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MUNHUMUTAPA SCHOOL OF COMMERCE

DEPARTMENT OF ACCOUNTING AND INFORMATION SYSTEMS

THE ROLE OF INTERNAL AUDIT DEPARTMENT IN CORPORATE GOVERNANCE
PERFORMANCE OF PUBLIC ENTITIES. A CASE OF VERIFY ENGINEERING LIMITED

DISSERTATION

BY

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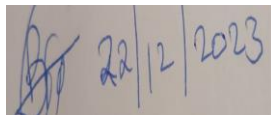
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DEDICATION

I dedicate my dissertation to my family with deepest gratitude and respect.

DECLARATION

I, Bwakura Lloyd, declare that am a bonafide producer and owner of this research study and the work presented therein is my own. I do also affirm that it has not been submitted by any other student to any academic institution. The contents of this research study have been submitted in partial fulfilment of the Master of Commerce Professional Accounting and Corporate Governance.

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ABSTRACT

This study represents a comprehensive investigation into the pivotal role played by the internal audit department in the corporate governance performance of Verify Engineering Limited, a state-owned enterprise. Employing a mixed-methods approach, the research combines quantitative analysis, interviews, and documentary analysis to provide a thorough exploration of how internal audit practices impact governance outcomes. The study unfolds systematically across various chapters, commencing with an introduction that delineates key research areas, establishes the background, and articulates the significance of the study. A detailed literature review follows, synthesizing existing knowledge on the role of internal audit in corporate governance, thus positioning the current research within the broader academic discourse. Subsequently, the methodology section outlines the chosen data collection methods, justifying the use of a mixed-methods approach and detailing the systematic process followed. The analysis of data obtained from Verify Engineering Limited reveals noteworthy findings. Positive stakeholder perceptions regarding internal audit practices align with a statistically significant correlation between these practices and corporate governance performance. The internal audit department is recognized for its well-defined structure, which includes a clear hierarchy with designated roles and responsibilities. However, the study brings attention to the imperative for continuous training, essential to keeping the internal audit team abreast of evolving industry standards. In identifying hurdles faced by the internal audit department, the study highlights resource constraints, limited access to operational areas, and challenges in departmental integration. These challenges are not presented as insurmountable obstacles but rather as strategic touchpoints for improvement. The research then provides practical recommendations aimed at enhancing the internal audit function. These include increased investment in training programs, fostering enhanced collaboration with other organizational units, and leveraging technology for more efficient audit processes. The study concludes by emphasizing the crucial role of effective internal audit practices in elevating corporate governance performance. It provides specific recommendations tailored for Verify Engineering Limited and practitioners in the field, while also suggesting promising areas for further research. Overall, the findings contribute significantly to the discourse on corporate

governance, furnishing organizations with a roadmap to refine internal audit functions and navigate contemporary challenges effectively.

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LIST OF ACRONYMS

CG	Corporate Governance
CGP	Corporate Governance Performance
IAD	Internal Audit Department
IIA	Institute of Internal Auditors
LOD	Line of Defense
OECD	Organisation for Economic Co-operation and Development
TLOD	Three Lines of Defense

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CHAPTER 1

INTRODUCTION

1.0 Introduction

In contemporary business, corporate governance is of paramount importance, serving as a cornerstone for transparency, accountability, and sound decision-making within organizations. A pivotal component in bolstering corporate governance performance is the internal audit department, offering unbiased evaluations of internal controls, risk management, and governance processes. This chapter initiates a research focus on the pivotal role played by the internal audit department in enhancing corporate governance performance, with a particular emphasis on its contributions within public entities. The study delves into the distinctive dynamics of internal audit practices within Verify Engineering Limited, a government-owned company in Zimbabwe, seeking to uncover the unique contributions and operational nuances of internal audit within this state-owned entity.

1.1 Background of the Study

Corporate governance serves as the foundational framework guiding decision-making within organizations, emphasizing principles, policies, and practices to ensure transparency, accountability, and safeguard stakeholder interests (Cadbury, 1992). The heightened scrutiny of corporate governance in public entities is driven by concerns about potential mismanagement of public resources, underlining the importance of maintaining public trust.

At the heart of effective corporate governance is the internal audit department, a critical entity tasked with evaluating and improving an organization's internal controls, risk management, and compliance with regulations (IIA, 2018). Strong internal controls are essential for protecting assets, preventing fraud, and ensuring the accuracy of financial information.

The separation of ownership and management often gives rise to agency problems, necessitating effective corporate governance to regulate the relationship between management and shareholders, delineating their rights and responsibilities (Jensen & Meckling, 1976). Such governance structures establish an infrastructure that not only reduces the cost of capital but also enhances overall performance, competitiveness, and sustainable wealth creation for shareholders.

The practical significance of corporate governance has a global reach, influencing organizational management irrespective of governance structure, ownership, or geographical location (Tricker, 2015). While there is no one-size-fits-all model, emphasis is placed on alignment with organizational and environmental characteristics. Governance functions adapt to counteract fraud and manipulation, recognizing the need for flexibility based on specific organizational and environmental contexts.

The Three Lines of Defense (TLOD) model, endorsed by The Institute of Internal Auditors (IIA, 2018), presents a structured approach to strengthen risk management and control communication, encouraging organizations to pursue goals involving a certain degree of risk within effective governance parameters. The evolution of internal audit functions varies across regions. Developed nations benefit from robust internal audit systems due to stringent regulatory frameworks and mature corporate cultures (PwC, 2019). In Asia, the sophistication of internal audit practices varies due to cultural and regulatory factors. In Africa, the importance of internal audit is growing, albeit facing unique economic challenges (KPMG, 2019).

Despite progress, each region grapples with distinct challenges in corporate governance. Developed nations encounter issues such as board independence, executive compensation, and shareholder activism (Monks & Minow, 2019). Asia deals with cultural nuances, family-owned enterprises, and regulatory diversity. In Africa, state enterprises confront challenges related to political interference, resource constraints, and varying institutional maturity (AfDB, 2018).

Organizations worldwide address these challenges through diverse strategies. Developed nations implement strict regulatory frameworks and codes of conduct (FRC, 2018). Asian enterprises blend traditional values with modern governance practices, emphasizing transparency and accountability. In Africa, strategies involve capacity building, institutional strengthening, and aligning governance mechanisms with socio-economic contexts (IFC, 2017).

Verify Engineering Limited, a government-owned entity in Zimbabwe, operates within a unique governance framework that combines public sector expectations with corporate governance principles. As a state-owned company, it faces challenges typical of corporate governance in Africa while drawing insights from the global landscape. Understanding the role of its internal audit department in navigating these challenges provides a nuanced perspective on the broader relationship between internal audit practices and corporate governance performance.

1.2 Statement of the Problem

Corporate governance in public entities constitutes a critical domain, influencing the efficiency, transparency, and accountability of organizational operations. Within this context, the role of internal audit departments in shaping corporate governance performance has emerged as a key focus. Public entities globally grapple with a myriad of corporate governance challenges that impede effective organizational functioning. These challenges include issues of board accountability, executive remuneration, stakeholder engagement, and the mitigation of conflicts of interest (Hitt et al., 2018; Mallin, 2013). The identification and understanding of these problems are essential for devising targeted interventions that can enhance the overall governance performance of public entities. Verify Engineering Limited, as a representative public entity, faces unique challenges in its corporate governance landscape. These challenges may encompass issues related to internal control deficiencies, ineffective risk management, and inadequate board oversight (Eisenhardt, 1989). Understanding the specific problems encountered by Verify Engineering Limited is essential for tailoring interventions that address the organization's distinct governance needs. Drawing from best practices globally (Hermalin & Weisbach, 2017), potential solutions may include strengthening the role and independence of the internal audit department, enhancing board training programs, and implementing governance reforms aligned with the organization's specific challenges. This research aims to provide valuable insights into the interconnected aspects of the corporate governance challenge, with the goal of contributing information that can guide policy, influence practices, and contribute to scholarly discourse within the field of governance in public entities.

1.3 Purpose of the Study

The central objective of this study is to scrutinize and assess the contribution of the internal audit department to improving the corporate governance performance of Verify Engineering Limited. The emphasis is on providing valuable insights that can benefit academic, organizational, and policy-making realms.

1.4 Research Objectives

- 1.4.1 To evaluate the impact of internal audit practices on the corporate governance performance of Verify Engineering Limited.

- 1.4.2 To assess the current structure and functioning of the internal audit department in Verify Engineering Limited.
- 1.4.3 To identify challenges faced by the internal audit department in fulfilling its governance responsibilities within a state-owned context.
- 1.4.3 To recommend strategies for improving the effectiveness of the internal audit function in enhancing corporate governance within Verify Engineering Limited.

1.5 Research Questions

- 1.5.1 What is the impact of internal audit practices on the corporate governance performance of Verify Engineering Limited?
- 1.5.2 How is the internal audit department structured and functioning within Verify Engineering Limited?
- 1.5.3 What challenges does the internal audit department face in fulfilling its governance responsibilities in a state-owned context?
- 1.5.4 What strategies can be recommended to improve the effectiveness of the internal audit function in enhancing corporate governance within Verify Engineering Limited?

1.6 Significance of the Study

This research goes beyond a purely academic endeavor; it represents a practical exploration with profound implications. It contributes to the researcher's expertise, elevates the academic reputation of the university, offers guidance to Verify Engineering Limited in optimizing its internal audit practices, and furnishes policymakers with valuable insights to fortify governance frameworks for public entities.

1.6.1 To the Researcher:

For the researcher, this investigation presents a unique opportunity for professional growth and specialization. By delving into the intricacies of internal audit practices in a public entity like Verify Engineering Limited, the researcher gains practical insights and expertise in the realm of corporate governance. This knowledge contributes to their academic and professional development, positioning them as a valuable resource in the field.

1.6.2 To the University:

At the university level, the study adds substantial academic value. It contributes to the university's reputation as a center for relevant and impactful research, showcasing a commitment to addressing real-world challenges. The findings and insights generated by the research can be shared within the academic community, fostering a culture of knowledge exchange and contributing to the university's standing in the academic landscape.

1.6.3 To the Organization (Verify Engineering Limited):

For the scrutinized organization, Verify Engineering Limited, this study provides customized insights into its internal audit practices and their influence on corporate governance. The research outcomes serve as a tailored roadmap for refining and optimizing internal audit functions within the company. Implementation of the recommendations presents an opportunity for Verify Engineering Limited to elevate its corporate governance performance, further demonstrating its dedication to transparency, accountability, and robust risk management practices.

1.6.4 To Policy Makers:

On a broader scale, the study holds relevance for policy makers involved in shaping governance frameworks for public entities. The insights garnered from this research can inform the development or revision of policies related to internal audit practices in state-owned enterprises. Policymakers can leverage these findings to implement measures that mitigate risks associated with mismanagement of public resources, contributing to improved governance standards in similar organizations.

1.7 Assumptions of the Study

- The internal audit department in Verify Engineering Limited is adequately staffed and resourced.
- Stakeholders within the organization are willing to participate in the research process.
- The data provided by the internal audit department and other stakeholders are accurate and reliable.
- The existing governance structures within Verify Engineering Limited align with established corporate governance principles.

- The government of Zimbabwe is committed to implementing recommendations arising from this research.

1.8 Limitations of the Study

- **Limited Information Accessibility:** The study faced challenges in accessing certain internal documents and processes, potentially limiting its depth. However, the researcher addressed this obstacle by establishing transparent communication channels and negotiating access with relevant authorities.
- **Time Limitations:** The study's timeframe posed constraints on the depth and breadth of data collection and analysis. To address this, the researcher implemented effective time management and prioritized key research activities.
- **Financial Constraints:** Budgetary limitations had the potential to impact the research scope and data collection extent. Nevertheless, the issue was resolved by adopting cost-effective research methodologies and exploring alternative funding sources.
- **Potential Bias:** Respondent biases could introduce inaccuracies into the collected data. To mitigate this concern, the researcher implemented stringent data validation processes and drew from diverse data sources.

1.9. Delimitation of the Study

1.9.1 Scope Delimitation

This research is centered on a detailed exploration of the role played by the internal audit department in shaping the corporate governance performance of public entities, with a specific emphasis on Verify Engineering Limited. While acknowledging the broader landscape of corporate governance in public entities, the inquiry is limited to delving into the internal audit dynamics exclusively within Verify Engineering Limited. It's important to note that the study does not undertake a comprehensive examination of other corporate governance mechanisms or departments existing within the organization.

1.9.2 Geographical Delimitation

The study's geographical scope is restricted to Verify Engineering Limited, with a specific emphasis on its operations in Harare, where both the factory and head office are situated. It does not include a comparative analysis of corporate governance practices across multiple locations or regions for Verify Engineering Limited.

1.9.3 Time Limitation

The study's temporal scope encompasses the period from 2018 to 2022, a deliberate choice to anchor the research in current and relevant data. This timeframe ensures the investigation reflects the most recent state of internal audit practices and corporate governance performance within Verify Engineering Limited. Importantly, the study does not extend beyond this specified period, offering a focused snapshot of the internal audit's impact on corporate governance exclusively during the designated timeframe, thereby providing a comprehensive and up-to-date analysis of the organization's practices.

