
**Auditing As An Instrument For Organisational Success. A Case Study Of Vision Terudo, Eastern Uganda,
Ngora District**

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Abstract

The aim of this study was to analyze auditing as an instrument for organizational success. The specific objectives of the study were; to determine the effect of expertise of the internal auditing staff on the performance of organizations, to examine the effect of internal audit controls on the performance of organizations and lastly, to investigate the effect of top management support of internal Audit on performance of organizations. The study was underpinned on two theories namely the agency theory and institutional theory. Thus, the target population of the study was 57 people. The study followed a descriptive study design. Primary data was collected by the use of questionnaires. Descriptive techniques through the use of descriptive statistics such as mean, frequency, percentages and standard deviations were used. Content analysis was used to collect the qualitative data. Data analysis was done through the use of Statistical Package for Social Sciences (SPSS). Data was then presented using tables and figures. The relationship between variables was achieved through the use of multiple regression analysis. The results indicated that internal audit had positive and significant effect (p-value of 0.001) on performance of public commissions in Uganda. Internal audit expertise had a p-value of 0.0 which meant it had a positive and significant effect on performance. Internal audit controls had a p-value of 0.210 which resulted to positive and but non-significant effect on performance. Top management support of internal audit had a p-value of 0.000 which implied it had a positive and significant effect on performance. The study recommends that managers and policy makers should pay attention to internal audit staff expertise for it has the greatest effect on performance of public commissions.

Keywords: Auditing, Instrument, Organisational and Success

Background of the study

Auditing is widely recognized as a key management tool that enables organizations to comprehensively assess their operations, identify problems and implement corrective actions to promote continuous improvement and long-term success (Innocent et al., 2023). As organizations continue to grow in size and complexity, audit functions have evolved significantly from traditional financial compliance checks to providing strategic insights across all aspects of the business (K. Moses et al., 2023). Vision Terudo is a community-based microfinance non-profit organization founded in 2010 with a mission to empower women and strengthen economic prospects in a remote rural area of Ngora District in Eastern Uganda (Alex & Kazaara, 2023). Over the past ten years, Vision Terudo has expanded to serve more than 5,000 clients through microloans and financial literacy programs (Gracious, 2023). However, like many organizations in the developing world, Vision Terudo initially lacked robust internal controls, risk management and performance benchmarking mechanisms (Frank et al., 2023).

Recent studies examining microfinance institutions in sub-Saharan Africa found that the implementation of effective

Received: 16.06.2024

Accepted: 20.06.2024

Published on: 30.06.2024

audit protocols is strongly correlated with improved portfolio quality, higher repayment rates and greater organizational resilience (Lydia et al., 2023). Failure to properly monitor operations and identify problems in a timely manner can lead to financial losses, reputational damage and even undermine the social goals of such community organizations (F. Christopher et al., 2022). Scholars argue that auditing is particularly important for non-profit organizations and social enterprises operating in volatile environments with limited resources (Polycarp et al., 2023). The more recent Hellenic Institute of Internal Auditors (Akankwasa et al., 2022) defines an audit as an independent, objective, adequately designed and organized procedure that evaluates, through a technical and scientific approach, how adequately the audit system functions (David et al., 2023). From the above definitions, it is clear that auditing is considered as a safety belt of business to prevent involuntary or intentional disclosure of information regarding any form of useful first-hand inventory and to avoid loss of income from misuse. or from any errors in operation (Nicholas & Alex, 2024). Vision TERUDO is an indigenous NGO founded in 1982, registered on 11th August 1983 and fully registered with the NGO Bureau under registration number 3357. It currently has a mandate to operate across the country but has been active for a long time in Eastern Uganda in the districts of Bukedea, Kumi, Ngora, Serere, Soroti, Kaberamaido, Kalaki, Amuria, Kapelebyong and Katakwi. The ultimate goal of the TERUDO vision is to improve the quality of life of the rural poor and marginalized population in the Teso sub-region. their mission is to empower the people of Teso through education and capacity building to enjoy their basic economic, social, political Civil and cultural rights. It values self-control, empowerment, respect, partnership, effectiveness, efficiency, transparency and accountability as core values that guide our daily work (Ramadhan et al., 2023). The organization has a well-established governance structure consisting of a Board of Trustees and a Board of Directors with eminent personalities with extensive experience in leadership and administration and a secretariat. BoT is led by Dr. Akabway Stephen Besweri, former Electoral Commission Chairman, Uganda Revenue Authority Commissioner with over forty years experience in leadership and administration. The board is headed by the Rt. Dr Bishop Charles Bernard-Ebitu Obaikol of the Church of Uganda Diocese of Soroti with over 30 years of experience in pastoral and development work. The secretariat is headed by an executive director with 19 years of experience in program work and financial management (Wegulo et al., 2023).

This proposed case study seeks to evaluate how Vision Terudo has leveraged internal and external audit functions since 2015 to achieve dual profit objectives. Annual reports and impact assessments point to positive trends in outreach and profits, coinciding with the introduction of improved audit protocols including quarterly financial audits by dedicated microfinance auditors, regular social performance audits and a new internal audit department (Annet et al., 2023).

