



**ADDIS ABABA UNIVERSITY  
COLLEGE OF BUSINESS AND ECONOMICS  
DEPARTMENT OF ACCOUNTING AND FINANCE  
(GRADUATE PROGRAM IN  
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**FACTORS AFFECTING PERFORMANCE AUDIT PRACTICE:  
A CASE OF OFFICE OF OROMIA AUDITOR GENERAL**

BY  
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June, 2019  
Addis Ababa, Ethiopia

**FACTORS AFFECTING *PERFORMANCE AUDIT PRACTICE*:  
A CASE OF OFFICE OF OROMIA AUDITOR GENERAL**

A Project report Submitted to Addis Ababa University, College of Business and Economics, Department of Accounting and Finance in Partial Fulfillment of the Requirements for Master's Degree in Accounting and Auditing

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## Declaration

I have carried out independently a project on “*Factors Affecting performance Audit practice: a case of Office of Oromia Auditor General*” in partial fulfillment of the requirements of the MSc Degree in Accounting and Auditing with the constructive guidance and support of the research advisor.

This project is my own work that has not been presented for any degree or diploma program in this and any other institution, and that all source of materials used for the project have been duly acknowledged.

Berhanu Ayansa Angessa

Signature\_\_\_\_\_

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## Statement of Certification

This is to certify that Berhanu Ayansa Angessa has carried out a project on the topic entitled *“Factors Affecting performance Audit practice: A case of Office of Oromia Auditor General”* under my supervision. In my opinion, this project is suitable for submission in partial fulfillment of the requirement for the award of the MSc Degree in Accounting and Auditing.

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## **Approval of Board of Examiners**

As members of project Approval Board of Examiner we certify that we have read the project prepared by Berhanu Ayansa Angessa entitled “*Factors Affecting performance Audit practice: A case of Office of Oromia Auditor General*” and submitted in partial fulfillment of the requirements for the MSc Degree in Accounting and Auditing complies with regulation of the university and meets the accepted standards with to originality and quality.

### **Approved by Board of Examiners**

_____	_____	_____
Chairperson	Signature	Date

_____	_____	_____
Advisor	Signature	Date

_____	_____	_____
Internal Examiner	Signature	Date

## **Abstract**

*The major purpose of this study was to assess factors affecting performance audit practice: a case of OOAG. For the accomplishment of this, the study were employed descriptive Survey design in which the selections of the respondents were carried out by using purposive sampling techniques and select 35 respondents ( 26 & 9 of all performance auditors and management members respectively) in the office. Closed ended questionnaires using Likert 5 scales distributed to these selected 35 respondents in the office. The data collected have analyzed using Statistical Package for Social Sciences (SPSS) which is appropriate for this descriptive statistics. For statistical interpretation uses tables, percentages, bar and pie-charts, means and standard deviation. Based on the data analysis made and results obtained OOAG have a clear legal mandate to undertake performance audit and moderately exercising its legal mandate to have and decide its own financial and human resource requirement to accomplish its mission, Moreover OOAG not provided with sufficient financial resource that enable in accomplish its task and There is no as such, pre-condition or convenient work environment to get competent employees such as attractive salary, other benefit packages and especially privileged to upgrade their skills and knowledge, which help them to ensure the accountability of government agencies and to improve performance of government agencies, as a result the OOAG performance Auditors are not well experienced on various analysis tools and techniques. Having a legal mandate and effectively exercising it also means having a freedom to decide on resources, tasks to be carried out and also having a power visible enough that can force recommendations to be implemented, The regional parliament/“Caffee” must be given financial independence and the OOAG should have independence in the areas of budget as necessary to accomplish its mission, and also OOAG should Look in to several schemes or suggests some strategies on how to create convenient work environment and strives to find out the possible solutions clearly communicate with concerned body “Caffee” salaries, benefit packages and rewards to get or retain/attain well competent experienced auditors which can help to improve performance audit practice in the office.*

**Key Words:** *Performance Audit, Performance Audit Practice*

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## **Acronyms and Abbreviations**

AFROSAI-E	African Organization of English-Speaking Supreme Audit Institutions
ASC	Audit Service Corporation
BPR	Business Process Re-engineering
CPO	Core Process Owner
FDRE	Federal Democratic Republic of Ethiopia
GAAS	Generally Accepted Auditing Standards
GAB	General Audit Bureau
GAGAS	Generally Accepted Government Auditing Standards
IIA	Institute of internal auditor
INCOSAI	International Congress of Supreme Audit Institutions
INTOSAI	International Organization of Supreme Audit Institutions
ISSAI	International Standard of Supreme Audit Institution
NAO	National Audit Office
OAG-Z	Office of Zambia Auditor General
OBI	Open Budget Index
OFAG	Office of Federal Auditor General
OOAG	Office of Oromia Auditor General
PA	performance Audit
PAC	Public Accounts Committee
PO	Process Owner
SAI	Supreme Audit Institute

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# CHAPTER ONE

## 1. INTRODUCTION

The purpose of performance audit is to contribute to improved 3 E's in the public sector by examining, analyzing and reporting whether government undertakings, systems, operations, programmes, activities or organizations are operating in accordance with the principles of 3 E's and whether there is possibility for improvement . And also bring an advantage to governments by promoting good governance and accountability; promoting transparency and provide reliable and independent information for decision making (ISSAI, 2005) Performance auditing does not have its roots in the form of the type of auditing common to the private sector. Its origins lie in the need for independent, wide-ranging analyses of the economy, efficiency, and effectiveness of government programs and agencies which are made on a non-recurring basis (INTOSAI, 2004, p. 12). Essentially, a performance audit deals with the concept of economy, efficiency and effectiveness of administrative operations (Zavelberg, 1990). However, there is less agreement on the use of the term performance audit. Its other names include: operational auditing, program auditing, result auditing, comprehensive auditing, management auditing, value for money auditing (VFM), efficiency auditing and effectiveness auditing (Arens et al., 2007) Even though there are several terms and definitions, the differences between them are not significant and essentially describe the same thing (Lane, 1983, p. 961; Parker, 1986). There is no universally accepted definition of performance auditing amongst audit institutions throughout the world. However, many countries have a legislative mandate for performance auditing which identifies economy, efficiency and effectiveness as key aspects of performance auditing. An example of an operational definition therefore may be stated as follows (Malan and Fountain, 1984)

### 1.1. Background of the study

The practice of performance audit formally began in 1977 in Canada. At that time this type of audit was called 'Value-for Money' audit. In June 2004, the practice was renamed as performance audit by the (Canada Auditor General, 2013).

Oromia Auditor General was established 1986 according to Oromia regional proclamation No 08/1986 and by the name of Oromia Higher Audit Bureau. During the

initial stage of its work it start working audit by 10 auditors which previously work in Office of the Federal Auditor General and know Afaan Oromoo language also open its office in finfinne, during that time it have two Audit department , Audit department of economic and Audit department of social (Oromia Auditor General,2016)

From 1997-2008 were during this period the number of employees, qualities and coverage of the work is increased, especially in 1998 for the first time 99 public sector offices around Oromia region, As a result of BPR implementation, in 1999 the office has adopted a new structure that come up with three main department and four supportive departments, by having its main office at Addis Ababa and four branches at (shashamanne, Chiro, Jimmaa and Nakamte). Public audits made by this institute, (Oromia auditor general, 2016) Finally the establishment Proclamation revised for the third times by proclamation No 154/2002 to give authority to conduct financial, performance, environmental, compliance and interim audit services in the region and also the outline branch also increased in to four branches by adding new two branches in Ciro town (it conduct the audit in East and west Hararge zone) While Nakamte branch conduct audit in the four Wollega zone (East, West,Qellam and Shembu). Currently the office has shown growth both in terms of employee size and the audit coverage during the establishment the number of employees size and the audit coverage during the establishment the number of employee was only 10 and currently reached 313 during the same period audit coverage has increased from 99 to over 600 public sector office and specifically (Oromia auditor general, 2016).

Overall, performance audit is not just a tool like financial audit that can be easily standardized. Performance audit is a management tool that provides information and feedback for organization improvement. The reviews in performance audit are not limited to the financial accounting, but also include evaluation of the organizational structure, standard of procedures, operating methods, and any aspects in the organization that individually or together, have an impact to the organization's performance. From a mere accounting exercise, auditing is nowadays looked upon as a social planning tool with an unmatched ability to measure the usefulness of investment of public resources for social change (Dutta,2000).The researcher also believe that this paper will be contributing to academic discussion and research conduct in the field of the performance

audit. Therefore, the study aims to assess factors affecting performance audit practice in the case OOAG.

## **1.2. Statement of the problem**

The purpose of performance audit is to contribute to improved economy, efficiency and effectiveness in the public sector by examining, analyzing and reporting on the performance of public entities. Performance audit can bring advantages to governments by promoting good governance and accountability; promoting transparency and provide reliable and independent information; and promote incentives for learning and change and improved conditions for decision making (*ISSAI, 2005*).The auditing literature suggested the reasons for the need of performance auditing in the public sector. It is needed to ensure the accountability of government agencies and to improve performance of government agencies (Henley, 1989; JAN, 2002).Performance audit have numerous importance in improving performance (John,1996), in assisting public expenditure management (Dadi,2009), in supporting modern public management (Michael,2002).

Dereje (2012) undertakes research on the role of performance Audit in fighting corruption using evidence from FDRE and Oromia National Regional State. The finding of the research clarify that performance audit is not yet matured due to various factors and problems such as lack of cooperation of auditee, inadequate transportation and documentation system, lack of awareness by auditee, lack of support materials and resources such as book, and infrastructure facilities faced them. In Ethiopia, the issue of performance audit practice goes back to 1930"s and the first audit institute of the country is the current Office of the Federal Auditor General. But, it was not properly practiced until the beginning of 1990s (Dereje, 2012), and its coverage in federal government level is low and as result insufficient performance audit reports accessible to the public or parliament (OFAG, 2009, p.18). Also, corresponding delinquent is observed at regional level OAG. Specifically OOAG discussed in OOAG, report and evaluation 2016, 2017 and 2018 state the office produce only 10, 12 and 15 performance audit report to "caffee" or to the regional parliament in the last three years respectively. But there are over 600 Regional, Municipal and local government institutions being audited by the OOAG (Oromia auditor general, 2018)

As government programs continue to grow in magnitude and complexity, public sector auditing has evolved and extended its scope beyond mere financial or compliance audits to the auditing of performance to support policy makers in their oversight role (waring & Morgan,2007). When we compare the increasing number of government programs, projects and public expenditures, with the need arose for more rational and informed decision-making in the use of resources and a growing demand for public accountability of those who manage public resources with the number of performance audit report produced by OOAG. In line with this, there is a large gap between growing demand for public accountability and the number of performance audit report produced by the Office annually. However the literature revealed above was not enough by themselves to answer the research question under consideration. May have some limitations, Most of the related literatures were not considered performance audit practice unique to our country, Ethiopia specifically OOAG and factors included in those studies were not all inclusive of the factors considered in the current study and Auditor General powers and resources differ in these respects. These studies motivate researcher to analyze these facts in one geographical or regulatory context used for specific circumstances and regions. Therefore this study will try to taking in to consideration the above approaches by contributes to the existing literature by describing the factors affecting Performance Audit practice: a case of Oromia Auditor General.