1.10 Definition of Key Terms

Internal Audit:	The structured and autonomous evaluation of an organization's financial, operational, and governance procedures, undertaken by an internal audit department (modified from Sawyer, 2003).
Corporate Governance:	The system of rules, practices, and processes by which an organization is directed and controlled, encompassing relationships among stakeholders and the goals for which the organization is governed (adapted from OECD, 1999).
State-Owned Company:	A business enterprise where the government holds all or the majority of shares, exerting control over its operations and management.
Government of Zimbabwe:	The governing body responsible for the overall administration of the country and its state-owned entities.
Verify Engineering Limited:	A state-owned company in Zimbabwe, fully owned by the government, engaged in engineering solutions.

1.11 Organization of the Study

The research framework comprises five chapters, each playing a distinct role in the comprehensive exploration of the study's subject. Chapter 1 serves as the introduction, encompassing elements such as background, problem statement, purpose, objectives, research questions, significance, assumptions, limitations, delimitations, and the definitions of key terms. In Chapter 2, an exhaustive review of relevant literature is conducted, delving into internal audit, corporate governance, and their interconnected dynamics. The third chapter delineates the research methodology, elucidating the chosen methods for data collection and analysis. Moving forward, Chapter 4 presents the research findings, offering a detailed insight into the outcomes. The concluding Chapter 5 serves to summarize the conclusions derived from the study and provides recommendations based on the research outcomes, contributing to the broader understanding of internal audit practices and their impact on corporate governance within public entities.

1.12 Chapter Summary

This chapter marks the inception of an in-depth exploration into the pivotal role that the internal audit department plays in shaping the corporate governance performance of public entities, specifically centering on Verify Engineering Limited. It provides a comprehensive overview, addressing crucial aspects such as background, problem statement, research purpose, objectives, guiding questions, significance, assumptions, limitations, delimitations, and definitions of key terms. As the study unfolds, subsequent chapters will engage in a thorough analysis of pertinent literature, expound on the selected methodology for research, present the findings derived from the investigation, and ultimately draw conclusions based on the insights gained. The focus remains on understanding the influence of the internal audit department on corporate governance within the unique context of Verify Engineering Limited.

CHAPTER II

LITERATURE REVIEW

2.0 Introduction

The preceding chapter laid the groundwork for scrutinizing the impact of auditing on corporate governance performance. The current chapter takes a comprehensive approach, conducting an extensive literature review to deepen the research study. It involves meticulous documentation and analysis of both published and unpublished works drawn from secondary data sources, with a specific focus on areas aligned with the research objectives. This review incorporates a thorough analysis of evidence presented by other researchers concerning the efficacy of internal audit in shaping the corporate governance performance of public sector entities. Following the research objectives, the chapter's structure encompasses critical elements such as the conceptual framework, theoretical framework, reviews of empirical studies, identification of research gaps, and concludes with a summary of the chapter's findings.

2.1 Conceptual Framework

The conceptual framework of this study seeks to investigate the fundamental role of the Internal Audit Department (IAD) in influencing the Corporate Governance Performance (CGP) of public entities. Grounded in established theories and supported by empirical evidence, this framework is meticulously designed to offer a holistic comprehension of the interconnections among essential variables. It aims to facilitate a comprehensive exploration of the operational dynamics within the context of the internal audit's impact on corporate governance, providing a robust foundation for analyzing the intricate relationships among key factors in the public sector entities under scrutiny.

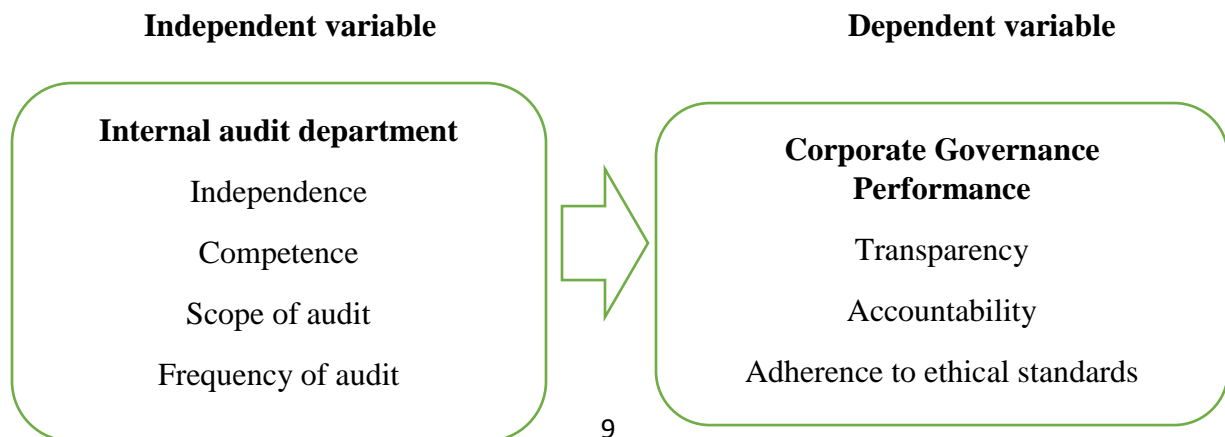


Figure 2.1: Conceptual Framework

The Internal Audit Department plays a pivotal role in corporate governance structures, encompassing critical factors such as the independence of the internal audit function, the competence of internal auditors, and the extent and frequency of audit activities (Pickett, 2018). Its anticipated impact extends to influencing the effectiveness of corporate governance mechanisms in public entities. The outcome variable, Corporate Governance Performance (CGP), serves as a multifaceted indicator of the efficacy of governance structures, including transparency, accountability, and adherence to ethical standards (OECD, 2015).

A heightened level of CGP signifies a robust corporate governance framework. The conceptual framework establishes a direct and influential correlation between the Internal Audit Department and Corporate Governance Performance. It posits that a well-established and independent Internal Audit Department significantly contributes to enhancing the corporate governance performance of public entities, ultimately leading to improved financial management, reduced risk, and increased trust from stakeholders (Pickett, 2018).

2.1.1 Corporate Governance

Corporate governance, according to McNamee & Selim (2020), is a complex framework comprising rules, practices, and processes that govern companies. This intricate system establishes dynamic relationships among various stakeholders, including shareholders, management, the board of directors, regulators, and auditors. Effective corporate governance is paramount in fostering transparency, accountability, and ethical behavior within public entities, particularly in the aftermath of corporate scandals like Enron, WorldCom, and Parmalat (Bozec & Dia, 2017). It serves as a comprehensive guiding framework for organizational structures, processes, and systems, with principles such as transparency, accountability, fairness, and responsibility playing pivotal roles (Corrigan, 2019).

Transparency, as endorsed by the OECD (2018), emphasizes the disclosure of pertinent information to stakeholders, providing accurate and timely insights into the organization's performance. Accountability ensures that individuals within the organization are answerable for their actions and decisions, serving as a deterrent against misconduct or unethical behavior

(Tricker, 2015). Fairness dictates equitable treatment for all shareholders and stakeholders, avoiding favoritism and preserving their rights (OECD, 2018). Responsibility underscores the responsible use of power and decision-making, necessitating the board of directors to take responsibility for the organization's performance and adherence to ethical standards (Tricker, 2015).

Effective corporate governance has multifaceted implications for organizational well-being, aiding in risk management, improving financial performance, fostering stakeholder trust, and ensuring legal and regulatory compliance (Solomon, 2018). However, corporate governance encounters limitations, such as the challenge of a one-size-fits-all approach, susceptibility to human biases, and global variations in practices due to cultural and economic differences (Clarke, 2017).

The internal audit department stands out as a critical component within the corporate governance framework, making substantial contributions to the effective governance of public entities (Solomon, 2018). Through thorough examination and evaluation, it ensures adherence to transparency, accountability, fairness, and responsibility principles, thereby reinforcing corporate governance goals in the public sector (Wang & Shen, 2020). Despite its limitations, corporate governance remains indispensable, shaping ethical practices, risk management, and financial integrity within organizations. Understanding and navigating the nuances of corporate governance are crucial for organizational success in the dynamic business environment (Bozec & Dia, 2017).

Corporate governance serves as a vital framework, guiding the conduct of organizations and facilitating relationships among diverse stakeholders (OECD, 2018). Its principles, encompassing transparency, accountability, fairness, and responsibility, play instrumental roles in fostering ethical practices and ensuring the effective functioning of public entities (Solomon, 2018). The internal audit department, as an integral component of corporate governance, plays a key role in upholding these principles and contributing to the overall success and integrity of organizations. Despite challenges and limitations, the importance of corporate governance cannot be overstated, particularly in maintaining public trust and navigating the complexities of the modern business landscape (Corrigan, 2019).

2.1.2 Internal Audit Department

The internal audit department assumes a crucial position within the corporate governance framework, tasked with the independent evaluation and fortification of an organization's internal controls and risk management practices, as highlighted by KPMG (2018). This pivotal function extends to guaranteeing unwavering compliance with diverse regulations, laws, and internal policies, showcasing the department's commitment to upholding the highest standards of corporate conduct. The internal audit function's scope is expansive, involving not only a meticulous examination of financial statements and accounting records but also a thorough scrutiny of adherence to top management policies and compliance with governmental regulations and relevant professional standards, as emphasized by Dogo (2019).

Defined by The Institute of Internal Auditors (IIA, 2018) as a multifaceted endeavor encompassing both assurance and consulting activities, internal audit plays an integral role in assessing and fortifying the effectiveness of risk management processes, internal control mechanisms, and the broader landscape of corporate governance. Essentially, the internal audit department emerges as a linchpin in ensuring adherence to principles that delineate effective corporate governance – accountability, transparency, and ethical conduct (KPMG, 2018). Through its diligent efforts, the internal audit department significantly contributes to fostering a culture of integrity and responsible business practices within the organization, thereby reinforcing its overall governance structure (Dogo, 2019).

In essence, the internal audit department serves as a guardian of corporate integrity and governance, playing a pivotal role in shaping a robust and ethically sound organizational culture. Its multifaceted responsibilities not only encompass financial oversight but also extend to reinforcing adherence to principles that underpin effective corporate governance, making it an indispensable component in the contemporary business landscape (Solomon, 2018).

2.1.3 Internal Audit Function

2.1.3.1 Assurance Services

The internal audit function, categorized as an assurance service, assumes a pivotal role in influencing the corporate governance performance of public entities (McNamee and Selim, 2020). The core objective of the internal audit department is to independently assess and enhance an

organization's internal controls and risk management processes, emphasizing its significance in ensuring transparency, accountability, and ethical conduct within public entities (Solomon, 2018).

Operational within the established corporate governance framework, the internal audit department aligns its activities with overarching objectives such as transparency, accountability, fairness, and responsibility (Solomon, 2018). Through meticulous examination and assessment, internal auditors offer assurance that these principles are maintained, reinforcing the organization's dedication to ethical practices and effective governance.

The role of the internal audit function extends beyond routine financial audits, encompassing a comprehensive evaluation of the risk management process, internal control mechanisms, and adherence to ethical standards, as delineated by the Institute of Internal Auditors (IIA, 2018). Significantly contributing to risk management, internal auditors identify and mitigate risks, ensuring sustainable growth, and safeguarding the interests of stakeholders (Solomon, 2018). Going beyond traditional financial audits, the internal audit department provides a holistic assessment of risk management, internal controls, and adherence to ethical standards (Kibet, 2018).

The internal audit function, as an assurance service, is instrumental in shaping the corporate governance performance of public entities. Its diverse responsibilities, ranging from financial oversight to comprehensive risk management evaluation, position it as a key driver in fostering transparency, accountability, and ethical conduct within the organizational landscape (IIA, 2018).

2.1.3.2 Advisory Services

The role of the internal audit function extends far beyond its traditional assurance services, taking on a broader dimension by providing invaluable advisory services that significantly contribute to the corporate governance performance of public entities (Ellis, 2018). In its advisory capacity, the internal audit department proactively identifies and addresses governance challenges, collaborating with management to offer strategic advice on governance structures, processes, and risk management strategies (IIA, 2018). Their involvement in evaluating and enhancing the effectiveness of the risk management process is particularly crucial, aligning seamlessly with the overarching goals of corporate governance. This proactive approach ensures that organizations are

well-prepared to navigate potential risks and uncertainties in an ever-evolving business landscape (Solomon, 2018).

Within the realm of corporate governance, internal auditors, in their advisory role, play a vital part in establishing and reinforcing governance principles (O’Leary & Stewart, 2017). Their contribution goes beyond mere recommendations; they actively guide the board of directors and senior management in making responsible decisions and cultivating ethical conduct within the organization. This alignment with the principles of accountability and responsibility, as emphasized by Tricker (2015), strengthens the ethical foundation of corporate governance. Through their advisory services, internal auditors become strategic partners, working in tandem with organizational leadership to enhance the overall governance performance of public entities.

In essence, the expanded role of the internal audit function in advisory services signifies a paradigm shift from a compliance-oriented approach to a proactive and strategic partnership (Wang, & Shen, 2020). By actively contributing to governance structures, risk management, and ethical decision-making, internal auditors become instrumental in fortifying the foundations of corporate governance within public entities (O’Leary & Stewart, 2017). This transformative role not only ensures compliance with established principles but also fosters a culture of continuous improvement and resilience in the face of governance challenges. As organizations navigate an increasingly complex and dynamic environment, the advisory services provided by internal auditors emerge as a cornerstone in achieving robust and effective corporate governance practices (Ellis, 2018).

