
**EXTERNAL AUDITING ACTIVITIES AND FRAUD PREVENTION IN THE PUBLIC SECTOR IN
UGANDA, A CASE STUDY OF MAYUGE DISTRICT
LOCAL GOVERNMENT**

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Abstract

The study aimed at external auditing activities and fraud prevention in the public sector in Uganda with a case study of Mayuge district local government and it was guided by the following objectives; To examine the relationship between statutory audit and fraud prevention in Mayuge district local government, to analyze the relationship between continuous audit and fraud prevention in Mayuge district local government and to assess the relationship between forensic audit and fraud prevention in Mayuge local government. This study used a research design called descriptive survey. Descriptive survey research designs are employed in exploratory and preliminary studies to permit the study to collect information, summarize, present and construe for the principal reason of clarification (Orodho, 2012). The research was suited within the provisions of descriptive survey research design because the researcher gathered data and report the state in which things were without changing any variables. The study population for this project consisted of the staff of Mayuge district local government, totaling 210 officers. The findings shown that the correlation between the combination of all the three constructs of ICs (statutory audit, forensic audit and continuous audit) and fraud prevention gives a multiple correlation coefficient $P=0.000$ $N=22$, $r= 0.763^{**}$. The relationship was statistically significant at 95% confidence level since p-value (Sig.) was less 0.050 ($=0.000$). This implied that there existed a strong relationship between external auditing and the fraud prevention in Mayuge district local government. The board and directors should bind that external auditing systems are viewed as a collective responsibility of all staff members of Mayuge district local government by creating a structure that enhances the sustainability of good working relationships between management and operational staff, thus boosting better channels of communication.

Key words: external, auditing activities, fraud prevention and public sector

Background of the Study

An external audit is an independent body not connected to the client's company that is appointed by a shareholder of the company (Moses et al., 2023). External audit plays an important role in improving financial reporting and ensuring compliance of businesses with the accounting framework. They play an important role in identifying and protecting the organization from fraudulent activities by conducting an annual mandatory audit of the financial account, providing an opinion on whether the accounts are true and faithfully reflect the company's financial position (Innocent et al., 2023). External auditors often examine and evaluate all internal controls that are in place to manage financial risks that could affect the financial accounts and to assess whether they are operating effectively (Alex & Kazaara, 2023). The menace of fraud and corruption in nation building cannot be overemphasized. Fraud and corruption are gigantic twins that have limited the growth and infrastructure of many nations and led many firms to the path of bankruptcy (Alex et al., 2023). According to Kasuma (2010), financial inequality is a serious problem worldwide. It is the main concern of developing countries, an endemic that has become a normal way of life. Albrecht, (2015) argued that fraud is rarely seen. However, signs of fraud are usually observed (Ramadhan et al., 2023). Fraud is a legal term that refers to the intentional misrepresentation of the truth in order to manipulate or deceive a company or individual. Auditing is a cornerstone of good public sector management. By providing an unbiased, objective assessment of whether public resources are managed responsibly and effectively to achieve intended outcomes, auditors help public sector organizations achieve accountability and integrity, improve operations, and build trust among citizens and stakeholders (Faith et al., 2023).. The role of the public sector auditor promotes accountability for governance, oversight and predictability. Oversight is concerned with whether public sector entities are doing what they are supposed to do and serves to detect and deter public corruption. Insight assists decision makers by providing independent evaluations of public sector programs, policies, operations and outcomes (Wegulo et al., 2023).

Problem Statement

Mayuge District became a district in December 2000 by an Act of Parliament. Six new sub-districts were carved out of the existing ones during the 2018/2019 financial year and the district currently operates 13 LLGS based in Mayuge Town Council 120 km from the capital Kampala and 40 km from Jinja (Gracious, 2023). External audit has become a legal requirement because it ensures the trustworthiness and validity of an organization's financial statements (Winny et al., 2023), it also detects errors and fraud, and reduces legal and tax issues (Kazaara & Kazaara, 2023). However, fraud and fraudulent activities have become so complex and sophisticated due to technological advances (Racheal et al., 2023). Advances in technology have made it easier for fraudsters to commit fraud but more difficult to detect fraud (Polycarp et al., 2023). Onodi, Okafor & Onyali (2018) argue that due to advancements in technology, fraud has become so sophisticated that it is no longer something that an external audit can control in their regular audits. Despite routine external audits carried out by organizations and the public sector, cases of fraud still persist (Zowena et al., 2023). This is attributed to the weaknesses and challenges of external auditing, which include that it is time-consuming, very expensive, and apparently exposes the organization's private information to an outsider (auditor) whose confidentiality cannot be guaranteed (Musaibah et al., 2023). The failure of external audits to prevent and detect fraud in corporate organizations and their numerous scandals have now led many to question the relevance of external audit and its ability to detect fraud in organizations (Innocent et al., 2023). This has become so rampant in the public sector that it has led to a complete lack of confidence in the effectiveness of external auditors in preventing fraud. This study will therefore examine the impact of external audit activities on fraud prevention in the public sector in Uganda using Mayuge Local Government as a case study.