Statement of the Problem

Auditing plays a vital role in organizational management in most organizations. There are private audit firms operating in Uganda whose role is to assist in making organizations' financial management more efficient (Racheal, Enock, et al., 2023). Recent scandals in Uganda, such as those involving mobile money companies such as MTN, Airtel and banks, reveal poor internal audit performance, particularly due to bureaucracy in transparency, and

Received: 16.06.2024

Accepted: 20.06.2024

Published on: 30.06.2024

which have led to misappropriation of organizational finances and loss of funds (Alex & Moses, 2024). Similarly, when an organization has weak control processes and procedures, the result is an increase in the inability to detect any fraudulent activities and large losses. This results in poor performance of internal auditors in the organization (Paul et al., 2023). (Ivan et al., 2023) found that Audit and Corporate Governance committees in developing countries with a particular focus on Kenya. However, the study did not address the issue of the performance of public finance management. (Ntirandekura et al., 2022) concluded in his study that the audit function plays a vital role in corporate governance. (N. Moses et al., 2022) found that audit processes were associated with the effective management of an organization's financial resources. However, the study did not discuss anything related to auditing. (Julius, 2024) revealed 9 that developing countries need to ensure effective management of funds, but failed to focus on the impact of auditing on the success of organizations. (Frank et al., 2023) found that internal audit plays a key role in ensuring effective management in organizations, but failed to link it to the organization's financial management. However, these studies did not focus on audit as a tool for organizational success, leading to a study that will examine audit as a tool for organizational success in Uganda (Nicholas & Alex, 2024).

Specific Objectives

1. To determine the effect of auditor's expertise on performance of organizations in Uganda.
2. To examine the effect of internal audit controls on performance of organizations.
3. To investigate the effect of top management support of internal Audit function on performance of organizations.

Methodology

A descriptive research design was used in this study (L. A. Nafiu & Ph, 2012). Vision Terudo Case Study, Eastern Uganda, Ngora District. According to (L. A. Nafiu et al., 2012), one of the importance of using a cast study was because it allows the investigation to retain the holistic and meaningful characteristics of real events. (Jallow et al., 2022) pointed out another advantage of using a case study approach, pointing out that it reduces the negative impact of generalizing concepts and focuses on a careful and complete observation of social units, thus deeper in its approach. The target population of the study was the members of the Vision Terudo control committee, the target population of the study was 250 people (L. A. Nafiu et al., 2013). The study was conducted in Vision Terudo in all departments. Vision Terudo has a total of 250 employees spread across all its departments HR Department Report 2021 Due to the size of Vision Terudo's population, the study took a census approach and collected data from all members of Vision Terudo. Here, data will be obtained from all subjects of the target population (L. A. Nafiu et al., 2013). The study included 57 respondents from Vision Terudo. These included managers, workers and auditors. The study collected both primary and secondary data. Primary data on the current state of affairs Vision Terudo (Olanrewaju et al., 2021). The researcher used a questionnaire as the main tool for collecting primary data. The questionnaires had both structured and open-ended questions. A five-point non-comparative Likert scale was used to design structured questions. The advantage of using a Likert scale was that the statements represented different aspects of the same attitude (L. Nafiu et al., 2013). A Likert scale was preferred because the questions

Received: 16.06.2024

Accepted: 20.06.2024

Published on: 30.06.2024

were easy to design and simple enough for respondents to understand and answer. The Likert scale was also advantageous in that it led to accurate results during analysis (Jallow et al., 2022). Questionnaires were distributed to sample respondents by the researcher using the drop and pick later method to reduce disruption to respondents' routines. The study collected primary data from employees at Vision Terudo offices to achieve the objective of this study. A structured questionnaire was used for data collection. The questionnaire had questions and statements presented as a Likert scale (L. A. Nafiu et al., 2017). The formulation of the questionnaire was based on the degree of confidentiality, time saving and ease of administration (Kombo & Tromp, 2006). A pilot test of the questionnaire was carried out. Ten respondents were identified and the questionnaire was administered to them. Feedback from the pilot study was used to remove ambiguous questions, clarify difficult questions, and remove ambiguous questions. This study used both quantitative and qualitative methods of data analysis (Abiodun & Christopher, 2024). According to Babbie (2019), quantitative analysis is the numerical representation and manipulation of observations to describe and explain the phenomena that these observations reflect. Data collected from the questionnaires were checked for completeness and accuracy (Olanrewaju & Abiodun, 2021). The questionnaire was coded according to each study variable to ensure error minimization and accuracy during analysis. Coded data were analyzed using quantitative and qualitative techniques. The quantitative techniques used were descriptive statistics that included mean, frequency, percentages, and standard deviations, while the qualitative techniques were content analysis (L. A. Nafiu et al., 2017). Data were analyzed using the Statistical Package for Social Sciences (SPSS) (Nelson et al., 2022). The data was presented graphically using tables and figures. Multiple regression analysis was used to determine the relationship between study variables (Nelson et al., 2023).