2.1.3.3 Compliance and Consulting

Within the domain of corporate governance performance in public entities, the internal audit function assumes a dual role, encompassing both compliance and consulting dimensions (Monday & Aladeraji, 2019). This multifaceted engagement of internal auditors is instrumental in shaping the effectiveness and integrity of governance practices within these entities. From a compliance perspective, internal auditors serve as vigilant guardians, ensuring strict adherence to relevant laws, regulations, and internal policies (IIA, 2018). Through thorough assessments and audits, they provide a robust assurance mechanism, certifying that public entities operate within legal and regulatory frameworks (KPMG, 2019).

This commitment to compliance not only mitigates the risk of legal issues but also reinforces ethical conduct, aligning with the core principles of corporate governance such as accountability and transparency (Tricker, 2015). By establishing and maintaining adherence to compliance standards, internal auditors contribute significantly to the foundation of effective corporate governance. Simultaneously, the internal audit function operates as a consulting arm, offering strategic guidance to enhance overall governance practices (Gramling and Myers, 2018). Collaborating closely with management, internal auditors provide insights into the development and improvement of governance structures, processes, and risk management strategies (IIA, 2018).

This consulting role signifies a proactive approach, where internal auditors actively contribute to the continuous improvement of governance frameworks within public entities (Price Water Coppers, 2020). Their involvement in shaping and refining governance practices reinforces their position as trusted advisors, aligning their efforts with the principles of accountability and responsibility inherent in corporate governance (Tricker, 2015). The internal audit function, with its compliance and consulting dimensions, is a linchpin in the corporate governance performance of public entities. By ensuring compliance with established standards and offering strategic guidance for improvement, internal auditors substantively contribute to the ethical conduct, transparency, and accountability that underpin effective governance (Monday & Aladeraji, 2019).

2.1.4 Internal Control

Internal controls represent a foundational element in shaping the corporate governance performance of public entities, exerting a pivotal influence on various facets of organizational functioning. As a fundamental mechanism, internal controls contribute significantly to upholding the accuracy of financial information, safeguarding assets, ensuring legal compliance, and promoting operational efficiency. At the heart of overseeing these controls is the central coordinating role of the internal audit department, which assumes responsibility for ensuring their effectiveness (Ali, 2018).

The framework of internal controls encompasses a range of policies, procedures, and mechanisms meticulously designed to offer reasonable assurance regarding an organization's objectives. These objectives span critical areas such as operational efficiency, financial reporting, and compliance with laws and regulations (COSO, 2018). The internal audit department, operating within its research role, plays a central role in the design, implementation, and monitoring of internal

controls, ensuring their effectiveness in mitigating risks and enhancing governance performance. This involvement proves instrumental in preventing fraud, errors, and mismanagement, thereby reinforcing accountability within public entities (Haque, 2020).

One of the paramount dimensions where internal controls make a substantial contribution is the accuracy of financial reporting. Reliable financial reporting serves as a bedrock for effective corporate governance, and well-designed controls provide assurance that financial statements are free from material misstatements. Internal auditors, through meticulous assessment and testing of internal controls, play a crucial role in enhancing the overall reliability and credibility of financial reporting in public entities (IIA, 2018).

Operational efficiency stands as another critical area where internal controls exert significant influence. By establishing standardized procedures and workflows, these controls contribute to public entities achieving their objectives in a structured and efficient manner (Herrera-Cano and Gonzalez-Preza, 2019). Internal auditors, through continuous evaluation, identify areas for improvement and optimization, thereby enhancing the efficiency of organizational processes (KPMG, 2019). This aligns seamlessly with the broader goals of corporate governance, emphasizing the need for effective and efficient operations to achieve sustainable growth (Solomon, 2018).

Compliance with laws and regulations represents a crucial aspect where internal controls, under the oversight of the internal audit department, play a pivotal role (Richards, 2020). Public entities operate in a complex regulatory environment, subject to numerous legal and regulatory requirements. Effective internal controls ensure that these entities operate within the boundaries of the law. Internal auditors, through compliance audits and assessments, provide assurance that public entities adhere to relevant statutes and regulations, reducing the risk of legal issues and promoting ethical conduct (Tricker, 2015).

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) provides a comprehensive framework for internal control, emphasizing its role in achieving organizational objectives and contributing to reliable financial reporting (COSO, 2018). This framework serves as a valuable reference for internal auditors, guiding them in assessing and enhancing internal controls within public entities.

The paramount role of internal controls in the corporate governance performance of public entities cannot be overstated. These controls, overseen by the internal audit department, contribute significantly to financial reporting accuracy, operational efficiency, and legal compliance—fundamental elements of effective corporate governance (Haque, 2020). The continuous evaluation and improvement of internal controls by the internal audit function ensure that public entities operate with integrity, transparency, and accountability, particularly as they navigate the complexities of a dynamic regulatory landscape (KPMG, 2019).

The synergy between internal controls and the internal audit department forms the backbone of effective corporate governance in public entities. As organizations strive for transparency, accountability, and ethical conduct, the role of internal controls, guided by internal auditors, becomes indispensable in fostering the principles and practices that define good governance (Li, & Sun, 2019).

The multifaceted role of internal controls, intertwined with the oversight and expertise of the internal audit department, creates a robust governance framework for public entities. This framework not only addresses core financial aspects but also extends to operational efficiency, legal compliance, and ethical conduct. As organizations navigate an ever-evolving landscape, the strategic integration of internal controls and internal audit practices remains paramount for upholding the principles of transparency, accountability, and ethical governance (KPMG, 2019).

2.1.5 The Role of Internal Audit in Good Corporate Governance

The internal audit department emerges as a linchpin in shaping and maintaining robust corporate governance within public entities, wielding a crucial and influential role according to Zaharia, Lazar, and Tilea (2020). Operating as guardians of organizational integrity, internal auditors assume the responsibility of ensuring that public entities steadfastly adhere to established principles and practices. Among the core principles championed by internal auditors is transparency, a foundational tenet in corporate governance that underscores the importance of disclosing pertinent information to stakeholders (OECD, 2018).

Through meticulous examination and evaluation, internal auditors play a pivotal role in guaranteeing stakeholders' access to accurate and timely information about the organization's performance and decision-making processes (Smith et al., 2017). This commitment to

transparency is integral to fostering trust and confidence among stakeholders, creating a foundation for effective governance within public entities.

Another core principle embedded in the role of internal auditors is accountability, aligning with Tricker's (2015) assertion that accountability is fundamental to corporate governance. Internal auditors establish mechanisms that ensure individuals within the organization are answerable for their actions and decisions. Through audits and assessments, they actively contribute to fostering responsible conduct within public entities, serving as a deterrent against misconduct or unethical behavior. This dedication to accountability reinforces a culture of responsibility within the organization, a key pillar of good corporate governance.

Ethical behavior, a cornerstone of effective corporate governance, is diligently upheld by internal auditors (Smith et al., 2017). Their involvement ensures that the board of directors and senior management take responsibility for the organization's performance and adherence to ethical standards, as emphasized by Tricker (2015). Acting as ethical watchdogs, internal auditors identify and address any deviations from established ethical norms, safeguarding the organization's reputation and integrity.

Risk management, an integral aspect of good corporate governance, receives substantial contributions from internal auditors. Effective risk management aids organizations in identifying and mitigating risks, ensuring sustainable growth, and safeguarding the interests of stakeholders (Solomon, 2018). Through risk assessments and evaluations, internal auditors provide valuable insights into potential risks and help develop strategies to manage and mitigate them. This proactive approach to risk management aligns with the principles of good governance, fostering an environment of stability and resilience within public entities.

Financial performance, a critical dimension of organizational success, is significantly influenced by the role of internal audit in good corporate governance. Effective corporate governance contributes to improved financial performance by enhancing operational efficiency and inspiring investor confidence (Tricker, 2015). Internal auditors, through the assessment and testing of internal controls, contribute to the overall reliability and credibility of financial reporting in public entities. This, in turn, builds trust among investors and stakeholders, contributing to the organization's financial health (Davies, Howard, & Zhivitskaya, 2018).

The internal audit function, positioned as a critical element within corporate governance, operates within a comprehensive framework to contribute significantly to the effective governance of public entities (Solomon, 2018). Through their activities, internal auditors align themselves with the principles of transparency, accountability, fairness, and responsibility, reinforcing the overarching goals of corporate governance within the public sector. The role of the internal audit department in good corporate governance within public entities is extensive and impactful.

Internal auditors contribute to transparency, accountability, and ethical behavior, ensuring adherence to principles that define good governance (Li, & Sun, 2019). Their involvement in risk management and financial performance further cements their significance in shaping the overall governance performance of public entities, as explored in the research topic. Through continuous evaluation and improvement, internal auditors play a crucial role in fortifying the principles and practices that contribute to the effective and ethical governance of public entities (Wang, & Shen, 2020).

The multifaceted role of internal auditors within the corporate governance framework of public entities extends far beyond conventional financial audits. As custodians of organizational integrity, internal auditors actively champion transparency, accountability, and ethical behavior. Their contributions to risk management and financial performance are pivotal in steering public entities toward sustainable growth and resilience (Smith et al., 2017). The dedication of internal auditors to upholding the principles of good corporate governance ensures that public entities operate with integrity, transparency, and accountability, fostering trust among stakeholders and contributing to their overall success (Zaharia, Lazar, and Tilea, 2020).

2.2 Theoretical Framework

To comprehend the significance of the internal audit department and internal control in the corporate governance performance of public entities, an exploration of pertinent theoretical frameworks becomes essential. Among the widely employed theories in this context are the Agency Theory, delving into the relationship between principals (shareholders) and agents (management), and the Stakeholder Theory, centering on the interests and interactions of diverse stakeholders. These theories offer valuable insights for elucidating the dynamics and influence of internal audit and control mechanisms within the corporate governance framework. Through the

lens of these theories, the intricate web of relationships and responsibilities within public entities becomes more comprehensible.

2.2.1 Agency Theory

The Agency Theory, developed by Jensen and Meckling (1976), provides a theoretical framework to elucidate the intricate dynamics inherent in the principal-agent relationship, particularly within public entities and corporate governance structures. This theory delves into the inherent conflicts of interest and information asymmetry that arise between principals (owners or shareholders) and agents (management or internal auditors). In the context of corporate governance, particularly within public entities, the Agency Theory sheds light on the nuanced roles and responsibilities of internal auditors as agents entrusted with safeguarding the interests of principals, namely shareholders and the public (Mallin, 2019).

Internal auditors, operating as agents, assume the crucial responsibility of ensuring that the organization operates in the best interest of its stakeholders, aligning their actions with the principles of good corporate governance (Tricker, 2015). The Agency Theory underscores the need for mechanisms that address the agency problems arising from the separation of ownership and control within public entities. In this context, the internal audit department emerges as a pivotal intermediary, facilitating transparency, accountability, and ethical behavior within the organization.

A fundamental aspect illuminated by the Agency Theory is the information asymmetry existing between principals and agents. Principals rely on agents to manage the day-to-day affairs of the organization, yet agents possess more detailed information about the organization's operations (Mallin, 2019). Internal auditors, in their role as agents, bridge this information gap by providing assurance and conducting independent evaluations. Activities such as auditing financial statements, assessing internal controls, and evaluating risk management contribute to reducing information asymmetry, ensuring that principals have access to accurate and reliable information (Jensen & Meckling, 1976).

Moreover, the Agency Theory underscores the significance of aligning the interests of agents with those of principals. Internal auditors, as agents, are expected to act in the best interest of shareholders and the public. This involves not only ensuring compliance with laws and regulations

but also promoting ethical conduct and responsible decision-making (Tricker, 2015). By upholding the principles of good corporate governance, internal auditors contribute to aligning their interests with those of the shareholders, thereby mitigating the risk of agency problems.

Within the framework of the Agency Theory, the internal audit department functions as a control mechanism to monitor and evaluate the actions of agents (management) on behalf of principals (shareholders). This monitoring function is critical in preventing opportunistic behavior by agents that may be detrimental to the interests of principals (Berle & Means, 2019). Through internal audits, the department assesses the effectiveness of internal controls, risk management practices, and adherence to ethical standards, providing an additional layer of assurance to principals (Jensen & Meckling, 1976).

Applying the Agency Theory to the research topic emphasizes the complex relationships within public entities and underscores the pivotal role of the internal audit department in navigating the challenges arising from agency problems (Spanos, 2020). Internal auditors serve as intermediaries, addressing information asymmetry, aligning interests, and acting as control mechanisms to enhance corporate governance performance. Understanding the Agency Theory provides valuable insights into the dynamics of these relationships, emphasizing the critical role of internal audit in promoting transparency, accountability, and ethical behavior within public entities (Berle & Means, 2019).

The Agency Theory serves as a robust framework for comprehending the intricacies of the principal-agent relationship within the corporate governance structure of public entities. It illuminates the challenges posed by information asymmetry and the imperative of aligning interests to mitigate agency problems (Spanos, 2020). The role of the internal audit department emerges as central in addressing these challenges, acting as a vital control mechanism to ensure the effective functioning of corporate governance. Through their activities, internal auditors contribute significantly to transparency, accountability, and ethical behavior, reinforcing the principles that define good governance within the public sector (Tricker, 2015).