### **1.3. Research objectives**

The general objective of the study is to assess factors affecting performance audit practice in Office of Oromia Auditor General.

### **1.4. Research questions:**

- ❖ To what extent OOAG legal mandate affect performance audit practice?
- ❖ To what extent independencies relating to the audit work affect performance audit practice?
- ❖ Does the qualification of performance auditors affect performance audit practice?
- ❖ Does availability and proper maintenance of audit evidence affect performance audit practice?

### **1.5. Significance of the study**

The study forwards the general understanding of performance audit practice and helps a wide range of people. It enables the governing body, especially the management, and the higher responsible body, and any other organizations in the public sector conducting performance audit, to be aware of the important use of performance audit, it also improves government accountability and transparency. Hence this research may contribute some value to improve the quality of audit service and gives perception into how they use the performance audit service. Moreover, the primary use of this research is to the OOAG. The Office might be able to see its level and performance of performance audit practices, and learn some lessons and build some corrective measures for the weaknesses based on recommendations to be forwarded. Additionally, the findings of this study may add bits of information to the existing literature in the areas of performance audit practices and may serve as additional source of information for those scholars interested to conduct further research on the issue. Another important significance of this study is that, it guides the performance auditors in their professional work. Furthermore, the importance of this study create an environment where management highly supports auditors and upgrade public understanding about huge indispensable audit service in using government resources.

Finally, this study will enhance and enrich the Knowledge of the researcher and will encourage others who have interest in the subject to do further research. Similarly it is hoped that this research may improve understanding of other researchers, professionals, and relevant regulatory and oversight bodies regarding public performance auditing.

### **1.6. Scope and limitation of the study**

The issue of performance audit is broad and it encompasses a range of topics and issues that require investigation at Federal, Regional, Local Administration levels. It will be more useful investigating the issue at all levels of the country as it will provide a complete picture than what this study will contribute. The study due to time and resource constraints and to make the scope of the study geographically, specific and properly manage within the scheduled timeframe the study is limited to the Regional state Auditor General. Moreover, conceptually, this study were delimited to investigate the performance audit practices at the OOAG, In addition, this study was delimited its scopes

in assessing Factors Affecting performance audit practices in the office and describing the legal mandate enables to perform performance audit, independence, performance auditors' professional competent and availability and proper maintenance of audit evidence. On the other hand, the study only took the period of 2016 - 2018 budget years into consideration.

### **1.7. Organization of the study**

This study was presented in five chapters. The first chapter deals with introduction including background of the study, statement of the problems, objectives of the study, research questions, significance of the study, scope and limitation of the study.

The second chapter was present review of the related literature. It was present reviewed theoretical literatures from different books and journals; and then, previous related studies were critically discussed under empirical section that supports the findings of this research.

The third chapter concentrates on methodology of the study; specifically it was made discussions on research design, data sources, sample and sampling techniques, data collection tools and method of data analysis.

In the fourth chapter, the data collected for the study was analyzed in detail and results and discussions and the findings of them was presented.

Finally, the fifth chapter presents based on findings conclusions and recommendations as well as future research implications

## CHAPTER TWO

### 2.1. LITERATURE REVIEW

#### 2.1.1. Theoretical and Conceptual Background of Performance Audit

Performance auditing is systematic process of objectively obtaining and evaluating evidence of the performance of an organization, program, function or activity. Evaluation is made in terms of its economy and efficiency of operations, effectiveness in achieving desired results and compliance with relevant policies, laws, and regulations, for the purpose of ascertaining the degree of correspondence between performance and established criteria and communicating the results to interested users. The performance audit function provides an independent, third-party review of management's performance and the degree to which the performance of the audited entity meets pre-stated expectations. In addition, Parker (1986, p.7) has mentioned that: "A performance audit is the independent examination and evaluation of the economy and efficiency of an entity's operation as well as the effectiveness of its program." Performance auditing can be defined in many ways. Leo Herbert (1979, p. 6) in his book, Auditing: the performance of management defines performance auditing as:

- (1) Planning for, obtaining and evaluating sufficient, relevant, material, and competent evidence,
- (2) By an independent auditor,
- (3) On the audit objective of (a) whether an entity's management or employees have or have not accepted and carried out; (b) appropriate accounting, management, or operational principles, policies, or standards; (c) for effectively, efficiently or economically using its resources,
- (4) From this evidence on the audit objective, the auditor comes to an opinion or conclusion and reports to a third party.

The most important and challenging conceptual ingredient of an audit practice is independence from the matter being audited (Power, 1997). Independence creates the basis for an impartial and objective review of public activities, free of pressures from the executive, political parties, and other pressure creating groups in the political system (White & Hollingsworth, 1999). In order to understand and analyze the auditor's role, it is important to distinguish between different types of independence which are

organizational and operational independence. Organizational independence is considered to be the manner in which the auditor is appointed, the development of ethical rules to ensure impartiality and the question as to whether the provision of advisory services compromises the audit role (Power, 1997). Operational independence refers to the audit process, which the audit agency uses in its work. It deals with the extent to which audit agencies can choose what to audit, when to audit, and how to publish their findings (Power, 1997). Absolute independence is, of course, impossible. For example, to the extent that auditing must always trust at least some of the representations of senior management and other internal sources of information, the audit or is always dependent on the information of the audited entity (Power, 1997). However, relative independence is possible, and should attract more attention, especially in the context of performance audits (Power, 1997)

### **2.1.2. Types of Audit and Auditors**

SAIs can undertake different types of audits aimed at improving government accountability. These include: (Stapenhurst and Titsworth, 2001)

**Financial audits:** assessing the accuracy and fairness of accounting procedures and financial statements;

**Compliance audits:** scrutinizing the use of funds for approved purposes through compliance with laws and regulations;

**Performance audits** (also known as "value for money" audits): analyzing cost effectiveness and operational efficiency. Sometimes these can extend to reviewing the general effectiveness of government programs in achieving their objectives and act as impact audits;

Other audits: in addition, specialized audits may be conducted (as part of one of the main audits listed above or separately in their own right) examining issues such as recruitment and management principles, ethics and integrity of the audited work force and others.

#### **Two types of auditors:**

**Internal auditors:** are employees of a company hired to assess and evaluate its system of internal control. To maintain independence, they present their reports directly to the board of directors or to top management. They provide functional operation to the

concern. Internal auditors are employees of the company, so they can easily find out fraud and any miss happenings. (Arens & Loebbecke, 1991)

**External auditors:** are independent staffs assigned by an auditing firm to assess and evaluate financial statements of their clients or to perform other agreed-upon evaluations. Most external auditors are employed by accounting firms for annual engagements. They are called upon from outside the company. (Millichamp, 1984)

### **2.1.3. The Development of Performance Auditing**

Performance auditing has become popular in recent decades. Even though it has evolved from 30 - 40 years ago (Chapman, 2007), the development of performance auditing varies from country to country. Prior to the 1960s, few countries practiced performance auditing. The forerunners were the United States and Sweden (Adams, 1986). Performance auditing as a large-scale, self-consciously distinct practice first emerged during the late 1970s (Pollitt et al., 1999). However, by the late 1990s, performance auditing had been fully established with its own procedures and staff in Australia, Canada, Finland, France, the Netherlands, New Zealand, Norway, Sweden, the United Kingdom (UK) and the United States (US). Thus, performance audits are now central activities of governmental organizations close to the political center in many democratic welfare states. Performance auditing is therefore likely to play an important role in accountability in democratic governance, at least at the central government level (March & Olsen, 1995). The development of modern performance auditing cannot be separated from that of auditing in a developed country such as the United Kingdom. In Britain modern auditing practice expanded during the 80's and 90's. The word *audit* grew in a wide variety of contexts and came to encompass not only the financial audit needed to regulate private companies, but also other audit practices such as value for money audit, management audit, forensic audit, intellectual property audit, medical audit, teaching audit and technology audit. The emerging of auditing acquired a degree of institutional stability and acceptance. This is called the era of the "audit society" (Power, 1997)

### **2.1.4. The Characteristics of Performance Auditing**

A performance audit differs from a financial or compliance audit in several ways. A financial audit is a regular, more standardized, often annual, verification of information. It is more usually carried out as an individually tailored project and is less apt for

standardization (Pollitt et al., 1999). A performance audit is also distinct from monitoring and ordinary performance measurement, as these latter activities are performed as part of management processes while a performance audit is external and independent of management. Public performance audits are, moreover, distinct from private audits, as operative, management and quality audits, as these are internalized forms of corporate control, whereas performance audits are part of the public sector organizations' external control systems. Performance audits are conducted on behalf, and in the interest of, the public (accountability), and not only on behalf of the owners, company management, or for the government (Johnsen et al., 2001). As stated in the Auditing Standards, performance auditing is not overly subject to specific requirements and expectations. While financial auditing tends to apply relatively fixed standards, performance auditing is more flexible in its choice of subjects, audit objects, methods, and opinions. Performance auditing is not a regular audit with formalized opinions, and it does not have its roots in private auditing. It is an independent examination made on a non-recurring basis. It is by nature wide-ranging and open to judgments and interpretations. It must have at its disposal a wide selection of investigative and evaluative methods and operate from a quite different knowledge base to that of traditional auditing. It is not a checklist-based form of auditing. The special feature of performance auditing is due to the variety and complexity of questions relating to its work. Within its legal mandate, performance auditing must be free to examine all government activities from different perspectives (AS 4.0.4.).