RESULTS

Table 1: Internal Audit Controls

	Mean	Variance	Standard deviation
Review of individual systems and processes	1.9592	.95654	.915
Satisfied with all aspects of Financial controls			
There is high level of Managerial controls	1.5714	.91287	.833

Operational policies controls are functional	2.1633	.82530	.681
Control information within is up to standard			
Composite Mean	2.3673 1.9265	1.11232	1.237

Source: Researcher (2022)

From table 1 above, the findings indicate that a majority (mean=1.5714) of the respondents were in agreement that there is a satisfaction with all aspects of Financial controls with variance of 0.8603 and a standard deviation of 0.750 (Nelson et al., 2023). Results demonstrated that there is high level of Managerial controls with mean of 1.5714, variance of .91287 and a standard deviation of .833 is agreeable from respondents. It means managerial controls aspects are relevant in audit control. The findings further show that the respondents agreed that review of individual systems and processes, with mean of 1.9592, variance of .95654 and a standard deviation of .915. The results also show that respondent agreed that operational policies controls are functional (mean =2.1633) in internal audit control within an organization (Alex & Kazaara, 2023). From the respondent's extent of agreement with statement relating to control information within is up to standard, the results show that the respondent agree that control information is up to standard with the score mean of 2.3673.

Table 2: Internal Audit Controls Expertise

	Mean	Variance	Standard deviation
Review of individual systems and processes	1.5217	0.841	0.91730
Satisfied with level of education of staff	1.8406	1.136	1.06582
There is high level of Managerial controls	2.8116	3.067	1.75126
Operational policies controls are functional	3.6812	2.897	1.70201
Control information within is up to standard	2.2174	2.614	1.61673

Received: 16.06.2024

Accepted: 20.06.2024

Published on: 30.06.2024

Composite mean

2.4145

Source: Researcher (2022)

The results in table 2 suggest that majority of the respondents were not fully in agreement that there is a review of individual systems and processes in the organization with a mean of 1.5217 being less than composite mean, variance of 0.841 and a standard deviation of 0.91730. From the information revealed by table 2 the result indicated that majority of respondent agreed that they are satisfied with education level of internal audit with a mean of 1.8406, variance of

1.136 and a standard deviation of 1.06582 under the revealed varied responses from respondents interviewed are satisfied with financial controls by the internal auditor's expertise (T. Christopher, 2022). It means financial controls aspects are relevant in audit control expertise. The finding further shows that the respondents agreed that high level management controls give assurance on internal audit controls expertise with mean of 2.8116. The results also show that respondent agreed that operational policies controls are functional (mean =3.6812) in internal audit control expertise within an organization (Racheal, Kazaara, et al., 2023). From the respondent's extent of agreement with statement relating to control information within the organization, the results show that the respondent agree that control information is up to standard with the score mean of 2.614 (Abiodun & Christopher, 2024).

Summary of results

It was established that top management support had a significant effect on the performance of Vision Terudo. The results indicated that failure of the top management leads to overall failure of internal audit activities attained the highest score of agreement by being rated a mean of

2.0435 and a variance of 2.307. Followed by Top management should work as a team with the entire audit staff that acquired a mean of 2.2174 and a variance of 2.614 (Justus, n.d.). Lack of support demotivates internal audit staff scored a mean score of 2.8116 and a variance of 3.067 and finally reports on performance should come from the top management staff scored a mean score of 3.6812 and a variance of 2.897. These findings are in agreement with the results by Noe, Hollenbeck, Gerhart, and Wright (2017) on human resource management as a source of competitive advantage.

Conclusions

The results of this study provide compelling evidence that top management support plays a vital role in ensuring the effectiveness of internal auditing functions and ultimately the success of the organization. Vision Terudo's journey clearly demonstrates that without strong backing and guidance from leadership, even well-intentioned audit programmes risk becoming inefficient or unsustainable over time.

It is clear from the high levels of agreement that failure of top management to prioritize and champion internal auditing translates directly into failure of audit activities to drive the necessary organizational change. Top

Received: 16.06.2024

Accepted: 20.06.2024

Published on: 30.06.2024

managers must take ownership of the auditing process and work collaboratively with audit staff to translate findings into strategic actions. A lack of endorsement and engagement from the top seriously demotivates internal auditors from performing their duties diligently.

Furthermore, for auditing insights to truly impact organizational performance, accountability must originate from and feedback must be provided to top management. Audit reports are most impactful when they come directly from directors and influence strategic decision making at executive levels. This ensures auditing acts as a control as well as an opportunity identification mechanism for continuous improvement.

Recommendations

From the conclusion drawn, it recommended that managers and policy makers should pay attention to Internal Audit staff expertise. Public institutions should hire qualified staff for better performance. Resources should be directed toward staff development and compensation, for they hold the key to organizational performance. It is recommended that top management must be committed to ensuring internal audit function works in their commissions. Top management should therefore give support internal audit function to enhance effectiveness, independence and efficiency on their service delivery. It is further recommended that management should not direct all resources toward internal audit controls because increased internal audits may not have significant influence to performance.

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Accepted: 20.06.2024

Published on: 30.06.2024

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Received: 16.06.2024

Accepted: 20.06.2024

Published on: 30.06.2024

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