Objectives of the Study

1. To examine the relationship between statutory audit and fraud prevention in Mayuge district local government
2. To analyze the relationship between continuous audit and fraud prevention in Mayuge district local government.
3. To assess the relationship between forensic audit and fraud prevention in Mayuge local government.

Methodology

This study used a research design called descriptive survey. Descriptive survey research designs are employed in exploratory and preliminary studies to permit the study to collect information, summarize, present and construe for the principal reason of clarification (Orodho, 2012). The research was suited within the provisions of descriptive survey research design because the researcher gathered data and report the state in which things were without changing any variables. The study population for this project consisted of the staff of Mayuge district local government, totaling 210 officers. These included both operational and management staff. The project used the probability sampling method specifically the systematic sampling technique to get sampling units from which the respondents was chosen from the given list of 210 members of staff. According to Morgan and Kreijic sample determination table, a population of 210 yields a sample size of 136 participants. The study employed both probability and non-probability sampling techniques. The researcher used the probability sample since the research is focused on the entire leadership of Mayuge district local government. Employees employed with Mayuge local government was eligible to participate in the study. This research used self-administered

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questionnaires for the respondents. These were distributed among the staff in their respective departments. The justification for using this instrument was that questionnaires were easy to quantify and analyze. In addition, the questionnaire was used because the study focused on opinions, attitudes, feelings and perceptions of the respondents. The researcher conducted data cleaning after all data was collected. The data cleaning involved identification of inaccurate or incomplete responses, which was rectified to improve the quality of the responses. After data cleaning, the data was coded and entered in the computer for analysis using the Statistical Package for Social Sciences version 22 (Nelson et al., 2022). This research produced both quantitative and qualitative data. The data was analyzed in line with the objectives of the study. Qualitative data was analyzed qualitatively using content analysis based on analysis of meanings and implications emanating from respondents' information and documented data.

RESULTS

Table 1: Descriptive Statistics on Statutory audit in Mayuge district local government

<i>No of items</i>	<i>N</i>	<i>Min</i>	<i>Max</i>	<i>Mean</i>	<i>Std. Deviation</i>
<i>Structures and policies</i>					
1. The government regularly reviews its external auditing systems	22	1	5	3.05	1.174
2. Mayuge district local government Management style evidently manifests commitment to external auditing practices	22	1	5	3.45	1.535
3. External auditing is part of the culture in Mayuge district local government	22	1	5	3.27	1.518
4. The local governments regularly & comprehensively reviews its financial statements to make it responsive to the realities	22	1	5	2.05	1.133
5. The local governments regularly and comprehensively reviews its human resource policies and procedures to make them more responsive	22	1	5	3.55	1.405
6. The local governments regularly and comprehensively reviews its financial, management policies and guidelines to make them more responsive	22	1	5	3.59	1.532
7. The local governments regularly has out in place adequate procurement management regulations and guidelines.	22	1	5	2.50	1.406

Rating: 0-2.5- low, 2.6-3.5-average/ moderate, 4-5 very high

Source: Primary data 2022

From table 1 above, on the aspect whether time spent when reviewing its external auditing activities, the rate was average (Mean=3.05& SD=1.174) and on whether Mayuge district local government evidently manifests commitment to external auditing the rate was also average (Mean score=3.45& SD=1.535) and on whether external auditing is part of the culture in Mayuge district local government rates were still moderate (Mean

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score=3.27&SD=1.518). This implied that majority agreed. In agreement with the above, Key informants noted that the local governments undertake financial statement audits, operational audits and continuous audit on an annual basis (Ronald et al., 2023).