#### **2.1.5. The Concept of Economy, Efficiency and Effectiveness (3 E's) of Performance Audit**

Glynn (1993, p.48) mentioned that the VFM audit can be thought of as consisting of three elements: economy, efficiency and effectiveness. The first two elements are fairly uncontroversial, however the third element, effectiveness, is both hard to define and difficult to measure. Control over the effectiveness of government activities involves the fulfillment of political goals by effective administration. The INTOSAI (2004) states that an audit of the economy is related to the administrative activities in accordance with sound administrative principles and practices and management policies. An audit of the efficiency of utilization of human, financial and other resources includes the examination of information systems, performance measures and monitoring arrangements, and

procedures followed by audited entities for remedying identified deficiencies. In addition, an audit of the effectiveness of performance is related to the achievement of the objectives of the audited entity, and an audit of the actual impact of activities compared with the intended impact. Gupta (2005, p.982) mentioned that: Economy is concerned with minimizing the cost of resources acquired or used, having regard to appropriate quality. Efficiency refers to the relationship between the output of goods/services or other results and the resources used to produce them. Thus, the auditor examines how far maximum output is achieved for a given input, or minimum input used for a given output. Effectiveness is the relationship between the intended results and the actual results of projects, programs or other activities. Thus, the auditors examine how successfully the outputs in the form of goods/services or other result achieve policy objectives, operational goals and other intended effects.

INTOSAI's (2004) Auditing Standards (AS) state the following: Performance auditing is concerned with the audit of economy, efficiency and effectiveness and considered as elements of performance audit. Performance auditing has based on decisions made or goals established by the legislature. The International Standards of Supreme Audit Institution ISSAI (2005) defines a performance audit as an independent examination of the efficiency and effectiveness of government undertakings, programs or organizations, with due regard to economy, and the aim of leading to improvements.

***Audit of Economy:-*** Economic issues focus on the cost of the inputs and processes i.e. Spending less (value for money).

Audit of the economy of administrative activities in accordance with sound administrative principles and practices, and management policies;

Economy is concerned with the following:

- Reduction in costs through better contracting, bulk buying,
- Reduction in costs through economies on usage of personnel or other resources,
- Introduction of charges where none were previously imposed, or revision of charges and
- Rationalization of facilities (ISSAI, 2005)

***Audit of Efficiency:-*** Efficiency exists where the use of resources is such that output is maximized for any given set of resource inputs i.e. spending well. (Cost and Time

efficiency). Audit of the efficiency of utilization of human, financial and other resources, including examination of information systems, performance measures and monitoring arrangements, and procedures followed by audited entities for remedying identified deficiencies, (ISSAI, 2005)

Efficiency is concerned with the following,

- Obtaining greater outputs from same inputs,
- Remedying duplication of effort or lack of coordination,
- Human, financial and other resources are efficiently used,
- Public sector programmes, entities and activities are efficiently managed, regulated, organized and executed,
- Services are delivered in a timely manner and
- The objectives of public sector programmes are met cost-effectively (ISSAI,2005)

***Audit of Effectiveness:-*** Effectiveness addresses the issue of whether the program/activity has achieved its intended objectives i.e. spending wisely.

Audit of the effectiveness of performance in relation to achievement of objective of the audited entity, and audit of the actual impact of activities compared with the intended impact.

Effectiveness is concerned with the following:

- Better identification/justification of need,
- Clarifying objectives and policies,
- Introducing better sub-objectives and targets and
- Better achievement of objectives by changing the nature of outputs or improved targeting; (ISSAI,2005)

#### **2.1.6. The Objectives of Performance Auditing**

The International Organization of Supreme Audit Institutions (INTOSAI) highlights the objectives of performance auditing in the public sector. In its international conference in 1986, the XII INCOSAI in Sydney discussed the objectives of performance auditing, which were:

- I. To identify ways of improving public sector financial management,

- II. To enhance decision-making in the public sector by providing the relevant bodies with independent and reliable information regarding revenue, expenditure and the management of resources,
- III. To improve the quality of information concerning the results of public sector management that is available to policy makers, legislators and the general community,
- IV. To encourage public sector efforts to introduce reporting procedures designed to bring to notice the economy, efficiency and effectiveness with which government departments and agencies meet their responsibilities and to ensure full accountability.

#### **2.1.7. Description and Mandate for the Performance Audit**

Legal Mandate is indicated by summery developed by INTOSAI (2005), namely, presence of defined legislation, availability of special regulations, and freedom to select audit areas within the performance audit mandate. Performance audit results should be conveyed in a detailed report to management, Parliament and other legislative stakeholders, should identify inadequate or non-existent managerial measures, and should include areas for improvement, as well as the corrective measures that will enable the public sector entity to improve its operations and control environment. Ultimately, the result of a performance audit should “act as a catalyst for change” (Lourens, 1999) through contributing to the improvement of public sector management, information, and accountability (Witthoft, 1999).

The performance audit can be seen as a management tool (Ferdousi ,2012) that focuses on current situations, circumstances and activities within a programme, activity or project (Ferdousi, 2012), and aims to assist the organization in improving future activities relative to the economical, efficient and effective procurement and use of its resources (De Loor, 1999). The mandate of SAI for audit is derived from the Constitution of India. In Finland, The performance audit mandate is stipulated by the Constitution and the 1947 State Audit Act. The Act does not explicitly establish the mandate for conducting the performance audit. Nevertheless, the statutory right to audit the effectiveness of financial management would extend to include other types of auditing, which in English terminology would be labeled as performance auditing. In Bangladesh, The SAIs’

mandates have no specific provisions clarifying the function of performance audit. The researcher goes on to conclude that performance audit is the right direction (in the future). But for strong support and comprehensive understanding, inserting the provision of audit in the legal mandate seems to be appropriate. Incorporating a legal provision for conducting performance audit would eventually create a more convenient working environment for SAIs, along with supportive awareness among the major stakeholders (Ferdousi, 2012).

Having a legal mandate and exercising it also means having a freedom to decide on resources, tasks to be carried out and also having a power visible enough that can force recommendations to be implemented. Such a mandate, however, is not always the case.

Section 10. of ISSAI(1) Powers of Supreme Audit Institutions states that:

Supreme Audit Institutions shall have access to all records and documents relating to financial management and shall be empowered to request, orally or in writing, any information deemed necessary by the SAI, For each audit, the Supreme Audit Institution shall decide whether it is more expedient to carry out the audit at the institution to be audited, or at the Supreme Audit Institution itself, Either the law or the Supreme Audit Institution (for individual cases) shall set time limits for furnishing information or submitting documents and other records including the financial statements to the Supreme Audit Institution,

Section 11.of ISSAI(1) Enforcement of Supreme Audit Institution findings states that:

The audited organizations shall comment on the findings of the Supreme Audit Institution within a period of time established generally by law, or specifically by the Supreme Audit Institution, and shall indicate the measures taken as a result of the audit findings and To the extent the findings of the Supreme Audit Institution's findings are not delivered as legally valid and enforceable judgments, the Supreme Audit Institution shall be empowered to approach the authority which is responsible for taking the necessary measures and the require accountable party to accept responsibility.

#### **2.1.8. General Requirements of Performance Auditor**

Performance auditors must possess specific professional skill: Performance auditing is an information-based activity, with professional values occupying a central position. These values include the importance of auditors being given the opportunity to develop their

skills and attain good quality of results in their audits. This includes creating an environment that is stimulating and that furthers quality improvements (AS 1.0.45 and 2.1.9). All auditors should possess adequate professional proficiency to perform their tasks (AS 2.2.1). The SAIs should recruit personnel with suitable qualifications, adopt policies and procedures to develop and train SAI employees to performance their tasks effectively, prepare written guidance concerning the conduct of audits, support the skills and experience available with the SAI and review the internal procedures (AS 2.1.2). The ability to recruit the right staff is a decisive factor in performance auditing. Each staff member is a unique investment. A performance auditor must be well educated, and in general it is required that the auditor should have a university degree and experience in investigative/evaluation work. Personal qualities are also of considerable importance (analytical ability, creativity, receptiveness, social skills, integrity, judgment, endurance, good oral and writing skills etc.). To become a performance auditor, a performance audit team-leader or a performance audit manager, certain distinctive qualifications have to be met. For instance, a performance auditor should be well educated in the social sciences and in scientific investigation/evaluation methods. Special knowledge of the different functional areas to be audited might also prove essential, but advanced skills in accounting and financial auditing are not always needed in performance auditing or program evaluation. Where SAIs have organized their performance auditing separately from financial auditing, it is quite acceptable that personnel selected for performance auditing have different backgrounds and skills than those selected for financial auditing. To meet the quality requirements specified in the Auditing Standards (AS 2.2.36-39), the SAI should have a program to ensure that its staff maintains professional proficiency through continuous education and training.

Performance audit, which usually involves making judgment and which is not limited to a certain area or routine procedures, needs well trained and competent professionals. According to Ferdousi (2012) the subjective nature of performance audit means that such audit must be meticulously carried out and the people involved should be fully trained.

An audit procedure that requires the exercise of judgment beyond the ability of the person expected to make the judgment will likely end in failure. So the audit team should possess, or collectively possess, the knowledge, discipline, skills and experience to carry

out the audit effectively. This may include any specialists that are contracted to assist the team in any way.( Ferdousi, 2012)

According to Ferdousi (2012) there are two aspects governing the perceptions auditor competence: an ability to form a useful opinion and an ability to assess objectively the quality of information. According to this researcher, these two aspects depend on the auditor's education, training, experience and technical skills. This shows that only auditors that possess these four elements would be able to fully comprehend circumstances under examination and also to produce a high quality of audit output.

Auditors must have the formal education (knowledge) relevant to audit, professional skills (and be able to apply the professional values, ethics and attitudes to different contexts and organizations. Based on these, auditor competence is determined by considering a set of relevant attributes such as knowledge, skill and attitudes\ The quality of performance audit is directly related to the people assigned to the audit. (Ferdousi, 2012) According to INTOSAI and The Lima Declaration of Guidelines on Auditing Precepts SAIs should be independent of the audited entity and protected against outside influence to work efficiently. In addition, the Declaration of Mexico on SAI Independence states that for the SAI to work efficiently it is important that it has the freedom to decide what should be audited and when, without undue influence from the auditee, It is also important that the SAI has financial and administrative independence and availability of adequate material, human and financial resources, a wide-ranging mandate, unlimited access to all information needed to carry out its activity, the right and obligation to report on its work as well as efficient follow-up procedures on SAI recommendations. However, the SAIs' powers and resources differ in these respects (Dye & Stapenhurst, 1998). Independence in audit: The second general standard of United States General Accounting Office (amendment number 3, revised in 2002) states the following: In all matters relating to the audit work, the audit organization and the individual auditor, whether government/ public, should be free both in fact and appearance from personal, external, and organizational impairments to independence.