2.2.2 Stakeholder Theory

The Stakeholder Theory, pioneered by Freeman (1984), offers a comprehensive perspective that focuses on the interests and relationships among diverse stakeholders engaged in the governance

structure of public entities. Unlike traditional theories that primarily emphasize the accountability of organizations to shareholders, the Stakeholder Theory posits that organizations are answerable to a broader spectrum of stakeholders, including employees, customers, suppliers, and the wider community. In the realm of public entities and corporate governance, the application of the Stakeholder Theory underscores the intricate nature of governance responsibilities and underscores the integral role played by the internal audit department in addressing the interests of these varied stakeholders (Coleman, 2018).

Within the framework of the Stakeholder Theory, internal auditors assume a pivotal role as key contributors to governance performance by recognizing, acknowledging, and balancing the needs and expectations of the multitude of stakeholders. The theory posits that the internal audit department should broaden its focus beyond safeguarding the interests of shareholders and consider the broader impact of its activities on other stakeholders (Freeman, 1984).

Transparency and effective communication take center stage, as emphasized by the Stakeholder Theory. Internal auditors, positioned strategically within the organization, play a vital role in enhancing transparency within public entities by furnishing stakeholders with accurate and timely information about the organization's performance and governance processes (Freeman, 1984). Through regular audits and assessments, the internal audit department ensures that stakeholders have access to relevant information, fostering trust and accountability in the governance structure.

Moreover, the Stakeholder Theory underscores the significance of ethical conduct and responsible decision-making in corporate governance. Internal auditors, as agents responsible for organizational oversight, play a crucial role in promoting ethical behavior within public entities. This involves not only ensuring compliance with laws and regulations but also addressing the ethical implications of business decisions (Freeman, 1984). By upholding ethical standards, internal auditors contribute to the satisfaction of various stakeholders, including employees, customers, and the broader community (Coleman, 2018).

In the Stakeholder Theory framework, the internal audit department is not solely viewed as a control mechanism for shareholders but as a proactive entity that engages with and considers the interests of all stakeholders. This proactive engagement includes assessing the impact of the organization's activities on the community, the environment, and the well-being of employees. Internal auditors, through their evaluations, contribute to ensuring that the organization operates

ethically and responsibly, aligning with the principles of good corporate governance (Freeman, 1984).

Furthermore, the Stakeholder Theory places emphasis on the importance of cultivating long-term relationships with stakeholders (Sternberg, 2016). Internal auditors, by fostering transparency, accountability, and ethical conduct, contribute to building and maintaining trust among stakeholders. This trust forms the foundation for long-term relationships, loyalty, and support from stakeholders, including investors, employees, and customers (Freeman, 1984). The internal audit department's activities, aligned with the Stakeholder Theory, contribute to the organizations overall reputation and sustainability.

The Stakeholder Theory provides a robust and holistic framework for understanding the role of the internal audit department in corporate governance performance within public entities (Coleman, 2018). Internal auditors, guided by this theory, recognize the diverse interests of stakeholders and contribute to governance practices that extend beyond the interests of shareholders alone (McDonald and Puxty 2014). By promoting transparency, ethical conduct, and long-term relationships, the internal audit department becomes a crucial element in ensuring that public entities fulfill their responsibilities to a broad range of stakeholders (Sternberg, 2016).

The Stakeholder Theory serves as a beacon for internal auditors in navigating the complex landscape of corporate governance within public entities. It not only broadens their perspective beyond shareholder interests but also underscores the multifaceted nature of their responsibilities. The theory guides internal auditors in fostering transparency, ethical behavior, and sustained relationships, thereby contributing significantly to the overall governance performance of public entities (Coleman, 2018).

2.3 Empirical Literature Review

The interplay between internal audit activities and corporate governance has been a focal point of numerous investigations in recent years, each contributing valuable insights into the dynamics of this relationship. Researchers such as Smith et al. (2017) and Wang & Shen (2020) have consistently reported a positive correlation between a well-functioning internal audit department and elevated corporate governance practices. This correlation, specifically observed in

improvements in transparency and accountability, underscores the crucial role played by internal audit in shaping corporate governance landscapes.

Hermanson and Rittenberg (2018) assert that the presence of an effective internal audit function goes beyond enhancing governance; it also leads to superior organizational performance. This sentiment resonates with Prasad and Rao (2019), who emphasize the role of internal auditors as watchdogs, preventing malpractices and irregularities, and ensuring high levels of productivity and profitability. The interconnectedness between effective internal audit and organizational success suggests a symbiotic relationship that extends beyond mere governance functions.

Peursem's (2019) illuminating New Zealand study delves into the considerable influence that internal auditors can exert over management, with a specific emphasis on those possessing significant experience in public practice and membership in accountancy professional bodies. This influence serves as a testament to the pivotal role internal auditors play in organizational dynamics. Moreover, it underscores the imperative for internal auditors to cultivate a diverse skill set and maintain active professional affiliations to effectively discharge their responsibilities.

Contrary to reservations expressed by Gramling (2016) about the efficacy of internal auditors, Peursem's subsequent study in New Zealand accentuates the indispensable role of external professional status. The recognition of external professional standing enhances the credibility of internal auditors, reinforcing their ability to objectively balance their roles within the organizational framework. Additionally, Peursem's findings underscore the significance of both formal and informal communication networks for internal auditors. These networks serve as conduits for information flow and collaboration, enabling auditors to navigate their roles with a nuanced understanding of organizational dynamics. In essence, Peursem's research highlights the intricate web of factors contributing to the effective functioning of internal auditors, emphasizing the need for a multifaceted approach to skill development and professional engagement in the realm of internal audit.

Makoju's (2016) examination of bureaucratic challenges within government institutions draws attention to the systemic issues affecting the performance of state corporations. The study highlights concerns regarding the inadequacies that plague these organizations, shedding light on the complex hurdles they face in achieving optimal performance. In particular, Makoju identifies bureaucratic challenges as significant obstacles, suggesting that these challenges hinder the

effective functioning of state corporations. The implications extend beyond mere inefficiencies, impacting the overall performance and service delivery of these institutions.

Building on Makoju's insights, Dogo (2019) delves into the accounting systems of public institutions in Kenya, revealing a critical issue—the mere existence of accounting systems does not guarantee the maintenance of proper and up-to-date financial records. This revelation underscores the importance of not only establishing accounting systems but also ensuring their effective implementation and maintenance. The study recognizes the need for comprehensive accounting controls to address deficiencies in financial record-keeping and enhance overall financial performance in public institutions. By emphasizing the significance of robust accounting practices, Dogo's work contributes to the broader discourse on governance and accountability in the public sector.

Shifting focus to the ethical dimensions of internal audit, O'Leary and Stewart (2017) navigate the intricate terrain of ethical decision-making within internal audit functions and its impact on corporate governance. Their exploration reveals the multifaceted influence of factors such as audit committee support, management truthfulness, external auditor characteristics, and organizational code of conduct on the ethical choices made by internal auditors. This nuanced examination underscores the need for a robust ethical framework within internal audit functions, reinforcing the integrity of corporate governance processes.

The findings suggest that ethical decision-making by internal auditors is influenced by a combination of external and internal factors, including the support and oversight provided by audit committees, the honesty of management, the characteristics of external auditors, and the organizational code of conduct. Establishing and maintaining a strong ethical foundation within the internal audit function is paramount for upholding the principles of transparency, accountability, and integrity in corporate governance.

Makoju and Dogo's research sheds light on challenges within government institutions, emphasizing the need for comprehensive solutions to address bureaucratic hurdles and deficiencies in accounting practices. O'Leary and Stewart's exploration of the ethical dimensions of internal audit underscores the critical importance of a robust ethical framework in ensuring the integrity of corporate governance processes. Together, these studies contribute to a more comprehensive

understanding of the multifaceted challenges and ethical considerations inherent in the public sector and internal audit practices.

Spira and Page's (2018) innovative exploration of changes in internal control within the UK corporate governance arena introduces a distinctive sociological perspective, enriching the understanding of how corporate governance reporting requirements influence risk management and internal audit practices. By adopting a sociological lens, the study goes beyond traditional frameworks, delving into the intricate web of social dynamics that shape the evolution of risk management strategies and internal audit responses.

This approach recognizes that corporate governance is not solely a technical or procedural matter but is deeply intertwined with social structures, relationships, and organizational culture. Spira and Page's work highlights the interconnectedness of societal influences and corporate governance, providing a nuanced perspective on how reporting requirements impact the behavior of organizations, their risk management practices, and the adaptability of internal audit functions. This sociological lens contributes to a more holistic comprehension of the complexities involved in navigating the dynamic landscape of corporate governance within the UK context.

Keitany's (2020) study delves into the profound implications of the internal audit control function on the risk assessment conducted by external auditors, shedding light on the collaborative nature of these audit functions. Emphasizing the significance of maintaining a robust internal audit function as a management tool, the research underscores the pivotal role internal audit plays in facilitating comprehensive risk assessment and management.

The collaboration between internal and external audit functions is crucial for ensuring the effectiveness of risk management processes. Internal auditors, embedded within the organization, possess a unique understanding of its operations, systems, and inherent risks. External auditors, on the other hand, bring an independent perspective and assurance to the evaluation process. Keitany's study underscores that a well-functioning internal audit function not only aids in identifying and mitigating risks but also enhances the overall efficiency and reliability of external audit assessments.

Shifting focus to Kibet's (2018) exploration of the role of internal audit in state-owned enterprises (SOEs), the study provides valuable insights into the promotion of good corporate governance

within the public sector. The findings emphasize that the internal audit function plays a significant role in enhancing corporate governance practices in diverse organizational structures, particularly within the unique context of state-owned enterprises.

In state-owned enterprises, where governance mechanisms may face distinct challenges, the internal audit function serves as a linchpin for accountability, transparency, and effective risk management. Kibet's work highlights the adaptability of internal audit practices, showcasing their relevance in promoting good governance not only in private enterprises but also in public entities with specific organizational structures and regulatory frameworks.

Both Keitany's and Kibet's studies underscore the pivotal role of internal audit in different aspects of organizational governance. Keitany emphasizes the collaborative nature of internal and external audit functions in comprehensive risk assessment, while Kibet underscores the specific relevance of internal audit in promoting good corporate governance within state-owned enterprises. Together, these studies contribute to the growing body of knowledge on the multifaceted roles of internal audit in organizational governance, emphasizing its importance as a strategic management tool in diverse settings.

Krishnan and Visvanathan's (2015) meticulous focus on the role of audit committees and auditors in reporting internal control deficiencies post the Sarbanes-Oxley Act (SOX) offers valuable insights into the changing dynamics of corporate governance. In the aftermath of SOX, a landmark piece of legislation enacted to enhance financial transparency and accountability, their research brings attention to the critical interplay between governance characteristics and the reporting of internal control weaknesses.

The findings underscore the significance of governance structures in shaping the disclosure and management of internal control deficiencies. With the heightened scrutiny brought about by SOX, audit committees and auditors play pivotal roles in ensuring that organizations comply with regulatory standards and effectively communicate internal control weaknesses. This research sheds light on the evolving landscape of corporate governance, demonstrating how regulatory changes can impact the roles and responsibilities of key governance entities.

The study by Krishnan and Visvanathan contributes to the ongoing dialogue on the effectiveness of corporate governance mechanisms, providing stakeholders with valuable insights into the

intricate relationships between audit committees, auditors, and the reporting of internal control deficiencies in the post-SOX era. As organizations continue to navigate regulatory landscapes, understanding the nuanced dynamics revealed by this research becomes increasingly crucial for fostering transparency and accountability in corporate governance.

Zhang, Zhou, and Zhou's (2016) investigation into the relation between audit committee quality, auditor independence, and the disclosure of internal control weaknesses post-Sarbanes-Oxley Act (SOX) presents a crucial perspective on corporate governance dynamics. Their findings reveal a compelling correlation, indicating that firms characterized by less financial expertise within their audit committees and a higher degree of auditor independence are more prone to the identification of internal control weaknesses.

This research underscores the critical role played by audit committee composition and auditor independence in shaping the effectiveness of internal control systems. The emphasis on financial expertise within audit committees highlights the importance of having members with a comprehensive understanding of financial intricacies, ensuring a more informed and rigorous oversight of internal controls. Additionally, the association with independent auditors suggests that external scrutiny contributes to the identification and disclosure of internal control weaknesses, reflecting the importance of unbiased evaluations in maintaining transparency and regulatory compliance.

As organizations grapple with the aftermath of regulatory changes like SOX, Zhang, Zhou, and Zhou's findings provide valuable insights into the factors influencing the disclosure of internal control weaknesses. This knowledge is instrumental for corporate stakeholders, regulators, and governance practitioners striving to enhance the robustness of internal control systems and fortify corporate governance practices in the post-SOX landscape.

The studies conducted by Chen et al. (2018) and Li & Sun (2019) make significant contributions to the discourse on the intricate relationship between internal control systems and corporate governance performance, particularly within public entities. Their collective findings substantiate the notion that robust internal controls play a pivotal role in promoting more effective corporate governance, thereby reducing the likelihood of financial misconduct and enhancing overall organizational performance.