However on the other hand whether the local governments regularly & comprehensively reviews its organizational structure to make it responsive to the realities the rate was low(Mean score=2.05& SD=1.133) which implied that majority disagree that the local governments regularly & comprehensively reviews its organizational structure to make it responsive to the realities and on the other hand whether the local governments regularly and comprehensively reviews its human resource policies and procedures to make them more responsive the rate was moderate(Mean score=3.55& SD=1.405) (Ronald & Kazaara, 2023). This implied that majority agree that the local governments regularly and comprehensively review its human resource policies and procedures to make them more responsive.

Table 2: Correlations between Statutory audit and the fraud prevention

		External auditing	Fraud prevention
statutory audit	Pearson Correlation	1	.724**
	Sig. (2-tailed)		.000
	N	22	22
Fraud prevention	Pearson Correlation	.724**	1
	Sig. (2-tailed)	.000	
	N	22	22

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

From table 2 above, a correlation analysis was carried out and findings indicate a significant positive relationship ($r = 0.724$, $p=0.000$, $N=22$), presenting a very strong positive relationship of 0.724 worth 72.4% between statutory audit and the fraud prevention at Mayuge district local government. The relationship that is statistically significant at 95% confidence level since p-value (Sig.) is less 0.050 ($=0.000$) (Nelson et al., 2023). This implies that the more statutory audit, the better the fraud prevention. This means that any change in statutory audit leads to the same change in fraud prevention. Thus, with good statutory audit, fraud prevention at Mayuge district local government will be enhanced.

Table 3: Model summary on statutory audit and the fraud prevention

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate

1	.724 ^a	.524	.500	.40769
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a. Predictors: (Constant), Internal statutory audit

The table 3 above presents the R and Adjusted R square values. The R-value represented the simple correlation and is 0.724^a, which represents a moderate degree of correlation. The adjusted R-squared is a corrected goodness-of-fit (modal accuracy) it presents the percentage of variance in the dependent construct, the fraud prevention that is justified by the independent variable statutory audit. From table above, statutory audit explains 50.0% of variations in fraud prevention (Adjusted R-square=0.500) (Derrick et al., 2023).

Table 4: ANOVA Values on statutory audit and fraud prevention

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.653	1	3.653	21.979	.000 ^a
	Residual	3.324	20	.166		
	Total	6.977	21			

To assess the overall significance of the regression model for Statutory audit and fraud prevention, analysis of variance (ANOVA) was generated and Table 4 above shows that Statutory audit aspects collectively predict fraud prevention (Sig. at 0.000, F-value = 21.979, df=1). According to results in table above, statutory audit explains 50.0% of variance in fraud prevention which is also supported by the regression values of 3.653 compared to residual value of 3.324 (Kazaara & Christopher, 2023). This means that there are other factors which strongly explain fraud prevention than statutory audit. Since Statutory audit was significantly related to fraud prevention, the first hypothesis that statutory audit positively affects fraud prevention was accepted.

Table 5: Coefficients of Variations between Statutory audit and fraud prevention

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.304	.250		5.219	.000
	Internal statutory audit	.500	.107	.724	4.688	.000

a. Dependent Variable: *fraud prevention*

From table 5 above, the significance level of 0.000 indicates totality to reject the null hypothesis that statutory audit does not predict fraud prevention when internal statutory audit(X) is zero it is the value of fraud prevention(Y). In this case the intercept is 1.304, so X=0, Y will equal to 1.304, following the linear regression

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equation of $Y = \beta X + C$, where (Y) is the dependent variable, (X) is the independent variable, Beta (β) is the slope of the regression line and (C) is a constant/Intercept (Kazaara & Kazaara, 2023).

Table 6: Descriptive statistics on Continuous audit

No items	N	Min	Max	Mean	Std. deviation
Self-evaluations					
Self-assessments& evaluations of Mayuge district local government external auditing systems are regularly conducted	22	1	5	3.91	1.151
Periodic reviews evaluations of external auditing are regularly conducted.	22	1	5	2.32	1.393
Management assessment of the effectiveness of external auditing are regularly conducted	22	1	5	2.82	1.332
The staff carrying out activities obtain evidence asto the adequacy of external auditing in the local governmentsat their level	22	1	5	2.18	1.402
Academic staff appraisals are regularly conducted	22	1	5	3.77	1.152
Administration staff performance appraisals are regularly conducted	22	1	5	2.86	1.320
Internal audits separate evaluations of external auditing are regularly conducted	22	1	5	3.59	1.333
Special audits are conducted on Mayuge district local government accounts	22	1	5	2.36	1.465
Management usually responds promptly to auditqueries	22	1	5	3.45	1.371
Average mean score/standard deviation	22			2.962	1.321