According to this standard auditors and audit organizations have a responsibility to maintain independence, so that opinions, conclusions, judgments, and recommendations will be impartial and will be viewed as impartial by knowledgeable third parties. An

auditor should avoid situations that could lead reasonable third parties with knowledge of the relevant facts and circumstances to conclude that the auditor is not able to maintain independence and, thus, is not capable of exercising objective and impartial judgment on all issues associated with conducting and reporting on the work. The standard also sets three general classes of impairments to independence personal, external, and organizational. If one or more of these impairments affects an auditor's capability to perform the work and report results impartially, that auditor should either decline to perform the work, or in those situations in which the government auditor because of a legislative requirement or for other reasons cannot decline to perform the work, the impairment(s) should be reported in the scope section of the audit report.

## **2.2. Empirical Studies on Factors Affecting Performance Audit Practice:**

In addition to the above theoretical recognition of performance audit and its importance in public sectors, it is important to examine some of the related empirical studies that had carried out have discussed in this section.

Ferdousi (2012) in its research Challenges of Performance Audit in the Implementation Phase in Bangladesh Perspective Conducted using Supply and Demand theory it use two independent variables from both audit office and auditee office and collect data by interviews and audit report analysis. Interviews were conducted with 25 participants comprising of auditors, auditee and senior officials of audit office the second research method involved the examination of two performance audit reports. The findings of this study indicated that the challenges in the implementation phase of Performance audit exist in the Bangladeshi public sector. The finding of the researcher indicates the challenges exist over a number of auditing issues. These comprise unable to recruit consultant when needed, lack of awareness and absence of pre-set goals among the auditee.

Persson (2016) a study of the factors affecting Performance audit impact in Sweden, contributes to the development of the existing knowledge by investigating audit impact. This thesis used a cross sectional comparative multiple qualitative study was chosen to answer the research question in the most suitable way and consists of a sample of three performance audits which are investigated through a mix methods approach with a total 23 interviews and multiple public documents, analyzed with earlier studies and theories

as a benchmark. Semi structured interviews hamper the replicability as the spontaneous follow up questions are not included in the interview guide. The findings indicate that audit impact is complex where several factors affect audit impact; this thesis indicated that usefulness and quality of the performance audit are the main factors that affect perceived audit impact. There are also additional effects by the performance audit that fall outside of the audit impact definition. Due to the small sample size and the fact that performance audits often are regulated by local laws one must be careful in what context these findings are solely applied in another context.

Lodhi (2016) also conduct research and presented the important factors which affect the behavior of government auditors, in its research title Factors Affecting the Behavior of Government Auditors for the Surveillance of the Public Sector of Pakistan in this thesis the researcher use questionnaire with five point Likert scale and distribute to Three hundred government auditors. Simple and multiple linear regressions have been applied to test the relationship between the independent and the dependent variables. It concluded that HR practices, audit facilities, external factors and behavior of the auditee have positive and significant relationship with the behavior of auditors.

Abdula Hamid (2016) in its research The perception of public sector auditors on performance audit in Malaysia reveal that auditors aware of the opinion that effectiveness element should be one of the performance audit elements and that public sector auditors should be given the opportunity to influence policy decisions. In addition, the results show that the public auditor is not the only profession that can carry out performance audit, but can team up with other professions. In relation to constraints in performance audit, “Lack of cooperation and commitment from auditee in conducting a performance audit” was claimed to be the most constraint.

Hollingsworth (1999) and Waring and others (2006) in their joint work mentions the other challenges faced in SSA with conducting performance audit the existence of a several key requirements to an effective audit function. These include organizational independence, a, sufficient funding, competent leadership, competent staff, stakeholder support, and professional audit standards. A few of these elements are present in some countries in Sub-Saharan Africa. Even the most advanced countries around the world will not have all of them fully in place

Johnsen et al. (2001) for their part examined whether and in what way performance audit contributed to performance improvement in Finnish and Norwegian local governments. Based on exhaustive interviews they, the authors concluded that the practice of performance audit served two functions on the one hand, the process of performance audit appeared to be effective in identifying those organizational areas that were in need of review. On the other hand, in general local civil servants and politicians did seem to act upon the auditor's reports and recommendations. Furthermore, the authors stated that the information included in the reports was especially used to develop management systems and improve the quality of the municipal budget.

Dereje (2012) found out that thought audit commenced in 1992 and in 2004 at federal government and Oromia respectively. It is not yet matured due to various factors and problems such as lack of sufficient professional auditors and cooperation of auditee, less legislature attention, inadequate transportation and documentation system, lack of awareness by auditee, lack of support materials and resources such as books, and infrastructure facilities faced them. The research also claims that all people in the survey believe performance audit can be used as a tool against corruption and it indicates clues if corruption exists on the performance of government departments, agencies, projects, programs, commissions, ministries, bureaus, authorities and offices. Moreover, due to the absence of a strong relationship between the Office of the Auditor General and the Ethics and Anti-Corruption Commission in both states the findings of performance audit that indicate lacks of economy, of inefficiency and of ineffectiveness and provide corruption suspicion are not used. Moreover, the research finding explained that performance audit findings are not used by each state Ethics and Anti-Corruption Commission and rather the Commissions focus on financial and special audit. In order to combat corruption financial audit played the highest role in Oromia. However, special audit on areas of procurement, performance, inventory control, revenue collection and expenditures used as a tool against corruption at the federal government level.

Birhanu (2016) A study of factors affecting performance audit effectiveness, the auditee's duties and the public accounting committee contribution related to performance audit and its effectiveness by drawing the practice of the Ethiopian Office of Auditor General. To this end, in light of this objective the study adopted a quantitative method of research

approaches to test a series research hypothesis. Specifically, the study used survey of questionnaire analysis of office of federal auditor general' performance auditors, government ministry on which performance audit has been already conducted during the six years from 2009-2015 and House of peoples representative's public accounting committees' response. A census method was employed for all the three set of respondents. Data was then analyzed on quantitative basis using Pearson's correlation, linear regression analysis and descriptive statistics. The findings of the study showed that there is statistical significance positive relationship between legal mandates, adequate & competent professional, post audit follow ups and performance audit effectiveness. Besides, the study found that there is strongly significant positive relationship among adequate and competent professionals, post audit follow up and performance audit effectiveness.

Balli (2016) in its research assesses the role of performance audit on performance improvements and accountability in some of the selected audited public sectors in Oromia National Regional State. The factors used to assess performance improvement were perceptions of the audited public sectors on the performance audit, perceptions of the audited public sectors on the auditors' performance audit recommendations, and improvements that the audited public sectors made by implementing performance audit recommendations. The factors used to assess accountability were activities performed by the legislature or 'caffee' on performance audit findings, and media participation in performance audit report from viewpoint of these selected public sectors on which performance audit were conducted. The study has employed descriptive research method. Survey method has used to conduct this descriptive research. Closed ended questionnaires using Likert 5 scales distributed to these some selected public sectors on which performance audits had conducted from the year 2010 to 2013. The data collected have analyzed using Microsoft excel which is appropriate for this descriptive statistics. For statistical interpretation, mean and standard deviation have used. Based on the data analysis made and results obtained majority of the selected audited public sectors for this research on which performance audit conducted have positive or good perceptions on the performance audit. They also have positive or good perceptions on the auditors' performance audit recommendations given by the performance auditors but

improvements that they made in implementing performance audit recommendations were small or slight. The findings also show that activities performed by the legislature or 'caffee' from viewpoint of the audited public sectors were small or slight and the media participation in performance audit report from viewpoint of the selected audited public sectors were average or moderate.

The study has concluded that performance audit has not resulted in significant role on performance improvements and on accountability in these selected public sectors on which performance audit has conducted. Audited public sectors should make performance audit recommendations implement and be result in performance improvements in these selected audited public sectors. Activities of the legislature and the media on audit report findings should also be more perform to increase role of performance audit on accountability.

### **2.3. Knowledge Gaps**

The auditing literature suggested the reasons for the need of performance auditing in the public sector. It is needed to ensure the accountability of government agencies and to improve performance of government agencies (Henley, 1989; JAN, 2002). According to pervious researchers, numerous factors that affect the success or failure of SAI also specifically the value for money audit conducted. Of these, Dye and Stapenhurst (1998) stated that independence, unrestricted access to information, competent leadership, adequate funding and competent staff, and the sharing of knowledge and experience are essential for SAI success. A few of these elements are present in some countries in Sub-Saharan Africa. Even the most advanced countries around the world will not have all of them fully in place (Waring and Morgan, 2007). Of these, the most important are: independence (both from the executive and to investigate issues at its sole discretion); adequate funding (competitive salaries and modern technology) and staff (training, education and experience); and the sharing of knowledge and experience (International exchange of ideas, knowledge and experience). (Kenneth and Rick, 1998).

Based on theoretical review INTOSAI and The Lima Declaration of Guidelines on Auditing Precepts SAIs should be independent of the audited entity and protected against outside influence to work efficiently. In addition, the Declaration of Mexico on SAI Independence states that for the SAI to work efficiently it is important that it has the

freedom to decide what should be audited and when, without undue influence from the auditee, It is also important that the SAI has financial and administrative independence and availability of adequate material, human and financial resources, having a clear Mandate (set of rules and boundaries agreed to by parliament) or a wide-ranging mandate unlimited access to all information needed to carry out its activity, the right and obligation to report on its work as well as efficient follow-up procedures on SAI recommendations. However, the SAIs' powers and resources differ in these respects (Dye & Stapenhurst, 1998). Limited prior studies has examined concerning the challenges of performance audit practice on various factors, such as well –equipped manpower, involvement of auditor and auditee, inadequate transportation and documentation system, lack of awareness by auditee, lack of support materials and resources such as book, and infrastructure facilities faced them. For example, Ferdousi (2012) in its research Challenges of Performance Audit in the Implementation Phase in Bangladesh Perspective Conducted using Supply and Demand theory it use two independent variables from both audit office and auditee office and collect data by interviews and audit report analysis. Similarly Hollingsworth (1999) and Waring and others (2006) in their joint work mentions the other challenges faced in SSA with conducting performance audit the existence of a several key requirements to an effective audit function. These include organizational independence, a, sufficient funding, competent leadership, competent staff, stakeholder support, and professional audit standards. Additionally, Birhanu (2016) A study of factors affecting performance audit effectiveness, the auditee' duties and the public accounting committee contribution related to performance audit and its effectiveness by drawing the practice of Ethiopian Office of Auditor General. The literature revealed above was not enough by themselves to answer the research question under consideration. May have some limitations:

- The literature suggests the possible factors affecting practice of performance audit to the accomplishment of organizational objectives. It is obvious that provides little theoretical foundation for the study of this contribution and has not been empirically examined enough.