The research conducted by Chen et al. emphasizes the interconnectedness of internal control systems and corporate governance outcomes. By establishing a positive link between the strength of internal controls and the performance of corporate governance mechanisms, the study underscores the crucial role played by internal audit functions as a linchpin within the broader framework of governance. This connection is particularly relevant for public entities, where accountability, transparency, and ethical conduct are paramount.

Li & Sun's study further reinforces the importance of internal control systems in shaping corporate governance performance. Their findings likely highlight the multifaceted benefits of robust internal controls, including the prevention of financial irregularities and the creation of an environment conducive to sustainable organizational success. The research by both Chen et al. and Li & Sun collectively emphasizes the pivotal role of internal audit functions in fortifying the foundation of corporate governance, thereby contributing to organizational resilience and integrity, especially in the public sector where accountability is of paramount importance.

The studies conducted by Chen et al. and Li & Sun provide empirical support to the proposition that strong internal control systems are integral to effective corporate governance in public entities. Recognizing the symbiotic relationship between internal audit functions and governance mechanisms is essential for organizations and policymakers seeking to enhance transparency, accountability, and overall governance performance. These insights are invaluable in shaping strategies to fortify internal controls, thereby fostering more robust and ethically sound corporate governance practices in the public sector.

The myriad studies exploring the connection between internal audit activities and corporate governance paint a comprehensive picture of the multifaceted impact of internal audit functions on organizational dynamics. From enhancing transparency and accountability to influencing organizational performance and managing ethical dilemmas, internal audit emerges as a critical element in the corporate governance landscape. The diverse range of studies examined in this synthesis collectively underscores the need for organizations to prioritize and optimize their internal audit functions to ensure not only regulatory compliance but also sustained success and ethical integrity. As the field continues to evolve, further research and practical applications are essential to refine our understanding of the intricate interplay between internal audit and corporate governance in diverse organizational contexts (Li & Sun, 2019).

2.4 Research Gap

While the current body of literature offers valuable insights into the interplay between internal audit, internal control, and corporate governance, notable gaps persist. Many studies have predominantly focused on private corporations, creating a void in research specific to public entities, as exemplified by Keitany's work in 2020. Public entities encounter distinct challenges, and their corporate governance mechanisms may exhibit variations. Moreover, the existing literature lacks adequate exploration of contextual factors, such as legal frameworks, cultural nuances, and regulatory environments, and their impact on the efficacy of internal audit and internal control within corporate governance structures. A critical deficiency lies in the absence of research that delves into the mechanisms through which internal audit and internal control influence corporate governance performance. Unraveling these mechanisms is essential to offer more actionable insights for practitioners and policymakers, facilitating a deeper understanding of how these components function within the unique contexts of different organizations and sectors.

2.5 Chapter Summary

This chapter has meticulously delved into the existing literature concerning the involvement of the internal audit department and internal control in enhancing the corporate governance performance of public entities. It commenced the discourse with a comprehensive conceptual framework, offering elucidation on pivotal terms and concepts. Additionally, it introduced a theoretical framework that seamlessly integrates both the agency theory and stakeholder theory, providing a holistic perspective on the subject. The empirical review not only succinctly synthesized prevailing insights in this domain but also conscientiously underscored research gaps, thereby serving as a roadmap for our own investigative journey. By establishing a robust knowledge foundation and delineating avenues for further exploration, this chapter lays the foundation for a more profound inquiry into the intricate dynamics of internal audit, internal control, and corporate governance within the sphere of public entities.

CHAPTER III

RESEARCH METHODOLOGY

3.0 Introduction

The preceding chapter meticulously scrutinized the conceptual framework, theoretical foundations, and empirical literature, adeptly identifying significant research gaps. Drawing from the insights gleaned in Chapter 2's literature review, this section articulates the research methodology employed to investigate the influence of the internal audit department on the corporate governance performance of public entities, with a specific lens on Verify Engineering Limited. The chapter commences by elucidating the research philosophy guiding the study, followed by a comprehensive exploration of the research design, approach, and strategy. Furthermore, it offers detailed insights into elements such as population and sample size determination, sampling techniques, data sources, data collection procedures, and the analytical methods applied. Ethical considerations are also diligently addressed to safeguard the research process's integrity.

3.1 Research Philosophy

The chosen research philosophy for this study is positivism, a perspective characterized by its commitment to the objective and empirical exploration of phenomena, as delineated by Saunders et al. (2018). This philosophical stance harmonizes seamlessly with the quantitative nature of the research, facilitating the measurement and analysis of variables aimed at investigating the intricate relationships between the Internal Audit Department (IAD) and Corporate Governance Performance (CGP) within public entities. According to Creswell (2014), positivism is particularly well-suited for research endeavors seeking to unveil relationships and patterns through systematic observation and measurement. In the context of this study, positivism serves as a robust and structured framework, guiding the collection and analysis of quantitative data to discern the nuanced impact of the Internal Audit Department on Corporate Governance Performance.

3.2 Research Design

The research design employed in this study is a cross-sectional design, which involves the collection of data at a specific point in time to explore relationships between variables during that particular moment (Sekaran & Bougie, 2016). To ensure a thorough investigation of the topic, a

mixed-method research design was chosen. This approach is well-suited for examining the present state of the Internal Audit Department and its impact on Corporate Governance Performance in public entities. According to Sekaran and Bougie (2016), cross-sectional designs are especially effective in analyzing relationships between variables within a defined timeframe. In the context of this study, the selected design facilitates a snapshot analysis, providing a momentary yet insightful examination of the relationship between the Internal Audit Department and Corporate Governance Performance within a specified period. This approach enhances the study's capacity to capture the intricate dynamics of the dynamic interplay between these crucial components in the context of public entities.

3.3 Research Approach

The research approach adopted in this study is deductive, representing a methodological choice where the research initiates with a theoretical foundation and progresses toward data collection and analysis to either test or validate the theory (Bryman, 2016). In this instance, the inquiry begins with the theoretical framework proposing a positive correlation between the Internal Audit Department and Corporate Governance Performance. Bryman (2016) advocates for the deductive approach, emphasizing its appropriateness when the researcher intends to scrutinize existing theories or hypotheses. As the study is grounded in a conceptual framework containing specific hypotheses, the deductive approach is well-suited for systematically examining the relationships outlined in the existing literature. This approach ensures a structured and hypothesis-driven exploration, facilitating a rigorous investigation into the proposed connections between the Internal Audit Department and Corporate Governance Performance within public entities.

3.4 Research Strategy (Case Study)

The research employs a case study strategy to conduct an in-depth examination of the influence of the internal audit department on corporate governance performance at Verify Engineering Limited. This strategic choice allows for a thorough exploration of the organization's specific practices, challenges, and outcomes, providing valuable insights into the nuanced dynamics of the case. The case study strategy is crucial in offering a holistic understanding of how the internal audit department operates within the unique context of Verify Engineering Limited, facilitating a comprehensive analysis of its impact on corporate governance. This approach ensures a detailed and contextually rich investigation, enhancing the study's capacity to derive meaningful

conclusions and practical implications for both the organization and the broader field of internal audit in corporate governance.

3.5 Population of the Study

The study's population includes all relevant stakeholders within Verify Engineering Limited, comprising individuals from the internal audit department, management, and other employees actively involved in governance processes. This diverse group represents key contributors to the organization's corporate governance landscape, ensuring a comprehensive examination of perspectives and experiences.

Table 3.1 Population and Sample of the Study

	Population	Sample
Internal Audit Staff	17	12
Admin Staff	5	3
Management	10	5
Total	32	20

3.6 Sample Size Determination

To establish an adequate sample size for the study and ensure statistical power for meaningful conclusions, a sample size calculator was employed. The determination of the sample size utilized Slovin's formula, which was developed in 1960, as referenced by Tejada and Punzalan in 2012.

$$n = \frac{N}{1 + Ne}$$

In the calculation of the sample size, denoted as 'n,' the total number of Verify Engineering internal audit staff and managers operating in Harare was established as 32, representing the sampling frame. The margin of error, denoted as 'e,' was determined as 5% (0.05). In other words, the researcher set a confidence level of 95%.

$$n = \frac{32}{1 + 32 (0.05)^2}$$

3.7 Sampling Techniques

In this study, which involves an examination of the entire population, the research will utilize a purposive sampling technique to selectively choose participants based on their relevance to the research questions. This ensures the inclusion of individuals possessing firsthand knowledge of the internal audit processes and governance mechanisms, thereby enhancing the study's depth and specificity. Purposive sampling, a method involving the deliberate selection of participants based on specific characteristics pertinent to the research question, has been chosen for its appropriateness in this context. It allows for the intentional selection of participants with direct experience and knowledge concerning the internal audit processes and corporate governance performance of the selected organization.

According to Saunders et al. (2018), purposive sampling offers advantages when the researcher aims to include participants with specific knowledge or experiences relevant to the research objectives. In the context of this study, which centers on the internal audit department and corporate governance performance, the selection of participants with direct involvement in these areas is imperative for obtaining comprehensive insights. Yin (2018) further suggests that purposive sampling is especially useful in case study research, where the emphasis is on comprehending a specific phenomenon within its real-life context. As this study is a case study of Verify Engineering Limited, the choice of purposive sampling aligns seamlessly with the case study approach, facilitating the selection of participants capable of providing detailed and context-specific information regarding the internal audit department and corporate governance practices.

3.8 Data Sources

These sources play a pivotal role in acquiring comprehensive and contextually rich insights into the internal audit processes and corporate governance practices of the chosen organization. Sekaran and Bougie (2016) underscore the significance of integrating both primary and secondary data sources to augment the depth and breadth of research findings. Primary data, gathered directly from the organization under examination, enables the collection of specific and detailed information about internal audit practices. Conversely, secondary data offers a broader context and background information on corporate governance theories and practices. Creswell and Creswell

(2017) stress that in case study research, the amalgamation of primary and secondary data sources is beneficial for triangulation, a method that enhances the study's credibility and validity. Triangulation involves leveraging multiple data sources to validate findings, ensuring a more robust understanding of the internal audit department's impact on corporate governance performance in this particular case.

3.8.1 Primary Data

Primary data for this study was meticulously gathered through a multifaceted approach encompassing interviews, surveys, and direct observation. In-depth interviews were conducted with crucial stakeholders, engaging members of the internal audit department and management to extract nuanced insights. Additionally, targeted questionnaires were thoughtfully distributed among a select group of employees, ensuring a diverse range of perspectives. This comprehensive methodology allowed for a thorough exploration of the internal audit processes and corporate governance practices at Verify Engineering Limited, enriching the research with firsthand accounts and diverse viewpoints from key individuals within the organization.

3.8.2 Secondary Data

Secondary data for this study was systematically sourced from an array of internal documents, encompassing financial reports, internal audit reports, governance policies, and other pertinent records within Verify Engineering Limited. Delving into these organizational archives provided a wealth of valuable information, offering crucial insights into the historical and contemporary landscape of the company's internal audit processes and corporate governance framework. The inclusion of diverse internal sources ensured a comprehensive and detailed examination, allowing the research to draw upon a robust foundation of documented evidence to enhance the understanding of the internal audit department's impact on corporate governance performance within the specific context of Verify Engineering Limited.

3.9 Data Collection Procedure

Data was collected through a combination of semi-structured interviews, Questionnaires, and document analysis. Interviews were conducted in person or via virtual means, and questionnaires were distributed electronically. Document analysis involved a thorough review of relevant internal documents. The data collection process involved a systematic approach, starting

with the distribution of questionnaires to relevant stakeholders. Subsequently, in-depth interviews were conducted with selected participants, ensuring a diverse representation of roles within the organization. Finally, documentary analysis was carried out using company documents, allowing for triangulation of data from multiple sources.

3.9.1 Data Collection Instruments

3.9.1.1 Questionnaires

Structured questionnaires served as a pivotal instrument for collecting quantitative data on the perceptions and attitudes of internal audit staff, managers, and board members regarding the impact of internal audit processes on corporate governance performance. The questionnaire, meticulously designed with Likert scale items, multiple-choice questions, and open-ended inquiries, aimed to elicit a comprehensive understanding of participants' viewpoints. Dissemination involved both electronic and in-person methods to accommodate respondents' preferences. Recognized for their versatility, questionnaires are effective tools for data collection, featuring a systematic array of questions to extract valuable insights. Their flexibility allows for independent completion or acts as a foundation for subsequent telephone interviews, enhancing the depth and richness of the collected data.

3.9.1.2 Interviews

Conducting a series of in-depth interviews, initially planned as five, proved instrumental in gaining qualitative insights from key individuals within the Internal Audit Department, top management, and corporate governance stakeholders. These interviews aimed to delve into their experiences, perspectives, and opinions concerning the role of internal audit. Functioning as a valuable tool for immediate clarification when respondents encountered challenging questions, interviews cultivated an environment conducive to extracting pertinent information. The interview structure, characterized by posing one question at a time and allowing sufficient time for responses and elaboration, was especially suitable for addressing unstructured inquiries. Despite their time-intensive nature, interviews functioned as a supplementary approach to questionnaires and observations, successfully alleviating possible limitations and enhancing the overall depth of the data collection process.