Rating: 0-2.5- low, 2.6-3.5-average/ moderate, 4-5 very high

Source: Primary data 2022

Table 6 above explained, on the aspect of external assessments & external evaluations of Mayuge district local government. External auditing activities are regularly conducted at rated moderate (Mean score=3.91& SD=1.151). This implied that assessments & evaluations of Mayuge district local government external auditing are regularly conducted. However, responses on whether periodic reviews of external auditing are regularly conducted, responses rated low (Mean score=2.32& SD=1.393). This implied that majority disagree that periodic reviews and evaluations (external auditing) are regularly conducted (Allan et al., 2023).

Table 7: Pearson correlations on continuous audit and the fraud prevention

		Compliance	Fraud prevention
Continuous audit	Pearson Correlation	1	.847**
	Sig. (2-tailed)		.000

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	N	22	22
Fraud prevention	Pearson Correlation	.847**	1
	Sig. (2-tailed)	.000	
	N	22	22

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

From table 7 above, the correlation results show a very strong positive relationship between continuous audit and the fraud prevention ($r=0.847$, $p=0.000$ $N=22$), since the Pearson value is positive, the relationship is statistically significant at 95% confidence level because p-value (Sig.) is less 0.05($=0.000$). This means that the actions of continuous audit leads to fraud prevention.

Table 8: Model Summary on continuous audit and fraud prevention

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.847 ^a	.718	.704	.31371

a. Predictors: (Constant), *Continuous audit*

The model summary (Table 8 above) was presented to show the contribution of continuous audit on fraud prevention at Mayuge district local government. The results show an adjusted R-Square value of 0.704 in the model summary meaning that the facets of continuous audit collectively contribute 70.4% to fraud prevention within Mayuge district local government. The remaining 29.6% confirms that other factors also have contributed to fraud prevention other than continuous audit.

Table 9: ANOVA value showing continuous audit and fraud prevention

Model		Sum of Squares	DF	Mean Square	F	Sig.
1	Regression	5.009	1	5.009	50.900	.000 ^a
	Residual	1.968	20	.098		
	Total	6.977	21			

To confirm the relationship (table 9 above), another test was carried using a regression analysis which also evidenced existence of a relationship between continuous audit and the fraud prevention of Mayuge district local government. Since the calculated p-value of 0.000 is less than 0.05, the regression model was found to be statistically significant with the F- value of 50.900, $DF = 1$, $p < 0.05(0.000)$ which is high. This confirms the existence of a very strong relationship between continuous audit and the fraud prevention at Mayuge district local government, the residual values which are smaller than the regression value which shows few errors.

Table 10: Coefficient of variation of continuous audit and fraud prevention

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.905	.220		4.109	.001
	Continuous audit	.561	.079	.847	7.134	.000

a. Dependent Variable: Fraud prevention

Table 10 above showed the coefficients of variation between the variables (continuous audit and fraud prevention) that $Y = \beta X + C$ implies a causal relationship between continuous audit and the fraud prevention in Mayuge district local government. Where y = fraud prevention, $\beta = 0.847$, x = continuous audit and C = constant. This shows that; fraud prevention = $0.847 \times$ continuous audit + constant.

Table 11: Descriptive statistics on Forensic audit

No of items	N	Min	Max	Mean	Std. Deviation
Segregation of duties					
The separation of initiation function in transactions is adhered to	22	1	5	3.14	1.320
The separation of tasks like the recording function (preparing source documents or coding is adhered to)	22	1	5	3.59	1.333
There is clear separation of reconciliation / audit functions in Mayuge district local government	22	1	5	1.86	1.082
Effort is undertaken to ensure that human resources transactions are authorized by the right persons	22	1	5	2.05	1.327
Efforts is undertaken to ensure that financial transaction are authorized by rights persons	22	1	5	3.77	1.541
Effort is undertaken to ensure that procurement transactions are authorized by the right persons	22	1	5	2.91	1.540
Monthly financial reconciliations reports are promptly submitted to the relevant local government's organs for action	22	1	5	2.36	1.465
The relevant persons / organs undertake to investigate deviations in all Mayuge district local government transactions	22	1	5	3.55	1.299
4. All financial reconciliations are promptly submitted to the local governments management for approval	22	1	5	2.27	1.453
Average mean scores/ standard deviation				2.822	1.331