- As to the best of the researcher knowledge there is lack of research in addressing the reasons why insufficient performance audit reports accessible to the public in region and Auditor General powers and resources differ in these respects
- Most of the related literatures were not considered performance audit practice unique to our country, Ethiopia specifically OOAG and were values of studies conducted in the developed countries.
- Even if the factors included in those studies were not all inclusive of the factors considered in the current study.
- Some of the literatures were carried out with different factors and research methods.

These studies motivate researcher to analyze these facts in one geographical or regulatory context used for specific circumstances and regions. Primarily practice of performance audit used to maintain accountability and improve value for money in government units (Cowater 2005). As a result, this study taking in to consideration the above theoretical and empirical approaches and also adopted and modifies were first developed by other prior researcher Birhanu, (2016) by incorporating the factors: Obviously there are other factors which are equally important but for the convenience of analysis and due to constraints only four have been taken which are having a clear Legal Mandate, Independency uses in its work, professional Competence of Performance Auditor's and availability and proper maintenance of audit evidence in the factors affecting performance audit practice: a case of Oromia auditor general.

## **CHAPTER THREE**

### **3. RESEARCH DESIGN AND METHODOLOGY**

The important part of the research activity is to acquire successful research design which shows the logical link between the data collected, the analysis and conclusions and recommendation to be drawn. It involved a blueprint for the collection, measurement and analysis of data. Primary data was use to perform the study. The survey questionnaire was use as the data gathering instrument.

#### **3.1. Research Design**

Research design is the plan, structure and strategy of investigation proposed for obtaining answers to research questions (Orodho, 2005). This study was adopted descriptive research strategy because the study wants to describe factors affecting performance audit practice. The researcher were used descriptive type of research which includes quantitative type for data collection and analysis purpose to gain an understanding, The researcher has choosing this design because the major purpose of descriptive research is description of the state of affairs as it exists at present and it reports what has happened or what is happening Kothari (1990).

#### **3.2. The Population:**

This study was conducted in Oromia Regional Governmental state of OOAG. The target population of this study comprises all employees' staff of OOAG. The Office has 313 employees of which 218 were auditors and the remaining 95 were supportive staffs. From the total employees there are 9 management members and from the total auditors only 26 were performance auditors and the remaining 192 were regularity or financial auditors.

#### **3.3. Sample Size & Sample Technique**

Sampling frame is a complete list of the study population. For this study, the sampling frames were all management members and performance auditors in the OOAG. All management members and performance auditors employed until the conduct of the survey are included in the sample frame. The total number of management members and performance auditors are 9 and 26 respectively, thus a sample population was 35 respondents.

There are two main types of sampling procedures: probability sampling and non-probability sampling. Therefore, among the type of the non-probability sampling

researcher to choose purposive sampling technique for the current study. Because of the management members and performance auditors in the OOAG purposively selected as they know more about performance audit practice than any other staffs. Also the use of purposive sampling enables the researcher to generate meaningful insights that help to gain a deeper understanding of the research phenomena by selecting the most informative participants that is satisfactory to its specific needs. As aforementioned above sampling procedure employee in this study was purposive method. So that the study population was the total management members and performance audit staffs in the office, & that was population eligible for the study.

#### **3.4. Data Collection Methods**

The study was assessing factors affecting performance audit practice in the case of OOAG. The study was use primary sources of data; the primary sources of data were obtained from close ended questionnaires. The questionnaires were distributed for all management members and performance auditors to get appropriate or adequate responses. Some of the questionnaires have modified and adopted and used by the researcher were first developed by other prior researcher Ferdousi (2012); Birhanu (2016) and literature review.

#### **3.5. Data Analysis Method**

Quantitative data analysis method was used. Based on the nature of the data had been collected through questionnaires, the questionnaires are in the form of Likert-Scale type that shows respondents agreement or disagreement by constructing into five point scale where the lowest scale represent strongly disagree and the highest scale represent strongly agree (Likert, 1932).The data that had been collected through questionnaires were analyze using the SPSS version (statistical package for social science) for descriptive statistics. However given that the questionnaires are in Likert-scale, it is not common to use regression analysis. Instead, the study is mainly based on descriptive analysis which uses tables, percentages, bar and pie-charts, figures, means and standard deviation.

## CHAPTER FOUR

### 4. DATA ANALYSIS, RESULTS AND DISCUSSIONS

As indicated in the previous chapter, the main attempt of this study was to assess factors affecting performance audit practice: a case Office of Oromia Auditor General. . Therefore, in this chapter, presents the analysis and discussions for research findings obtained from the respondents. Results of the surveys was presented and interpreted. Analyses are then formed based upon the data collected from the participants. The data gathered from Management members and performance auditors through questionnaire as the data collection instrument. In order to analyze data that where collected through questionnaire, descriptive statistics were employed. The findings from the questionnaires were analyzed using SPSS (version 22). Descriptive statistics have used to analyze the data collected using questionnaires. The analysis results of the questionnaires have presented by use of tables, analysis related to response rate, profile of the respondent, factors affecting performance audit practice have presented. Analysis of the data and interpretations are made based on the frequency, percentages, pie and bar charts, mean, and standard deviation have computed and findings have presented, discussed and interpreted in which relevant to the research objectives. Therefore, data collected on response rate of respondents have manually analyzed using percentages. Whereas data collected on Profile of the respondents have analyzed using descriptive statistics, frequency, percentage and bar charts used to analyze various characteristics of the same population. This statistical tools used to analyze the data factors related to the topic under study for each factors mean and standard deviation have computed and the findings are presented in tabular summaries, and their implications discussed.

#### 4.1. Response Rate Analysis

**Table 4.1: Response rate of respondents**

<b>Respondents</b>	<b>No. of Questionnaires Distributed</b>	<b>No. of Questionnaires Returned</b>	<b>Percentage of Return Rate</b>
Performance Audit Director	4	4	100%
Performance Audit manager	4	4	100%
Senior performance Auditor	7	7	100%
Junior Performance Auditor	11	11	100%
Management member	9	8	88.9%
Total	35	34	97.14%

Source: Researcher's survey

As observed from the table 4.1; the study targeted all performance auditors and management members who can provide information based on their experience and responsibility to collect the research data .Thus thirty five (35) employees have selected purposively from targeted population among the staffs of OOAG. Questionnaires have given to thirty five (35) staffs that have selected as informants from those staffs of OOAG. Thirty four (34) staffs have responded to the questionnaires. That is 97.14% of the respondents returned the questionnaire properly. Only one (1) or 2.86% of the employees did not respond to the questionnaire because he was on field for long time.

#### 4.2. Profile of the Respondents

It is necessary to analyze the respondents' background result that obtained from part one of the questionnaires presented in this part. Accordingly the respondent's variables presented in this research include gender, age, educational background, field of the study, current job position, and years of experience in the office. Hence detail of each variable presented in the tables and discussed and summarized one by one in the following sections.

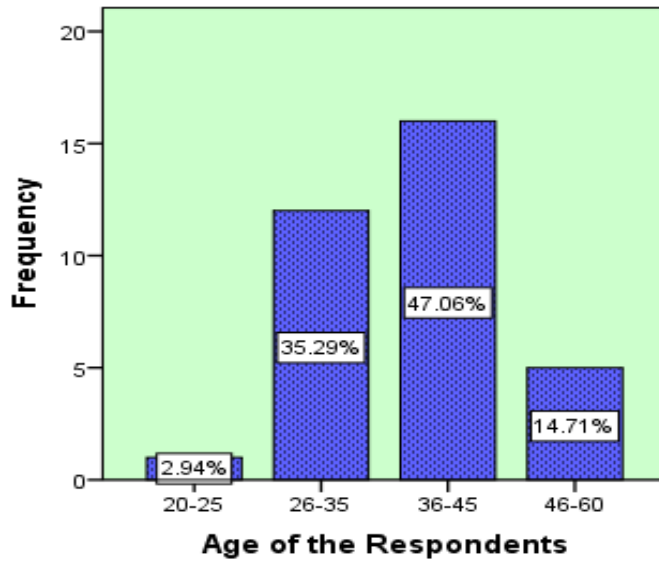
**Table 4.2: Gender of the Respondents**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	4	11.8	11.8	11.8
	Male	30	88.2	88.2	100.0
	Total	34	100.0	100.0	

Source: Survey results

As observed from response table: 4.2, the numbers of male respondents are 30 and female respondents are 4 in number. When expressed in percent male respondents are 88.2% and female respondents are 11.8%, here the gaps are higher in which in the shares of males are higher than female respondents.

**Figure 4.1: Age of the Respondents**



Source: Survey results

As it is presented in figure 4.1, the researcher divided or categorized respondents' age into four age groups ranging 20-60 years. Accordingly, 2.9% of the respondents fall under the age interval of 20-25 years old and 35.3% of the respondents are the other age interval fall under 26-35 years old. Whereas the majority 47.1% of the respondents are fall under the age interval of 36-45 years and the remaining 14.7% of the respondents are

fall under the age interval of 46-60 years old. On other way 85.3% of the respondents fall under the age of 45 years old. This implies potential productive age or the majority of respondents in which they are active work force ready to act where there is motivation or comfortable situation is prepared for them because of they are in adult age.