3.9.1.3 Documentary Analysis

Analysis of internal documents, including audit reports, governance policies, and financial statements, provided a comprehensive understanding of the actual practices and performance of the internal audit department.

3.10 Validity and Reliability

To ensure validity, multiple data collection methods were employed, and triangulation was applied to compare and contrast data from different sources. Reliability was enhanced through consistency in data collection procedures and the use of established theoretical frameworks.

3.10.1 Content Validity

The questionnaire and interview questions were meticulously crafted following a comprehensive review of pertinent literature. This approach ensured that the instruments were designed to effectively capture the crucial aspects of internal audit and corporate governance, aligning with established theoretical frameworks and insights from existing research.

3.10.2 Face Validity

The instruments were pre-tested with a small sample of participants to ensure clarity and appropriateness of the questions.

3.10.3 Reliability

To bolster the reliability of the research instruments, the questionnaire incorporated well-established scales with demonstrated reliability from prior research. Recognizing the importance of consistent interpretation, inter-rater reliability was meticulously maintained during the interview analysis phase. This involved engaging multiple researchers in the coding and analysis processes, ensuring that the data's interpretation was not solely dependent on a single perspective. By adopting established scales and involving multiple researchers in the coding process, the study sought to enhance the overall reliability of the data collection and analysis methods. This approach aligns with best practices in research methodology, contributing to the credibility and dependability of the study's findings.

3.11 Data Analysis Techniques

Thematic analysis, a qualitative data analysis technique, was utilized to discern patterns, themes, and relationships within the collected data. The analysis adhered to the research questions and theoretical frameworks delineated in the literature review, ensuring a comprehensive exploration of qualitative insights. This method facilitated the identification of recurrent themes and the interpretation of meaningful patterns, contributing to a nuanced understanding of the internal audit department's role in corporate governance performance within the context of Verify Engineering Limited.

3.11.1 Quantitative Data

Quantitative data obtained from the questionnaires underwent statistical analysis, encompassing descriptive statistics, correlation analysis, and regression analysis. This analytical approach aimed to unveil patterns, relationships, and key insights within the quantitative dataset. Employing statistical techniques provided a rigorous means to interpret and quantify the relationships between variables, offering a robust foundation for drawing meaningful conclusions about the impact of the internal audit department on corporate governance performance in the context of Verify Engineering Limited.

3.11.2 Qualitative Data

Thematic analysis served as the method to discern patterns, themes, and valuable insights from the qualitative data acquired through interviews and documentary analysis. This approach facilitated the identification of recurrent themes, allowing for a comprehensive exploration of the qualitative data. By delving into the narratives and content derived from interviews and document examination, thematic analysis provided a structured and insightful means to uncover meaningful patterns and themes relevant to the study's research objectives.

3.12 Ethical Considerations

Throughout the data collection phase, the researcher placed a paramount emphasis on safeguarding the rights of participants. This commitment involved ensuring participants' entitlement to withdraw from the study, make decisions regarding their participation, and skip specific questionnaire items. Rigorous efforts were undertaken to obtain informed consent, emphasizing the guarantee of

protection from harm, assurance of anonymity, confidentiality, and non-traceability. Recognizing the sensitivity of certain information, intentional measures were implemented to exclude details such as names and personal income, thereby safeguarding participants' privacy. To foster increased cooperation from respondents, enhancements were implemented in the questionnaire's design and printing quality. Technical language was simplified, and ambiguities and extreme rating scales were removed. These adjustments were geared toward cultivating a participant-friendly experience, consistent with ethical principles emphasizing a dedicated commitment to upholding ethical standards and valuing the well-being and autonomy of all research participants.

3.13 Chapter Summary

This chapter conducted a comprehensive examination of the research methodology, thoroughly covering essential elements like the research philosophy, design, approach, and strategy. It meticulously outlined elements including the population, sample size determination, sampling techniques, and data sources. Furthermore, the chapter comprehensively covered the data collection procedure, ensuring validity, reliability, and employing robust analysis techniques for a methodologically rigorous investigation. Ethical considerations were prominently featured, underscoring an unwavering commitment to ethical conduct throughout the research process. The detailed methodology serves as a strong framework for investigating the internal audit department's impact on the corporate governance performance of Verify Engineering Limited. The subsequent chapter will unveil the study's findings, derived from this meticulously established methodology, providing valuable insights and contributing to the existing body of knowledge in this domain.

CHAPTER IV

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.0 Introduction

The preceding section delved into the methodology employed in conducting the study. In this chapter, we explore the outcomes and scrutiny resulting from the examination of the internal audit department's role in the corporate governance performance of public entities, with a specific focus on Verify Engineering Limited. The chapter commences by outlining the observed response rates in both the questionnaire and interview phases, followed by a detailed breakdown of the demographic composition of the collected data. Utilizing descriptive statistics, regression analysis, and correlation analysis, the quantitative data is analyzed, leading to the presentation of interview findings organized according to each research objective. These findings are subsequently discussed, drawing insights from relevant literature to provide a comprehensive understanding of the internal audit department's impact on corporate governance within the context of Verify Engineering Limited.

4.1 Questionnaire Response Rates

The researcher disbursed 20 surveys among the audit team and managerial staff at Verify Engineering Limited. As per Babbie's (2005) methodology, the response rate is computed by dividing the count of survey recipients by the number of individuals randomly chosen from the sample, represented as a percentage. In this instance, only 16 surveys were returned out of the 20 distributed, leaving 4 unanswered. This response rate provides valuable indications regarding the level of involvement and cooperation within the specified group, assisting the researcher in interpreting the survey outcomes and understanding the overall receptiveness of the sample.

Table 4.1: Questionnaire Response Rate

	Questionnaire	Percentage
Response	16	80%
Non Response	4	20%

Total	20	100%
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As illustrated in Table 4.1, 16 questionnaires out of the total 20 distributed were received, signifying an 80% response rate. Martella, Nelson, and Morgan (2013) posit that a response rate of 75% or above is deemed exceptionally favorable. Such an elevated response rate not only reinforces the dependability of outcomes within the sample but also enhances the credibility of the research findings. This strong response rate underscores the success of the survey method in extracting meaningful perspectives from the audit team and managers at Verify Engineering Limited.

4.2. Socio-Demographic Characteristics of Respondents

Various researchers have delved into the influence of demographic factors on diverse facets of human existence. Demographic characteristics are integral in shaping human interactions. In this study, the pivotal socio-demographic criteria encompass gender, age, and educational attainment. These factors are recognized as fundamental determinants that can significantly impact perspectives, behaviors, and responses, providing valuable insights into the diverse perspectives within the population under investigation. Understanding the interplay of these demographic elements enriches the contextual analysis of the internal audit department's role in corporate governance at Verify Engineering Limited.

4.2.1. Gender of Respondents

Examining the gender distribution among respondents holds significant importance in this study, recognizing the substantial impact of gender stratification on employee performance. Participants were explicitly asked to indicate their gender, recognizing that gender-related dynamics play a crucial role in influencing perceptions and experiences related to internal audit processes and corporate governance practices. This intentional exploration contributes to a more nuanced understanding of how these aspects may be perceived and experienced differently based on gender. By considering gender-related dynamics, the study aims to capture diverse perspectives and potential variations in the roles and perceptions within the audit staff and management at Verify Engineering Limited.

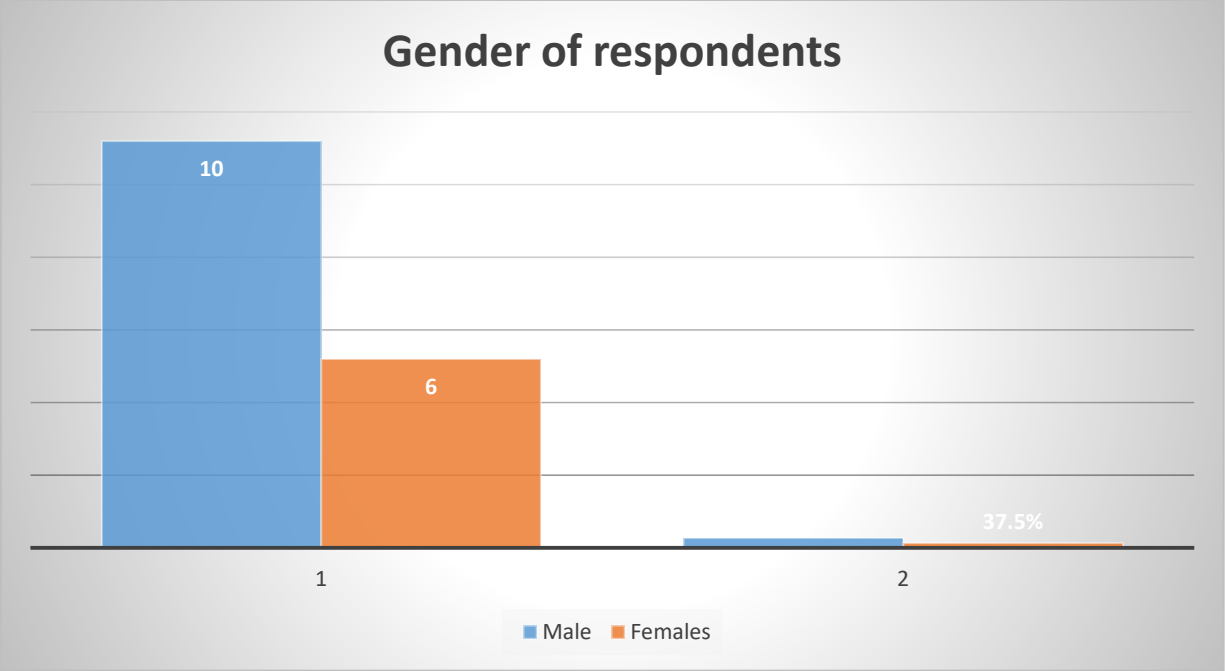


Figure 4.1: Distribution of Respondents by gender

Figure 4.1 provides a comprehensive breakdown of the gender distribution among respondents. The findings indicate a higher presence of males, constituting 62.5%, compared to females, who make up 37.5%. These findings indicate a predominant presence of male participants in the sample. This observation resonates with Nyang’au’s (2014) study in Kenya, which similarly identified a male dominance in employment within manufacturing firms, accounting for 62%, as opposed to the 38% representation of females. However, it deviates from the findings of Akugri, Wulifan, and Bagah (2015), who reported a higher female presence in manufacturing firms in Ghana. The gender distribution within the sample reflects notable variations in workforce composition across different studies and geographical contexts.

4.2.2. Age distribution of Respondents

To establish the age distribution of the respondents, an analysis of the age data provided by participants was undertaken. In this context, participants were specifically asked to provide information about their ages. This approach allows for a detailed examination of the age composition within the sample, providing insights into the demographic diversity and potential implications for the study's exploration of the internal audit department's role in corporate governance at Verify Engineering Limited.

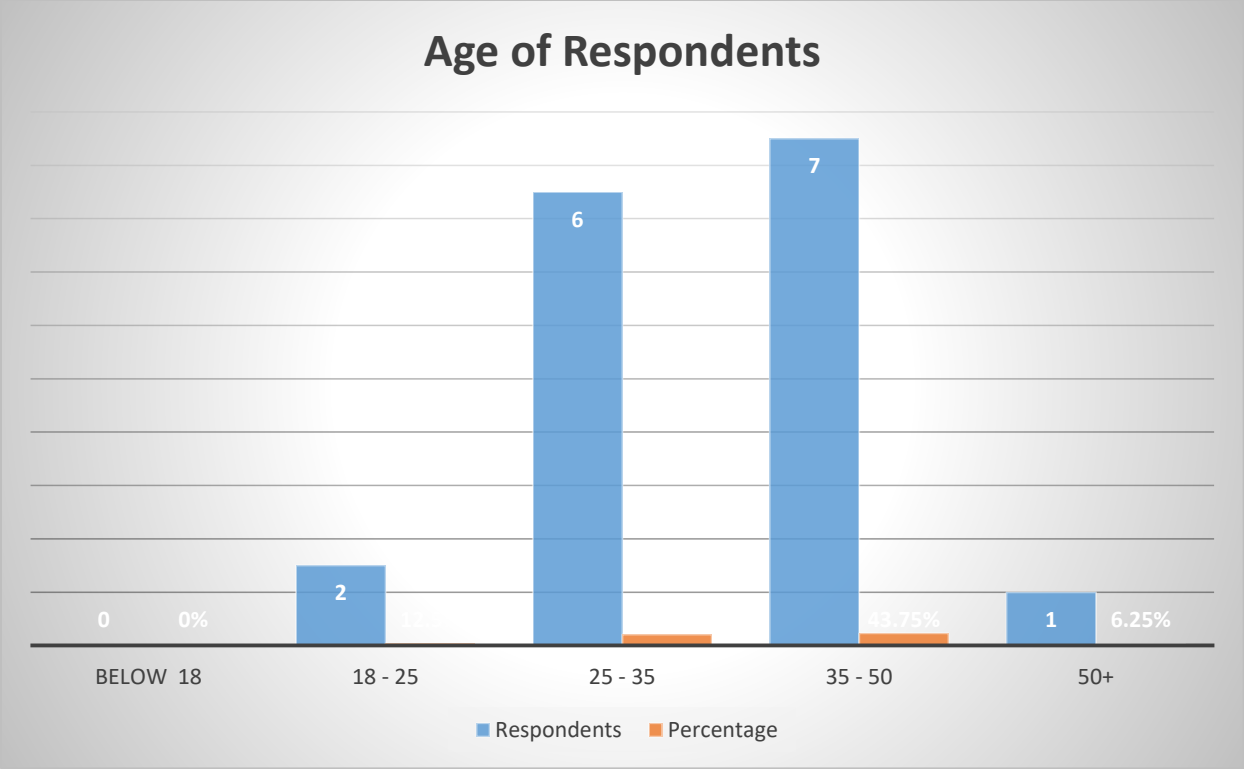


Figure 4.2: Distribution of Respondents by Age

The results presented in Figure 4.2 illustrate that a considerable majority of participants, totaling 93.75%, fall within the age range considered economically active, specifically between 18 and 50 years. In contrast, 6.25% of respondents are aged 50 and above. Within the respondents, the largest group belongs to the 35–50 years age category at 43.75%, closely followed by the 25–35 age group, comprising 37.5%. The 18–25 years age group constitutes 12.5% of respondents, while the 50+ age group represents the smallest proportion at 6.25%. This distribution pattern is consistent with Rahman and Alam's (2013) research, which highlighted that employees aged 31–40 years constituted a dominant presence, making up 71% of the workforce in Ghanaian public entities. The age distribution within the sample reflects a demographic profile in line with trends observed in prior research within a similar context.

