnitude sign and t-value of less than 2 are indicating a negative relationship between the independent and dependent variable (Hair, et al., 1998). Consequently, this result revealed that there was no relationship between the effectiveness of internal audit and the training. Therefore, the fourth hypothesis of this research was rejected.

5. Conclusion and recommendation

Internal audit effectiveness has an important role in helping public organizations to achieve their objective when it is implemented, operated, and managed effectively. Public organizations which effectively implemented, operated and managed internal audit were better able to identify their organizations risks and system inefficiencies for the sake of taking corrective actions and improvement in the process. The following major findings are noted based on the analysis of questionnaires with internal auditors and other financial workers.

The findings of the study reveal that in public organizations, keeping Moral of internal audit staff is very

important for the effectiveness of internal auditors in Ethiopian public organization regardless sound decision, corruption and training. Internal auditor's activities in improving department, as well as organizational performance and the value-added role to public firms would increase, when moral of audit staff is more guaranteed. In other speaking, decision making, corruption and training of internal audit work are weak association between all three variable and the effectiveness of internal audit in the study area at a statistical significance level of ($P < 0.05$). But Moral of internal audit is positively associated with the effectiveness of internal audit in agricultural bureau in Wolaita district in South Ethiopia at a statistical significance level of ($P < 0.020$).

Recommendations

The overall objective of the study is to identify the factors determining the effectiveness of internal audit in agricultural bureau Wolaita district in South Ethiopia. In this regard, the data analysis using quantitative methods was made. According to the research objective and based on the data analysis, the researcher provides the following recommendations to the concerned bodies

- ❖ The effectiveness of internal audit in public organizations will be under question, unless these determinants are appropriately pledged in public sectors. To overcome this threat for internal audit effectiveness, the governments' financial regulatory organ (anti-corruption commission should work more on the ways of ensuring the financial operation and moral of internal audit staff.
- ❖ Government organizations need to ensuring the effective functioning and changing the audit approach of internal auditors in line with current global to gain the benefit on advancement internal audit standards.
- ❖ Possible ways of maintaining moral of internal audit staff could be approving and implementing internal audit charter and audit manual in each every public office. The charter should briefly define the extent of relationship between internal auditors and the management; should smoothly communicate them their accountability and responsibility; should briefly describes the rights and duties of internal auditors and of the employer.

Implication for further research

- ❖ To find out the relationship between corruption and internal audit effectiveness, the study has to be replicated with the analysis of financial documents

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