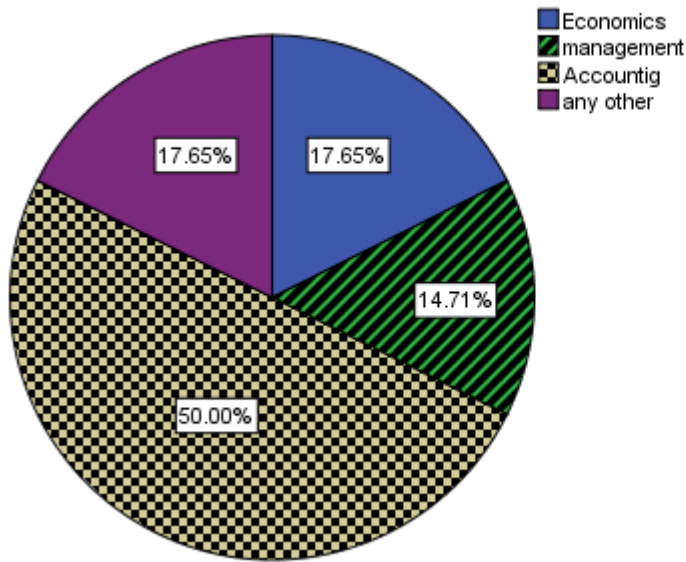
**Table 4.3: Educational Background of the Respondents**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid BA/BSC	26	76.5	76.5	76.5
MA/MSC	8	23.5	23.5	100.0
Total	34	100.0	100.0	

Source: Survey results

From the table 4.3: unfortunately there were no respondents with education level of below BA/BSC and above MA/MSC or there were no respondents who had any other level of educations. But, 76.5% of respondents were first-degree holders, which were 26 in numbers, and 23.5% of the respondents followed by master’s degree, which were 8 in numbers. This is an indication that most of the respondents focused in this study had university degrees. These shows the majorities of the respondents were educated and can contribute more for their intended work. It is also believed to provide more trustworthy information for this study and enables them to provide more reliable information for this study. The analysis results show that respondents are educated and their educational level can help them to respond with good understanding of the questions and help to some extent to obtain complete information.

**Figure 4.2: Respondents Field of study**



Source: Survey results

Figure 4.2: shows 52.9% of the respondents or more than half of the respondent were studied accounting followed by 17.6 and 14.7of the respondents were also studied Economics and Managements respectively. The rest only 14.7% of the respondents studied different discipline. This implies that there is a lack of multi-discipline or broad range of skills, expertise and different discipline which are crucial to the formation and maintenance of conducting performance audit activity in OOAG.

The presence of heterogeneity while conducting performance audit would enable the office to accommodate various consultant from experts with varied discipline. Here it can be note that majority of the respondents of the position 85.3% was occupied only by Business and Economics (Economics, Management and Accounting). Performances audit by itself its multi-disciplinary field so it need to team up with other profession. Performance audit is also a research based oriented analytical work people having proper skill and aptitude can do better.

**Table 4.4: Current Job Position of the Respondents**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Audit Director	4	11.8	11.8	11.8
Audit Manager	4	11.8	11.8	23.5
Senior Auditor	7	20.6	20.6	44.1
Junior Auditor	11	32.4	32.4	76.5
Management Member	8	23.5	23.5	100.0
Total	34	100.0	100.0	

Source: Survey results

As seen on the above table 4.4, 11.8% of the respondents were Audit Director, which were four (4) in numbers, Again 11.8% were from Audit Manager, which were also four (4) in numbers, 20.6% were Senior Auditor which were seven(7) in numbers. 32.4% were Junior Auditor which was eleven (11) in numbers and 23.5% were Junior Auditor which was eight (8) in numbers .This shows that, more than 76% of the respondents are auditors currently conducting performance audit. This analysis results is to show that employees concerned to the work to be improved.

**Table 4.5: Respondents Work Experience on current Position**

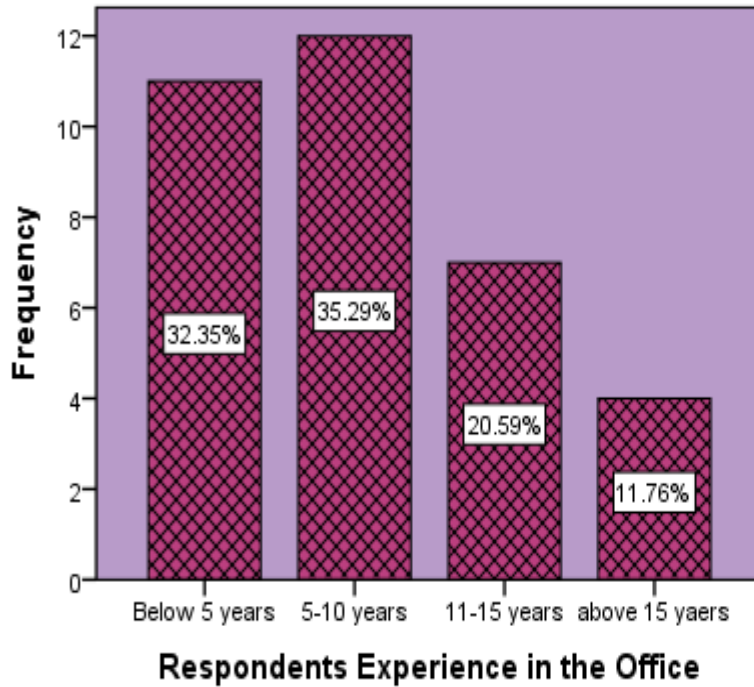
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Below 5 years	21	61.8	61.8	61.8
5-10 years	13	38.2	38.2	100.0
Total	34	100.0	100.0	

Source: Survey results

As indicated in the table 4.5: above with respect to the work experience on current Position, 61.8% of the respondents were below 5 years of experience, 38.2 % of the respondent were experienced 5-10 years and unfortunately there were no respondents greater than 10 years of experienced on current Position. This shows that, more than 60% of the respondents have less than 5 years of experience working in the current Position. So that highly experienced auditors or staff wouldn't be willing to stay in the

office due to various reasons. On the other hand, most of the performance auditors are not well experienced on current Position which may leads less efficient in conducting performance audit.

**Figure 4.3, : Respondents Experience in the Office**



Source: Survey results

Analysis of respondents experience in the Office was conducted. Accordingly as shown in the Figure 4.3; 32.4% and 35.3% of the respondents had work experience which ranges below 5 years and 5 to 10 years respectively. Again the rest 20.6% of the respondents had work experience ranges which 10-15 years and the remaining 11.8% of respondents were greater than 15 years. This indicates that more than 67% of the respondents have not long years of experience. But only 32.4% of the respondents have long years of experience in the OOAG.

### **4.3. Descriptive Analysis on Factors Affecting Performance Audit Practice:**

This section presents the results of the descriptive statistical analyses of the data and their interpretations. The descriptive statistics used are the means and standard deviations. The main purpose of using this statistical parameter is to interpret the average response rate of respondents for each item. The responses of respondents for the variables indicated in this research have measured on five point Likert scale. The respondents were to give their independent opinion on Factors affecting performance audit practice: a case of OOAG. According to Kajuju (2012), the scores of strongly agree /agree have been taken to present a variable which had a mean score of greater than or equal 3.5 to less than or equal 5 (3.5 to 5) on Likert scale; The scores of neutral/ Indifferent have been taken to represent a variable with a mean score of greater than or equal 2.5 to less than 3.5 ( $\leq 2.5$  to  $< 3.5$ ) on the Likert scale. The score of disagree/strongly disagree have been taken to represent a variable which had a mean score of (0 to  $< 2.5$ ) on the Likert scale. Any score can be assigned as long as the intensity of the response pattern is reflected in the score and the highest score is assigned to the response with the highest intensity. In line with this the researcher have used if the mean value and average mean value fall under the above ranges, it has the meaning and interpretations that have been used the same and shows the extents of those Factors affect performance audit practice. The related data analysis results and discussions have presented in the following tables 4.6- 4.9 and paragraphs.

#### **4.3.1. Legal Mandate that Enables the OOAG Regarding Performance Audit Practice:**

Legal Mandate is indicated by summery developed by INTOSAI (2005), namely, presence of defined legislation, availability of special regulations, and freedom to select audit areas within the performance audit mandate. Performance audit results should be conveyed in a detailed report to management, Parliament and other legislative stakeholders, should identify inadequate or non-existent managerial measures, and should include areas for improvement, as well as the corrective measures that will enable the public sector entity to improve its operations and control environment (Fakie and Kluever 1999; Barret 2012).

**Table 4.6:** Legal mandate that enables the OOAG regarding performance audit practice.

Scales: 5=Strongly Agree, 4=Agree, 3= Indifferent, 2=Disagree, and 1= Strongly Disagree

No.	Statements	N	Mean	Std. Deviation
1	Office of Oromia Auditor General has a clear legal mandate to carry out the performance audit.	34	4.62	.551
2	Office of Oromia Auditor General effectively exercising its legal mandate.	34	3.26	.790
3	There is special law other than the Constitution or proclamation has been re- established to assert the mandate of Office of Oromia Auditor General to conduct performance audit.	34	4.24	.781
4	Office of Oromia Auditor General has reviewed and updated related policies and procedures manual for performance audit.	34	4.15	.958
5	Office of Oromia Auditor General has mandate that enables to have and decide its own financial and human resource requirement to accomplish its mission.	34	1.44	.504
	Average mean		<b>3.54</b>	

Source: Survey results

As shown table 4.6 Respondents strongly agree/agree to statements or questions 1, 3 and 4 with the mean results of 4.62, 4.24 and 4.15 and Std. Deviation of 0.55, 0.78, and 0.96 respectively. Whereas indifferent to statements or questions 2 with the mean results of 3.26 and Std. deviation of 0.79. However disagree to statements or questions 5 with the mean results of 1.44 and Std. deviation of 0.50, also low Std. deviation. This shows Legal mandate was a key for actions that have been taken by the activities undertaken by

OOAG even if OOAG have a mandate that enables to have and decide its own financial and human resource requirement to accomplish its mission as the result of OOAG moderately exercising its legal mandate. The survey analysis result of the average mean **3.54** shows that majority of the respondents strongly agree/agree that the OOAG have a clear legal mandate to carry out the performance audit practice. According Roberts, (1996) Supreme Audit Institution mandate refers to the subject of audit, which usually determine by the audit act. Constitution or law of a given country. Although the mandate of OOAG for audit is derived from the Constitution of National regional state gov't. Constitution of the Oromia national regional state Article 110 the regional state Auditor general details functions shall be determined by law and the proclamation Number 154/2002, the Office of the Auditor General is undertake financial, performance, environment, information technology, control, special and other audits of the offices and organizations of the Regional government.