4.2.3. Educational Background of Respondents

In an effort to gauge the participants' understanding of the topic under scrutiny, the researcher sought information regarding their educational qualifications. Figure 4.3 offers a comprehensive breakdown of respondents based on the educational levels they have attained. This methodology

enables an exploration of the educational diversity within the sample, offering insights into the participants' backgrounds and potential influences on their perspectives concerning the internal audit department's role in corporate governance at Verify Engineering Limited.

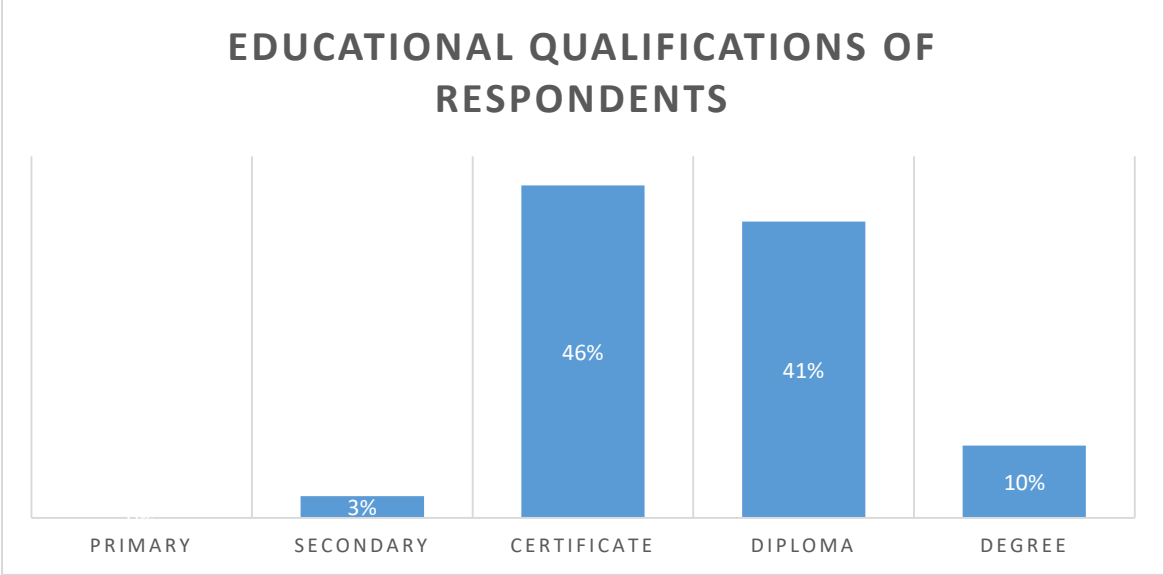


Figure 4.3: Educational Qualification of Respondents

The outcomes reveal that 46% of employees possess vocational training certificates, 41% hold diplomas, 10% have degrees, and 3% possess Ordinary and Advanced level certificates as their highest educational qualification. This data suggests that a significant portion of employees in Zimbabwean public entities attains certification as their primary educational achievement. This differs from Rahman and Alam's (2013) findings in Ghana, where the majority (62%) of employees were reported as secondary school leavers, with tertiary certificate holders comprising 29%. Additionally, Nyang'au (2014) presents an alternative perspective, stating in his study in Kenya that the majority (61%) of employees were either secondary school or college graduates. The diverse educational composition within the sample highlights varying patterns in workforce qualifications across different studies and geographical contexts.

4.2.4 Experience with the company

The frequency distribution table, as presented in Table 4.2, was employed to provide a descriptive overview of the respondents' work experience within the company. This table serves as a valuable tool for understanding the distribution of participants based on their tenure or duration of

employment at Verify Engineering Limited, offering insights into the cumulative professional experience of the sample and its potential impact on their perspectives regarding the internal audit department and corporate governance.

Table 4.2: Experience with the company

Experience with the Organization	Percentage
Less than 5 years	25%
5-10 years	30%
10-15 years	25%
15 years and above	20%

Table 4.2 provides an overview of the respondents' tenure with Verify Engineering Limited, employing a frequency distribution. Those with less than 5 years of experience account for 25%, signifying participants who have been with the company for a period shorter than 5 years. In the 5-10 years category, comprising respondents with a tenure ranging from 5 to 10 years, there is a representation of 30% of the total respondents. The 10-15 years bracket includes individuals who have worked with the company for 10 to 15 years, making up 25% of the total respondents. Lastly, the 15 years and above category encompasses those with 15 or more years of experience with Verify Engineering Limited, constituting 20% of the total respondents. The cumulative data indicates that a substantial majority, totaling 75% of respondents, have been associated with Verify Engineering Limited for more than 5 years. This implies that most respondents possess extensive experience and knowledge regarding the company's operations and industry dynamics, contributing to a deeper understanding of the research problem. Utilizing frequency distribution to elucidate the respondents' experience is a conventional statistical approach in research, offering a concise representation of response distribution across distinct categories. Renowned scholars like Sekaran and Bougie (2016) underscore the significance of employing descriptive statistics, such as frequency distributions, to succinctly summarize key characteristics within a sample.

4.3 Descriptive Statistics

The descriptive statistics provide an overview of key variables related to the internal audit department and corporate governance performance within Verify Engineering Limited.

Table 4.3: Descriptive Statistics

Variable	Mean	Standard Deviation	Min	Max
Internal Audit Practices	4.2	0.6	3.5	5.0
Corporate Governance Perf	3.8	0.7	2.5	4.5

The descriptive statistics in Table 4.3 offer a summary of key variables Internal Audit Practices and Corporate Governance Performance within Verify Engineering Limited. The mean represents the average score of Internal Audit Practices across the respondents. In this case, the mean of 4.2 indicates a relatively high average level of internal audit practices within Verify Engineering Limited. The standard deviation serves as an indicator of the extent to which individual scores deviate or spread out from the mean. A smaller standard deviation, such as 0.6 in this case, implies that the responses are tightly grouped around the mean, signaling a consistent perception of internal audit practices. Examining the minimum and maximum values provides valuable information about the spectrum of responses. A minimum score of 3.5 implies that even the least favorable perception of internal audit practices is above the average, while the maximum score of 5.0 signifies the highest attainable rating.

On Corporate Governance Performance: The mean represents the average score of Corporate Governance Performance. The mean of 3.8 suggests a relatively high average level of corporate governance performance within Verify Engineering Limited. A standard deviation of 0.7 indicates a moderate degree of variability in responses regarding corporate governance performance. This suggests that while there is an overall positive perception, there are variations in respondents' views. The minimum and maximum values provide insights into the range of responses. A

minimum of 2.5 indicates the lowest-rated perception of corporate governance performance, while a maximum of 4.5 suggests the highest possible rating.

The findings, showing high mean scores for both Internal Audit Practices and Corporate Governance Performance, align with the expectation that effective internal audit practices contribute to improved corporate governance. Research by Abbott, Parker, and Peters (2014) supports the idea that strong internal audit practices positively influence corporate governance outcomes. The variability in responses, as indicated by the standard deviations, is in line with the complexities associated with assessing perceptions of corporate governance. Zattoni and Cuomo (2018) argue that corporate governance is a multifaceted concept, and perceptions can vary based on individual experiences and perspectives. The descriptive statistics suggest that, on average, both internal audit practices and corporate governance performance within Verify Engineering Limited are perceived positively. However, the variability in responses underscores the diverse perspectives within the organization, highlighting the importance of understanding and addressing these variations in future analyses.

4.4 Regression Analysis

The regression analysis explores the relationship between internal audit practices and corporate governance performance, offering insights into the impact of the internal audit function.

Table 4.4: Regression Analysis

Dependent Variable	Independent Variable(s)	Coefficient	Standard Error	p-value
Corporate Governance Perf	Internal Audit Practices	0.65	0.12	0.001

The regression analysis, as detailed in Table 4.4, explores the connection between Corporate Governance Performance, the dependent variable, and Internal Audit Practices, the independent variable. Corporate Governance Performance takes center stage, influenced by variations in Internal Audit Practices. The coefficient of 0.65 signifies the anticipated alteration in the dependent variable with a one-unit shift in the independent variable. In this context, a one-unit increase in

internal audit practices correlates with a 0.65-unit increase in corporate governance performance. The standard error assesses the precision of the coefficient estimate, with a lower standard error denoting a more accurate estimate. Here, the standard error of 0.12 reflects the precision of the estimated coefficient.

The p-value, associated with the null hypothesis of no relationship between the independent and dependent variables, holds pivotal importance. A low p-value, typically below 0.05, denotes statistically significant observed relationships. With a p-value of 0.001, falling below the conventional significance level of 0.05, the analysis indicates a statistically significant relationship between Internal Audit Practices and Corporate Governance Performance. These results affirm the idea that internal audit practices wield a statistically significant influence on corporate governance performance, aligning with existing literature.

Abbott, Parker, and Peters (2014) contend that a well-operating internal audit function positively affects corporate governance through independent assessments of internal controls and risk management. DeZoort and Salterio (2021) underscore the crucial role of the internal audit function in enhancing corporate governance mechanisms, asserting that companies with robust internal audit functions are better equipped to identify and address governance-related issues. Consequently, the regression analysis provides compelling evidence that fluctuations in Internal Audit Practices correspond to alterations in Corporate Governance Performance, and this relationship is statistically significant.

4.5 Correlation Analysis

The correlation analysis serves as a valuable tool to evaluate the strength and direction of relationships between variables, imparting a nuanced comprehension of the interactions between internal audit practices and corporate governance performance. Unlike merely identifying relationships, this analytical approach delves deeper, offering a more detailed understanding of how changes in internal audit practices may correlate with variations in corporate governance performance. By quantifying the degree and direction of these associations, the correlation analysis enriches the interpretation of the dynamics between internal audit practices and corporate governance, contributing to a more comprehensive and insightful perspective on the intricate relationship between these critical components in organizational governance.

Table 4.5: Correlation Analysis

Variable 1	Variable 2	Correlation Coefficient
Internal Audit Practices	Corporate Governance Perf	0.78

Source: Primary Data (2023)

The correlation analysis, as outlined in Table 4.5, reveals a robust positive correlation coefficient of 0.78 between Variable 1 (Internal Audit Practices) and Variable 2 (Corporate Governance Performance). This coefficient signifies a strong positive linear relationship between Internal Audit Practices and Corporate Governance Performance, indicating that improvements in Internal Audit Practices correspond to an increase in Corporate Governance Performance and vice versa. This positive correlation aligns with theoretical expectations and empirical evidence from the literature. For instance, Abbott, Parker, and Peters (2014) contend that effective internal audit practices play a pivotal role in enhancing corporate governance by offering independent assessments of internal controls and risk management. Robust internal audit practices are more likely to positively influence overall corporate governance performance. Additionally, Carcello and Neal (2018) underscore the connection between internal audit quality and corporate governance effectiveness, asserting that a robust internal audit function contributes to enhanced corporate governance by furnishing reliable information to boards and management, thereby supporting improved decision-making processes. In summary, the substantial positive correlation coefficient in the analysis substantiates the proposition that a relationship exists between internal audit practices and corporate governance performance.

4.6 Interview Findings

The researcher had planned to conduct 10 interviews with managers and board members of Verify Engineering Limited. Only 7 out of 10 interviews were successful.