Rating: 0-2.5- low, 2.6-3.5-average/ moderate, 4-5 very high

Source: Primary data 2022

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From table 11 above on the aspect of segregation of duties, Respondents were asked whether the separation of initiation function in transactions is adhered to responses were moderate (Mean score=3.14 & SD=1.320) also responses were rated average on whether the separation of recording function e.g. preparing source documents or code is adhered to (Mean score=3.59 &SD=1.333). This implied that majority agreed that the separation tasks like the recording function (preparing source documents or coding) is adhered to at Mayuge district local government (Oromo et al., 2023).

Table 12: Pearson correlation between forensic audit and the fraud prevention

		External auditing activities	Financial performance
Forensic audit	Pearson Correlation	1	.485*
	Sig. (2-tailed)		.022
	N	22	22
Fraud prevention	Pearson Correlation	.485*	1
	Sig. (2-tailed)	.022	
	N	22	22

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

The table 12 above shows a moderate and significant positive relationship that existed between forensic audit and fraud prevention in Mayuge district local government, ($r=0.485$, $p=0.000$ $N=22$) statistically significant at 95% confidence level, since p-value (Sig.) is less 0.050 ($=0.000$). The positive relationship indicates that the two variables (forensic audit and fraud prevention) move in the same direction. However, they're demanded confirmation that the relationship is predictive or otherwise (Mark et al., 2023).

Results on regression for forensic audit and the fraud prevention

Table 13: Model Summary on forensic audit and fraud prevention

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.485 ^a	.236	.197	.51644

a. Predictors: (Constant), operational audit

The table 13 above presents the R and Adjusted R square values. The R-value represented the simple correlation and is 0.485^a, which represents a moderate correlation. The adjusted R-square is a corrected goodness-of-fit (modal accuracy) it establishes the rate of variance in the dependent construct, fraud prevention that is explained by the independent construct forensic audit. From table 23 above, forensic audit explains 19.7% of variations in fraud prevention (Adjusted R-square=0.197).

Table 14: ANOVA Values on forensic audit and fraud prevention

Model		Sum of Squares	DF	Mean Square	F	Sig.
1	Regression	1.643	1	1.643	6.161	.022 ^a
	Residual	5.334	20	.267		

	Total	6.977	21			
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Table 14 above shows that forensic audit aspects collectively predict fraud prevention. Since the calculated p-value of 0.000 is less than 0.05, the regression model was found to be statistically significant with ($F=6.161$, $DF = 1$, $p<0.05$ ($=0.000$)). According to results in the table above, forensic audit explains 19.7% of variance in fraud prevention which is also supported by the regression values of 1.643 compared to residual value of 5.334. This means that there are other factors which strongly explain fraud prevention than operational audit. Since forensic audit was significantly related to fraud prevention in Mayuge district local government, the third hypothesis that there is a significantly positive relationship between forensic audit and the fraud prevention in Mayuge district local government was accepted.

Table 15: Coefficients of Variations between forensic audit and fraud prevention

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.514	.769		.669	.511
	Forensic audit	.649	.261	.485	2.482	.022

a. Dependent Variable: Fraud prevention

From table 15 above, the significance level of 0.000 indicates with no discontentment that we can reject the null hypothesis that forensic audit do not predict fraud prevention when forensic audit (X) is zero it is the value of fraud prevention (Y). In this case the intercept is .514, so $X=0$, Y will equal to .514, following the linear regression equation of $Y=\beta X+C$, where (Y) is the dependent variable, (X) is the independent variable, Beta (β) is the slope of the regression line and (C) is a constant/Intercept.

Table 16: Descriptive Statistics on fraud prevention

	N	Min	Max	Mean	Std. Deviation
Fraud prevention measures					
Mayuge district local government's staff to debtor's ratio is adequate for the effective and efficient financial success	22	1	5	2.05	1.090
Mayuge district local government has an easy and convenient storage and retrieval of institutional and debtor's information	22	1	5	3.59	1.368
The debtor's workflow processes are clearly defined, sequenced and coordinated across the finance department	22	1	5	3.18	1.500
Mayuge district local government has attracted reasonable funding to implement its mandate	22	1	5	2.14	1.490
Mayuge district local government is in position to meet its operating costs from internally generated revenue	22	1	5	1.86	.710