#### **4.3.2. Independence in Undertaking Performance Audit Practice;**

According to INTOSAI and The Lima Declaration of Guidelines on Auditing Precepts SAIs should be independent of the audited entity and protected against outside influence to work efficiently. In addition, the Declaration of Mexico on SAI Independence states that for the SAI to work efficiently it is important that it has the freedom to decide what should be audited and when, without undue influence from the auditee, It is also important that the SAI has financial and administrative independence and availability of adequate material, human and financial resources, a wide-ranging mandate, unlimited access to all information needed to carry out its activity, the right and obligation to report on its work as well as efficient follow-up procedures on SAI recommendations. However, the SAIs' powers and resources differ in these respects (Dye & Stapenhurst, 1998). According to Ethiopian performance audit manual (2005), Performance auditors should be independence from legislature, executive and auditee to perform its work, Independence implies impartiality and freedom from or rejection of improper influences in conducting the audit work and in reaching judgments and conclusions. In principle, audit activity should have sufficient independence from those it is required to audit so that it can both (in fact and appearance) conduct its work without interference and to do so in line with this, this study uses seven indicators to assess whether OOAG or

performance auditors in the office have adequate independences or not in performing performance audit as shown in the following table.

**Table 4.7:** Independency in undertaking performance audit practice

Scales: 5=Strongly Agree, 4=Agree, 3= Indifferent, 2=Disagree, and 1= Strongly Disagree

No.	Statements	N	Mean	Std. Deviation
1	Independence of the Office of Oromia Auditor General guaranteed by the Constitution.	34	3.97	.758
2	Office of Oromia Auditor General has the functional and organizational independence required to accomplish their tasks.	34	3.82	.834
3	Offices of Oromia Auditor General provided with sufficient financial resource that enable in accomplish its task.	34	2.24	.855
4	Office of Oromia Auditor General organizational independence allows the audit activity to conduct performance audit without interference by the audited entity.	34	4.21	.592
5	Office of Oromia Auditor General selects the subjects for audit without approval of any external body (executive or legislature).	34	3.91	.668
6	Performance Auditor has free and unrestricted access to all required information and operations, in accomplish its task.	34	3.56	.860
7	In their professional careers, auditors have not been influenced by the audited organizations and are independent of such organizations	34	3.76	.654
	Average mean		<b>3.64</b>	

As shown table 4.7, Respondents strongly agree/agree to statements or questions 1, 2, 4, 5, 6 and 7 with the mean results of 3.97, 3.82, 4.21, 3.91, 3.56 and 3.76 and Std. deviation

of 0.76, 0.83, 0.59, 0.67, 0.86 and 0.65 respectively, Whereas disagree to statements or questions 3 with the mean results of 2.24 and Std. deviation of 0.85. Moreover the survey analysis result of the average mean 3.64 shows that majority of the respondents strongly agree/agree that the OOAG and performance auditors have independence in undertaking performance audit practice with the interference of financial independence. This implies that OOAG have an independence to perform its work or relating to the audit work, from auditee, the Office and the individual auditor have the freedom to decide what should be audited and unlimited access to all information needed to carry out activities relating to the audit work. But this analysis result shows also there was financial independence influence by regional legislature "Caffee". The existence of an appropriate Independence guaranteed by the Constitution to the provisions of the application of OOAG has the freedom to decide what and when should be audited or allows the audit activity, without undue influence from the auditee.

**4.3.3. Performance Auditor’s Professional Competent in Conduct Performance Audit.**

Auditors must have the formal education (knowledge) relevant to audit, professional skills (and be able to apply the professional values, ethics and attitudes to different contexts and organizations. Based on these, auditor competence is determined by considering a set of relevant attributes such as knowledge, skill and attitudes\ the quality of performance audit is directly related to the people assigned to the audit. (Ferdousi, 2012)

**Table 4.8:** Auditor’s professional competent to conduct performance audit

Scales: 5=Strongly Agree, 4=Agree, 3=Indifferent, 2=Disagree, and 1= Strongly Disagree

	Statements	N	Mean	Std. Deviation
1	Performance Auditors have knowledge or aware on various analysis tools and techniques	34	3.03	.969
2	There is highly Experienced performance Auditors in the Office of Oromia Auditor General	34	2.06	.919
3	Office of Oromia Auditor General position auditors	34	3.76	.890

	with educational qualification and extensive professional skills combined adequately with experience.			
4	The pre-condition to get competent employees such as attractive salary and other benefit packages are present or salaries commensurate with the special requirements of such employment.	34	2.15	1.132
5	Performance auditors are especially encouraged or privileged to upgrade their skills and knowledge via several short and long term trainings.	34	3.06	.983
6	There are mechanisms to ensure that auditors have the required knowledge level to conduct a performance audit	34	4.12	.729
	Average mean		<b>3.03</b>	

Table 4.8 above depicts that six essential Auditor's professional competent one performance auditors should have according to the performance audit standard described in the above used to assess the professional competency of performance auditors conducting performance audit in the office. Respondents strongly agree/agree to statements or questions 3 and 6 with the mean results of 3.76 and 4.12 and Std. Deviation of 0.89 and 0.73 respectively, whereas indifferent to statements or questions 1 and 5 with the mean results of 3.03 and 3.06 and Std. Deviation of 0.97 and 0.98 respectively. However disagree to statements or questions 2 and 4 with the mean results of 2.06 and 2.15 and Std. Deviation of 0.92 and 1.13 respectively. This survey analysis results or majority of the respondents of the average means 3.03 implies that there are moderately professional competent or experienced performances Auditors in the office undertaking performance audit and they choose to leave the office on their own initiative. In addition to the mean value obtained through questionnaire, an interview was conducted with vice auditor general and three performance auditors. They said that the office study employee motivation and other benefit packages but not implemented, dependent on "caffee" not allowed implementing. Due to this, employees turnover or well experienced auditors choose to leave the office on their own initiative, is one of the challenges, such a serious

problem were hurt the overall performance of the office and is often a symptom of other difficulties. The result obtained through questionnaire also indicates that, because of low conducive work environment practice of performance audit were undertaken by performance auditors which have moderate experienced and competent performance auditors are not retain in the office. But the literature, Flint (1988) stated that Auditor competence requires both knowledge and skill, which is the product of education, training and experiences'. In a recent standard issued by IFAC, International Education Standard (IES) Competence requirements for Audit Professional outlines that auditors must have the formal education (knowledge) relevant to audit, professional skills and be able to apply the professional values, ethics and attitudes to different contexts and organizations.

#### **4.3.4. Availability and Proper Maintenance of Audit Evidence in Undertaking Performance Audit.**

The Ethiopian government auditing standard for audit evidence (2005), state that Competent, relevant and reasonable evidence should be obtained to support the auditor's judgment and conclusions regarding the entity, project, program and activity under audit. So this study uses six indicators to assess the availability and proper maintenance of audit evidence that helps the auditor to reach on conclusion in conducting performance audit as shown in the following table.

**Table 4.9:** Availability and proper maintenance of audit evidence in undertaking performance audit.

Scales: 5=Strongly Agree, 4=Agree, 3= Indifferent, 2=Disagree, and 1= Strongly Disagree

	Statements	N	Mean	Std. Deviation
1	Auditee properly maintain valid and reliable audit evidence that support the auditor's judgment and conclusions regarding the auditee, program, activity or function under audit.	34	2.76	.781
2	The Relevance of audit Evidence Provided by auditee bear a clear and logical relationship to the	34	3.09	.793

	audit objectives and audit criteria.			
3	The amount (Sufficient) of audit evidence gathered from the auditee support auditors in arriving at the reasonable conclusions on which the audit recommendation forwarded.	34	2.26	.790
4	Auditee gives genuinely other information that the auditor may use as audit evidence includes (minutes of meetings; confirmations of the findings, benchmarking; controls manuals and etc.) that permits the auditor to reach on conclusions through valid reasoning.	34	3.62	.888
5	Performance auditors continually ask themselves 'Does this evidence relate to audit criterion being assessed?' and 'Do I have enough evidence to form a conclusion?'	34	4.03	.797
6	Findings and conclusions fully supported by sufficient, relevant and reliable evidence obtained and developed during the audit and documentation in the form of working papers	34	3.21	.641
	Average mean		<b>3.16</b>	

As shown in the above table. 4.9, the survey analysis result of the average mean 3.16 shows that majority of the respondents Indifferent that Availability and proper maintenance of audit evidence while carrying out performance audit. Respondents strongly agree/agree to statements or questions 4 and 5 with the mean results of 3.62, 4.03 and 3.62 and Std. deviation of 0.89, and 0.8 respectively, Indifferent to statements or questions 1, 2 and 6 with the mean results of 3.06, 3.09 and 3.21 and Std. deviation of 0.74, 0.79 and 0.64 respectively and disagree to statements or questions 3 with the mean results of 2.26 and Std. deviation of 0.79. This result implies that even if Performance auditors continually ask themselves to have enough audit evidence to form a conclusion and Auditee gives genuinely other information what they have, that the auditor may use

as audit evidence. But, there are a problem in Auditee keeping of competent audit evidence that fully support auditor's judgment and conclusions regarding the auditee, program, activity or function under audit in arriving at the reasonable conclusions and forwarded recommendations. In line to Richiute (1982) also noted that sufficient competent evidential mater is the only basis for reaching reasonable and informed audit conclusions. So as result insufficient performance audit conducted and reports accessible to the public or “Caffee”

#### **4.4. Summary of the Findings**

Based on the review conducted on related literature, analysis and interpretation of data made, the followings are the major findings of the research work:

- OOAG have a clear legal mandate to undertake performance audit and moderately exercising its legal mandate to have and decide its own financial and human resource requirement to accomplish its mission.
- Independence of the OOAG guaranteed by the Constitution and allows the audit activity to conduct performance audit without interference by the audited entity. However OOAG provided with not sufficient financial resource that enable in accomplish its task.
- There is no pre-condition to get competent employees such as attractive salary, other benefit packages and especially privileged to upgrade their skills and knowledge or salaries commensurate with the special requirements of such employment, which help them to ensure the accountability of government agencies and to improve performance of government agencies. As a result the OOAG Performance Auditors are not well experienced on various analysis tools and techniques Performance Auditors in the office.
- As participants response there are a problem in Auditee keeping of competent audit evidence that fully support auditor's judgments, in arriving at the reasonable conclusions and forwarded recommendations regarding the auditee, program, activity or function under audit.

## CHAPTER FIVE

### 5. CONCLUSION AND RECOMMENDATION

This chapter has three parts; the first part presents conclusions of the study. The second part presents recommendations and the last part deals with possible future research areas.

#### 5.1. Conclusions

Based on the objective of the study, results of the study obtained and major summary of findings the following conclusions were drawn in the study.

