

The effectiveness of internal audit in the public sector: a case study of the central government,
Tanzania

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The government of Tanzania for a long time has been experiencing difficulties and problems on managing public funds in MDAs. The Controller and Auditors General's (CAG's) reports for the financial year 2001/2012 indicate the huge amounts of public funds have been misused or not accounted for properly. Poor internal control system has been cited the most the most reason for public funds misused. Based on the above trend, this study aimed to evaluate the effectiveness of internal audit in the public Sector in Tanzania, taking a case study of the central government. Both desk research and field research were employed in this study, which was designed as an exploratory study. This design was selected because the study aimed to evaluate the performance of internal auditors in MDAs, identifies the main drawbacks and offers suggestions to improve the performance of internal auditor in the central government. It also studies the role of audit committee in assisting internal auditing to be effective and offer suggestion hoe the audit committee can foster audit effectiveness. A purposive and simple random probability sampling techniques was used in selecting sample relationships. A sample size 110 of respondents was selected, 65 were internal auditors and 45 were audit committee members. Data were collected in the selected MDA's and other appropriate sources by using structured questionnaires and interviews. The findings from this research indicate that internal auditing in MDAs is not effective. It also indicates that the audit committee and management do not provide enough support to internal auditors to be effective. The result shows that internal audit it operates in departments that are inadequately resourced, under staffed, lack qualified staff, have restriction on their degree of independence, concentrate on compliance audit rather than performance audit, and where internal auditors are not accepted by management and auditees and management does not taken action on internal auditors' reports. The study shows that the central government needs enhance the technical proficiency of the internal audit staff, increase staffing level and ensure the composition of internal audit staff are multidisciplinary according to the nature of the service

MDAs provide to the public so as to foster audit effectiveness. The internal audit in central government in the areas of audit planning, documentation of audit work, audit communications and follow up of recommendations. The audit committee in MDAs needs improvement in the areas of composition understanding of their responsibilities, understanding of key accounting and financial rules that affect their organization and understanding of internal control objective achieved by their organization