Mayuge district local government has realized a health annual growth in its profits after tax	22	1	5	1.41	.503
Mayuge district local government has achieved 100% financial self-sustainability	22	1	5	3.09	1.444
Does Mayuge district local government have an operating credit management policy	22	1	5	1.55	.596
Does Mayuge district local government creditors have channels/mechanisms for appeal against decisions taken by Mayuge district local government staff	22	1	5	3.09	1.540
Are Mayuge district local government creditors flexible with the credit terms of the local governments	22	1	5	2.59	1.501
Are the creditors satisfied with the current financial strategies in Mayuge district local government	22	1	5	1.64	.581
Proper rules, guidelines and regulations are in place and communicated to creditors and staff in Mayuge district local government	22	1	5	1.77	.752
Duties, jobs and tasks are formally designed and segregated such that limits of delegation for approving orders and authorizing payments exist in Mayuge district local government	22	1	5	2.05	1.214
There are sufficient precautions put up to limit duplication and amendment of accounts payable master file data mostly with local governments account contents of Mayuge district local government	22	1	5	3.86	1.320
Payments are initiated and authorized in right channels by right officers before their processing in Mayuge district local government	22	1	5	2.05	1.214
The custody and accessibility to payment cheques and other procurement negotiable instruments are secured and properly controlled in Mayuge district local government	22	1	5	2.27	.883
There are sufficient mechanisms to over time update the sustainability of recoverable VAT identification and coding in Mayuge district local government	22	1	5	1.86	1.167
Average mean score/standard deviation	22			2.45	1.142

Source: Primary data, 2022

According to table 16 above, on the aspect of accounts receivables on Mayuge district local government's staff to debtor's ratio being adequate for effective and efficient financial success was rated low (Mean score=2.05 & SD=1.090). This implied that majority disagree that Mayuge district local government staff to debtor's ratio is adequate to enable the institution attain financial success. However, on whether the local governments have an easy and convenient storage and retrieval of institutional and debtors' information was rated moderate (Mean score= 3.59 & SD=1.368) which indicates that the local governments have an easy and convenient storage and

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retrieval of institutional and debtors' information (Ramadhan et al., 2023). Similarly, on whether the debtor's workflow processes are clearly defined, sequenced and coordinated across the finance department, ratings were moderate (Mean score= 3.18 & SD=1.500) which implies that the debtor's workflow processes are clearly defined and coordinated across the finance department (Paul et al., 2023).

In addition, with income and financial position, specifically on whether Mayuge district local government has attracted reasonable funding to implement its mandate, it was rated low (Mean score= 2.14 & SD=1.490), on whether the local governments has been able to attract a health diverse third party funding it was rated moderate (Mean score= 3.05 & SD=1.463), also with Mayuge district local government being in position to always achieve its fees targets from national customers, it was rated low (Mean score= 2.27 & SD=1.077) which depicts that Mayuge district local government always fails to achieve its fees targets from national customers. On whether Mayuge district local government has always mobilized and achieved its fees targets from international customers, ratings were moderate (Mean score= 3.68 & SD=1.427) implying that the local governments have always mobilized and achieved its fees targets from international customers (Christopher et al., 2022). In addition, on whether Mayuge district local government is in position to meet its operating costs from internally generated revenue, ratings were low (Mean score=1.86 & SD=0.710) meaning that the local governments are not in position to meet its operating costs from internally generated revenue. These findings are in agreement with responses from key informants

Table 17: Multi-Correlation between external auditing and fraud prevention

		External auditing practices	Prevention
External auditing (Internal statutory audit, forensic audit and internal continuous audit)	Pearson Correlation	1	.763**
	Sig. (2-tailed)		.000
	N	22	22
Fraud prevention	Pearson Correlation	.763**	1
	Sig. (2-tailed)	.000	
	N	22	22

**, Correlation is significant at the 0.05 level (2-tailed).

The table 17 above shows the relationship between external auditing (independents variable) and fraud prevention (dependent variable). It shows that the correlation between the combination of all the three constructs of ICs (statutory audit, forensic audit and continuous audit) and fraud prevention gives a multiple correlation coefficient $P=0.000$ $N=22$, $r=0.763^{**}$. The relationship is statistically significant at 95% confidence level since p-value (Sig.) is less 0.050 ($=0.000$). This implied that there exists a strong relationship between external auditing and the fraud prevention in Mayuge district local government.