The auditing literature suggested the reasons for the need of performance auditing in the public sector. It is needed to ensure the accountability of government agencies and to improve performance of government agencies (Henley, 1989; JAN, 2002). According to pervious researchers, numerous factors that affect the success or failure of SAI also specifically affect the value for money audit conducted. Of these, Dye and Stapenhurst (1998) stated that independence, unrestricted access to information, competent leadership, adequate funding and competent staff, and the sharing of knowledge and experience are essential for SAI success. By taking this aspect into consideration, this study has taking four factors used which affect performance audit practice. To assess factors affecting performance audit practice: a case of OOAG and the factors used were having a clear Legal Mandate, Independency uses in its work, professional Competence of Performance Auditor's and availability and proper maintenance of audit evidence and analyzed the organizational dimensions in which OOAG carry out to ensure the accountability and to improve performance of government agencies.

- OOAG incorporating a legal provision for conducting performance audit or has a necessary legal mandate that enables conducting performance audit, but the office exercising moderately its legal mandate to ensure/enhance the accountability and to improve performance of government agencies.
- OOAG dependent on regional parliament/“Caffee” regarding financial independence/budget/ to conduct performance audit without interference from those it is required to ensure the accountability and to improve performance of government agencies by the independent report produced by the office and individual auditors.

- Due to OOAG and concerned parties not work more in improving performance auditing working environments and absence of pre-condition to get competent employees such as attractive salary, other benefit packages and especially privileged to upgrade their skills and knowledge which to have well experienced and competent Performance Auditors on various analysis tools and techniques are low in the office to ensure the accountability and to improve performance of government agencies.
- Due to incompetent audit evidence provided by auditee auditor's judgment, findings and conclusions regarding the entity, project, program and activity under audit not fully supported to ensure the accountability and to improve performance of government agencies.

The Overall Conclusions, the analysis result of (Table 4.6, 4.7, 4.8 & 4.9 with the mean scores 3.54, 3.64, 3.03 & 3.16 respectively) were shows the factors affecting performance audit practice. This implies when OOAG have a clear legal mandate, independence in undertaking performance audit, adequate and competent professional auditors in the office combined with availability and proper maintenance of audit evidence were ensure the accountability and improve performance of government agencies is very important for the performance audit practice in OOAG.

## **5.2. Recommendations**

On the basis of the findings and conclusions reached, the following suggestions were forwarded in order to improve performance audit practice of OOAG.

- OOAG should effectively exercise its legal mandate that enables to have and decide its own financial and human resource requirement to accomplish its mission (to ensure the accountability and to improve performance of government agencies). Having a legal mandate and effectively exercising it also means having a freedom to decide on resources, tasks to be carried out and also having a power visible enough that can force recommendations to be implemented.
- Independence of the office of auditor general and performance auditors play a vital role in performance audit practice to ensure the accountability and improve

performance of government agencies. In principle, audit activity should have sufficient financial independence from those it is required to audit so that it can both (in fact and appearance) conduct its work without interference. The regional parliament/“Caffee” must be given sufficient financial independence to the OOAG in the area of budget and the OOAG should have independence in the areas of budget as necessary.

- Professional Competency is the ability of an individual to perform a job or task properly, being a set of defined knowledge, skills and behavior. In order to achieve competency, various types of training (short and long term trainings) and development should be provided to performance auditors. A competent performance auditor will have all the skill necessary to produce a good audit report which ensure the accountability and improve performance of government’s agencies. OOAG should Look in to several schemes or suggests some strategies on how to manage and strives to find out the possible solutions clearly communicate with concerned body “Caffee” salaries, benefit packages and rewards, to create conducive working environment and to get or retain/attain well competent experienced auditors which can help to improve performance audit practice in the office.
- INTOSAI Field Standards 300, 0.3(d), states: ‘Competent, relevant and reasonable evidence should be obtained to form/support the auditor’s judgment and conclusions regarding the organization, program, activity or function under audit. So OOAG should create awareness to the public sector on objective and usefulness of performance audit as well as keeping or documentation of audit evidence. On the other hands Auditee should properly maintain competent audit evidence that provided bear a clear and logical relationship to the audit objectives and audit criteria to support auditor’s findings and arriving at the reasonable conclusions on which the audit recommendation forwarded.

### **5.3. Future Research Implications:**

The results will have important implications and is believed to be helpful for OOAG and the relevant stakeholders. While this study has revealed some interesting results, one should be careful of its scope and limitations related essentially to its scope of the study. And as mentioned earlier, this study employs only primary data source with the aims of factors affecting performance audit practice: a case of office of Oromia auditor general. Therefore in the researcher opinion, using both data source (Primary and secondary) is essential to studies attempting to examine and/or to investigate factors affecting performance audit practice. Due to different constraints researcher couldn't touch other dimensions of performance audit practice. Thus, further research needs to contain more desirable dimensions, in order to gain better insight. Though the researcher believes that this study is deep, it is still believed that it must be further extended to include more variables and respondents to make it more realistic and more reliable.

## **6. Appendices:**

### **6.1. Annex: 1 References**

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**6.2. Annex: 2**

**ADDIS ABABA UNIVERSITY  
COLLEGE OF BUSINESS AND ECONOMICS  
GRADUATE PROGRAM  
DEPARTMENT OF ACCOUNTING AND FINANCE  
MSC IN ACCOUNTING AND AUDITING**

Questionnaire to be filled by management members and Performance Auditors of Office of Oromia Auditor General with the aim of extracting desired information for my final paper.

Title of the Research: **Factors affecting performance audit practice:** a case of office of Oromia auditor general:

**Directions** Dear respondent; the purpose of this survey is to collect data to describe factors affecting performance audit practice in case of Office of Oromia auditor general. This survey questionnaire is a tool used to collect data from people regarding performance audit practice in the Office. Hence, to gather information, I kindly seek your assistance in responding to the statements is listed below. These statements consist of two parts, i.e. Part I and Part II. Part I consists of items on the personal information of the respondents and Part II consist of items pertaining to the area of study. Please indicate the appropriate answer to each of the following statements by placing a (√) mark on the space provided. Any information you presented will be kept entirely confidential and will be used only for academic purpose. Your cooperation and prompt response will be highly appreciated. For further information, please contact me through the following mentioned address.

Thank you for your cooperation.

Address: Berhanu Ayansa:

Mobile no. 09 26 27 59 24,

E-mail: berhanuayansa1@gmail.com

Addis Ababa, Ethiopia

**Part I. Personal Information**

1. Gender;            Female                             Male
2. Age group;
- 20-25     26-35             36-45             46-60
3. Educational Background;
- Bachelor degree     Master's degree     above master's degree
- other
4. Field of the study:
- Economics     Management     Accounting     any Other
5. Job Position;
- Audit Director             Audit Manager             Senior Auditor
- Junior Auditor             Management Member
6. Years' of Experience on the above position(question no.4)
- Below 5     5- 10             11-15             above 15
7. Years' of Experience in the Office of Oromia Auditor General in performance auditing.
- Below 5     5- 10             11-15             above 15

## Part II. Questionnaires on “Factors affecting performance audit practice”

Please indicate the extent to which you are strongly agree to strongly disagree for each of the following statements by putting a tick mark (√) on the scale provided Strongly Disagree (SD) 1, Disagree (D) 2, In Difference (ID) 3, Agree (A) 4, and Strongly Agree (SA) 5.

	Statements	SD	D	ID	A	SA
		1	2	3	4	5
<b>A</b>	<b>Statement on a clear legal mandate that enables the Office of Oromia Auditor General regarding performance audit practice.</b>					
8	Office of Oromia Auditor General has a clear legal mandate to carry out the performance audit.					
9	Office of Oromia Auditor General effectively exercising its legal mandate.					
10	There is special law other than the Constitution or proclamation has been re- established to assert the mandate of Office of Oromia Auditor General to conduct performance audit.					
11	Office of Oromia Auditor General has reviewed and updated related policies and procedures manual for performance audit.					
12	Office of Oromia Auditor General has mandate that enables to have and decide its own financial and human resource requirement to accomplish its mission.					
<b>B</b>	<b>Statement on independency in undertaking performance audit practice</b>					
13	Independence of the Office of Oromia Auditor General guaranteed by the Constitution.					
14	Office of Oromia Auditor General has the					

	functional and organizational independence required to accomplish their tasks.					
15	Office of Oromia Auditor General provided with sufficient financial resource that enable in accomplish its task.					
16	Office of Oromia Auditor General organizational independence allows the audit activity to conduct performance audit without interference by the audited entity.					
17	Office of Oromia Auditor General selects the subjects for audit without approval of any external body (executive or legislature).					
18	Performance Auditor has free and unrestricted access to all required information and operations, in accomplish its task.					
19	In their professional careers, auditors have not been influenced by the audited organizations and are independent of such organizations.					
C	<b>Statement on auditor's professional competent to conduct performance audit.</b>					
20	Performance Auditors have knowledge or aware on various analysis tools and techniques					
21	There is highly Experienced performance Auditors in the Office of Oromia Auditor General					
22	Office of Oromia Auditor General position auditors with educational qualification and extensive professional skills combined adequately with experience.					
23	The pre-condition to get competent employees such as attractive salary and other benefit packages are present or salaries commensurate					

	with the special requirements of such employment.					
24	Performance auditors are especially encouraged or privileged to upgrade their skills and knowledge via several short and long term trainings.					
25	There are mechanisms to ensure that auditors have the required knowledge level to conduct a performance audit					
<b>D</b>	<b>Statements on availability and proper maintenance of audit evidence in undertaking performance audit.</b>					
26	Auditee properly maintain valid and reliable audit evidence that support the auditor's judgment and conclusions regarding the auditee, program, activity or function under audit.					
27	The Relevance of audit Evidence Provided by auditee bear a clear and logical relationship to the audit objectives and audit criteria.					
28	The amount (Sufficient) of audit evidence gathered from the auditee support auditors in arriving at the reasonable conclusions on which the audit recommendation forwarded.					
29	Auditee gives genuinely other information that the auditor may use as audit evidence includes (minutes of meetings; confirmations of the findings, benchmarking; controls manuals and etc.) that permits the auditor to reach on conclusions through valid reasoning. When the					

	audit team ask them.					
30	Performance auditors continually ask themselves 'Does this evidence relate to audit criterion being assessed?' and 'Do I have enough evidence to form a conclusion?'					
32	Findings and conclusions fully supported by sufficient, relevant and reliable evidence obtained and developed during the audit and documentation in the form of working papers					