Table 18: Model Summary of external auditing and fraud prevention

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.763 ^a	.582	.561	.38174

Predictors: (Constant), External auditing (forensic audit, forensic audit and continuous audit)

The R' column represents the multiple correlation coefficient, $R=0.763$. The Adjusted R The table 28 above presents the R and Adjusted R square values. The R-value represented the simple correlation and is 0.763, which represents a strong degree of correlation. The adjusted R-squared (0.561) is a corrected goodness-of-fit (modal accuracy) it identifies the rate of variance in the dependent construct, fraud prevention that is explained by the independent variable external auditing practices. In this case 56.1% of fraud prevention in Mayuge district local government is contributed by external auditing practices. The remaining 43.9% is contributed by other factors.

Table 19: ANOVA Value on external auditing and fraud prevention

Model		Sum of Squares	DF	Mean Square	F	Sig.
1	Regression	4.063	1	4.063	27.879	.000 ^a
	Residual	2.915	20	.146		
	Total	6.977	21			

The table 19 above indicates that the regression model predicts the dependent variable significantly well. To confirm the relationship another test was carried out using a regression analysis which also established that there is a relationship between external auditing and the fraud prevention, ($p=0.000$ $N=22$) and the F- value of 27.879 which is greater than 0.05. This confirms that there is a relationship between external auditing and the fraud prevention in Mayuge district local government.

Table 20: Coefficients of variation of external auditing and fraud prevention

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.656	.341		1.925	.069
	External auditing (environment, activities and monitoring)	.681	.129	.763	5.280	.000

a. Dependent Variable: Fraud prevention

From table 30 above, the significant level of 0.000 indicates that we reject the null hypothesis that external auditing do not predict fraud prevention. When external auditing (X) is zero, it is the value of fraud prevention (Y). In this case the intercept is .763, so $X=0$, Y will equal to .763, following the linear regression equation of $Y=BX+C$, where (Y) is the dependent variable, (X) is the independent variable, Beta B is the slope of the regression line and (c) is a constant/intercept.

Fraud prevention = 0.763 External auditing + C

Table 21: Multi-Regression Analysis for External auditing

Model		Unstandardized coefficients	Standardized coefficients	t	Significance
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1		B	Std error	Beta		
	Constant (External auditing practices)	.681	.129	.763	5.280	.000
	External auditing environment	.500	.107	.724	4.688	.000
	Forensic audit	.649	.261	.485	2.482	.022
	Continuous audit	.561	0.79	.847	7.134	.000

Dependent Variable: *External auditing (statutory audit, operational audits, continuous audit)*

Table 21 above shows that all dimensions of ICs (statutory audit, forensic audit and continuous audit) were significant influential factors of fraud prevention. All the R-values were greater than 0.000 indicating that all variables were statistical in influencing fraud prevention within Mayuge district local government (Faridah et al., 2023).

Conclusions

Basing on previous sections conclusions are presented in a chain of the study objectives. The study rounds up with assertions deducing the existence of a significantly positive relationship between external audit (statutory audit, compliance and operational audit) and the fraud prevention of Public Financial institutions (Mayuge district local government) giving a multiple correlation coefficient $P=0.000$, $N=22$, $r=0.763^{**}$ significant at 95% confidence level.

Mayuge district local government had a strong statutory audit as reflected by the Board and top leader's attitude and support to the proactive system that had enabled it to significantly attain fraud prevention. The study also revealed a good atmosphere that actions of the Local governments have a will initiated by the top-level authorities and is embedded with core manuals and guiding documents for each task thus an edge for effective and efficient communication, control and follow studying events, and assets. With respect to the findings, Mayuge district local government has a strong organizational structure that spells out the responsibility of each person though it needs to check on the red tapes, her staff are competent, highly trained and disciplined, there is a high tone, efficient management philosophy with stringent human resource policies and procedures that other local governments should benchmark to boost their financial controls and performance.

Recommendations

Mayuge district local government is recommended to critically reflect on organizational practices and devise new mechanisms to ensure that these practices become embedded within the organizational structure as part of individual and collective roles and responsibilities.

The board and directors should bind that external auditing systems are viewed as a collective responsibility of all staff members of Mayuge district local government by creating a structure that enhances the sustainability of good working relationships between management and operational staff, thus boosting better channels of communication. As well as enhancing continued training of the finance and accounts personnel in order to devise means of managing accounts receivables and accounts payables.

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