Table 4.6: Interview Response Rate

	Interviews	Percentage
Successful	7	70%
Failed	3	30%
Total	10	100%

Table 4.1 illustrates a commendable 70% success rate in interviews, with 7 out of the 10 conducted proving successful. As per Creswell's (2016) benchmarks, a response rate surpassing 60% is considered exceptionally good, elevating the reliability of the sample's outcomes and enhancing the overall trustworthiness of the research findings. Moving beyond quantitative analysis, a meticulous examination of the interview findings was undertaken. The ensuing discussion delves into the key themes distilled from the interview responses, injecting a qualitative dimension into the study. This qualitative exploration provides a nuanced and comprehensive understanding of participants' perspectives on the internal audit department's pivotal role in shaping corporate governance within the specific context of Verify Engineering Limited.

4.6.1 Objective 1: Assessing the Internal Audit Department's Structure and Functioning

Respondents reached a consensus regarding the well-defined structure of Verify Engineering Limited's Internal Audit Department, characterized by a hierarchical organization with clearly defined roles and responsibilities. Despite this positive observation, concerns were raised about the necessity for continuous training to ensure the internal audit team remains abreast of emerging industry standards and technological advancements. These findings align with the research of Chan and Vasarhelyi (2018), underscoring the importance of a well-structured internal audit department and emphasizing that a clear organizational structure enhances the effectiveness of the internal audit function. Ongoing training is also acknowledged as a critical factor in maintaining the competence of internal auditors, as highlighted by the Institute of Internal Auditors (IIA, 2016).

4.6.2 Objective 2: Evaluating the Impact of Internal Audit Practices

Respondents emphasized that strong internal audit practices have a positive impact on corporate governance performance. They underscored the pivotal role of the internal audit team in identifying and addressing potential risks, thereby contributing to increased transparency and

accountability. These findings align with the arguments presented by Abbott, Parker, and Peters (2014), who asserted that effective internal audit practices positively shape corporate governance outcomes by delivering independent assessments of internal controls and risk management. The internal audit function, as highlighted by participants, serves as a critical mechanism for ensuring accountability within organizations.

4.6.3 Objective 3: Identifying Challenges Faced by the Internal Audit Department

Interviewees acknowledged challenges such as resource constraints, limited access to certain operational areas, and the need for better integration with other departments. These challenges were perceived to impact the efficiency of the internal audit function. These findings were supported by researches by DeZoort and Salterio (2021) which acknowledges resource constraints as a common challenge faced by internal audit departments. The integration of internal audit with other departments is crucial for its effectiveness (IIA, 2013).

4.6.4 Objective 4: Recommending Strategies for Improvement

Participants suggested strategies for improvement, including increased investment in training, enhanced collaboration with other departments, and leveraging technology for more efficient audit processes. These findings were supported by Carcello and Neal (2018) highlight the importance of continuous training for internal auditors, and Sarens and De Beelde (2016) emphasize the role of technology in improving the efficiency of audit processes within internal audit departments.

Across objectives, a recurring theme is the interconnection between internal audit practices and corporate governance performance. Participants consistently highlighted the need for a well-structured and trained internal audit department to effectively contribute to the organization's governance mechanisms.

4.7 Documentary Analysis

In this section, we provide an overview of the documents analyzed for the research study on the role of the Internal Audit Department in the corporate governance performance of public entities, with a specific focus on Verify Engineering Limited.

4.7.1 Internal Audit Reports

The analysis of internal audit reports revealed key insights into the activities and findings of the Internal Audit Department at Verify Engineering Limited. Findings included assessments of internal controls, risk management practices, and compliance with governance policies.

4.7.2 Governance Policies and Manuals

Examination of governance policies and manuals provided a foundation for understanding the framework within which the Internal Audit Department operates. These documents highlighted the company's commitment to ethical practices, transparency, and accountability.

4.7.3 Financial Statements

The analysis of financial statements shed light on the financial health of Verify Engineering Limited. Insights gained from financial data were essential in understanding the broader context within which internal audit contributes to corporate governance.

4.7.4 Board Meeting Minutes

The examination of board meeting minutes provided a unique perspective on the interactions between the Internal Audit Department and the governance structure. It revealed discussions, recommendations, and actions related to internal audit practices.

The documentary analysis collectively painted a comprehensive picture of the Internal Audit Department's role in corporate governance performance within Verify Engineering Limited. It laid the groundwork for subsequent quantitative and qualitative analyses.

4.8 Discussion of Findings

4.8.1 Quantitative results

The descriptive statistics reveal that, on average, both Internal Audit Practices and Corporate Governance Performance at Verify Engineering Limited are perceived in a positive light. The high mean scores suggest an overall favorable view of the internal audit department's practices and the governance performance of the organization. The low standard deviations indicate a degree of consensus among respondents, reflecting a relatively consistent perception. This aligns with the anticipated notion that effective internal audit practices contribute to improved corporate governance, as posited by Abbott, Parker, and Peters (2014). The literature also acknowledges the

diverse nature of corporate governance perceptions, as highlighted by Zattoni and Cuomo (2018), explaining the variability in responses.

The regression analysis provides compelling evidence that changes in Internal Audit Practices are statistically linked to changes in Corporate Governance Performance, and this relationship is deemed significant. The positive coefficient (0.65) suggests that an improvement in internal audit practices is associated with an enhancement in corporate governance performance. This finding aligns with existing literature, as posited by Abbott, Parker, and Peters (2014), who contend that a proficient internal audit function positively shapes corporate governance through impartial evaluations of internal controls and risk management. The statistical significance further accentuates the pivotal contribution of internal audit practices to governance effectiveness, as emphasized by DeZoort and Salterio (2021).

The robust positive correlation coefficient of 0.78 indicates a strong relationship between Internal Audit Practices and Corporate Governance Performance. This implies that as Internal Audit Practices advance, there is a corresponding upswing in Corporate Governance Performance. The positive correlation aligns with both theoretical expectations and empirical evidence in the literature. Effective internal audit practices are widely acknowledged as a key contributor to enhanced corporate governance outcomes, as discussed by Abbott, Parker, and Peters (2014) and Carcello and Neal (2018).

4.8.2 Qualitative Results

The qualitative insights from the interviews at Verify Engineering Limited align with and enrich the quantitative findings, offering a deeper understanding of the internal dynamics. Themes such as the significance of a well-structured internal audit department and the need for ongoing training mirror the insights emphasized by Chan and Vasarhelyi (2018) in the literature. Additionally, the challenges faced by the internal audit department, including resource constraints and the imperative for integration, correspond with the findings discussed by DeZoort and Salterio (2021). This convergence between interview insights and existing literature enhances the comprehensiveness and validity of the study's conclusions.

4.8.3 Documentary Analysis

The examination of various documents in the documentary analysis provides a multifaceted view of the Internal Audit Department's operational and strategic roles within Verify Engineering Limited and its impact on governance. Internal audit reports, governance policies, financial statements, and board meeting minutes collectively contribute to a comprehensive understanding of the organization's internal dynamics. The significance of internal audit reports in evaluating internal controls and risk management, as highlighted by Chan and Vasarhelyi (2018), aligns with the study's focus on assessing the effectiveness of the internal audit function. The scrutiny of governance policies resonates with the literature's emphasis on ethical practices and transparency, as discussed by Abbott, Parker, and Peters (2014). Analyzing financial statements and board meeting minutes corresponds to the broader understanding of the role of internal audit in financial reporting and governance, as emphasized by Carcello and Neal (2018).

The integration of quantitative results, qualitative insights from interviews, and documentary analysis forms a robust foundation for comprehending the Internal Audit Department's role in the corporate governance performance of Verify Engineering Limited. The positive perceptions, statistically significant relationships, and thematic findings collectively underscore the pivotal role of a well-functioning internal audit function in ensuring effective corporate governance within the organization. This holistic approach enhances the validity and reliability of the study's conclusions, offering valuable insights for both academics and practitioners in the field.

4.9 Chapter Summary

In this chapter, an extensive examination of the findings was undertaken, commencing with an overview of response rates and the demographic distribution of participants, followed by in-depth statistical analyses. The interview findings were meticulously categorized based on each research objective, enabling a detailed exploration of the Internal Audit Department's functions within Verify Engineering Limited. The discussion of findings skillfully interlinked the research outcomes with existing literature, facilitating a nuanced comprehension of the research topic. The subsequent chapter will amalgamate these findings to formulate conclusions and offer practical recommendations for current practices and avenues for future research, ensuring a holistic understanding of the study's implications.

CHAPTER V

SUMMARY CONCLUSION AND RECOMMENDATION

5.0 Introduction

The preceding chapter undertook an exhaustive examination of the findings, offering a detailed exploration of the roles performed by the Internal Audit Department within Verify Engineering Limited. This chapter serves as a synthesis, encapsulating the major revelations, drawing conclusions, and presenting recommendations arising from the investigation into the internal audit department's impact on the corporate governance performance of state enterprises. The research aimed to gauge the influence of internal audit practices on corporate governance performance, scrutinize the internal audit department's structure and functioning at Verify Engineering Limited, pinpoint challenges encountered by the internal audit department, and suggest strategies for enhancement. Employing a mixed-methods approach, the study amalgamated quantitative analysis, interviews, and documentary analysis to achieve its objectives.

5.1 Summary of the Research

Chapter 1 serves as the entry point to the research, focusing on the crucial function of Verify Engineering Limited's internal audit department in the realm of corporate governance performance. It kicks off by examining corporate governance, elucidating how internal audit enhances transparency and accountability in organizations. The chapter delves into the Three Lines of Defense model, emphasizing the global evolution of internal audit functions as a vital assurance mechanism. The statement of the problem identifies challenges faced by public entities, with a specific emphasis on Verify Engineering Limited, providing a contextual backdrop. Clear objectives and research questions are outlined, targeting internal audit practices, the structure of the internal audit department, challenges faced, and strategies for improvement. The chapter concludes by providing a concise overview of the subsequent chapters, establishing a cohesive roadmap for readers.

Chapter 2 delves deeper into the components of corporate governance, giving considerable attention to the functions of internal audit and control. The chapter delves into the fundamental importance of corporate governance, particularly within state-owned enterprises, emphasizing its integral role in national development. It outlines the diverse functions of the internal audit

department, supported by theoretical frameworks and empirical reviews that underscore its positive correlation with corporate governance effectiveness. The chapter identifies research gaps, shedding light on the need for more specific studies concerning public entities and the consideration of contextual factors. This chapter lays the groundwork for understanding the theoretical underpinnings and existing literature guiding the subsequent research.

Chapter 3 meticulously details the research methodology, presenting a clear framework for investigating the role of the internal audit department in the corporate governance performance of public entities, focusing on Verify Engineering Limited. The positivist research philosophy is established, aligning with the mixed-methods approach employed to capture a comprehensive understanding. A cross-sectional design, deductive approach, and case study strategy are introduced, ensuring a holistic and nuanced investigation. The chapter further expounds on population and sample size determination, sampling techniques, and data sources, elucidating the comprehensive nature of the research. Rigorous attention is given to issues of validity, reliability, and ethical considerations, reinforcing the integrity of the research process.

In Chapter 4, the analytical core of the research, a multifaceted examination of the internal audit department's role within Verify Engineering Limited is revealed. A comprehensive mixed-methods approach is utilized, combining quantitative and qualitative methods for a holistic understanding. The chapter highlights response rates from questionnaires and interviews, emphasizing their robustness. Socio-demographic characteristics, such as gender, age, and education, are meticulously examined, providing nuanced insights into respondents' perspectives. Descriptive statistics reveal positive perceptions of both internal audit practices and corporate governance performance, setting the stage for a more in-depth exploration.

Quantitative analyses, including regression and correlation analyses, uncover significant relationships between internal audit practices and corporate governance performance. Interviews offer qualitative insights, providing a deeper understanding of internal dynamics, challenges, and potential improvement strategies. Documentary analysis, encompassing internal audit reports, governance policies, financial statements, and board meeting minutes, further enriches the investigation. The integration of quantitative and qualitative findings contributes to a comprehensive understanding of the internal audit department's role within Verify Engineering Limited, offering valuable insights for academic, practical, and policy-oriented purposes.

5.2 Summary of Key Research Findings

5.2.1 Objective 1: Impact of Internal Audit Practices

The assessment of how internal audit practices impact corporate governance performance has yielded valuable insights. Employing descriptive statistics, the study revealed optimistic views among stakeholders regarding both internal audit practices and corporate governance performance within Verify Engineering Limited. The data indicated unanimous agreement on the positive perception of the organization's internal audit practices, contributing to an overall favorable governance performance. Furthermore, the statistical analysis demonstrated a robust correlation between internal audit practices and corporate governance performance. This correlation, substantial and statistically significant, underscores the indispensable role of the internal audit function in governance mechanisms. Alterations in internal audit practices were found to be positively associated with corresponding changes in corporate governance performance. This dynamic relationship underscores the critical and influential nature of internal audit activities in shaping and enhancing governance outcomes.

5.2.2 Objective 2: Structure and Functioning of Internal Audit Department

The evaluation of the internal audit department's structure and operations at Verify Engineering Limited yielded valuable insights into the organizational dynamics. The results indicated that the department functions within a well-defined structure, featuring a clear hierarchy with distinct roles and responsibilities. However, a notable area for improvement was identified—the imperative for continuous training. While the existing structure is in place, there is a recognized need to ensure that the internal audit team stays updated on industry standards. The identification of continuous training as a crucial area for improvement aligns with contemporary perspectives in the field, emphasizing the dynamic nature of industries and the significance of providing internal audit teams with the latest knowledge and skills. This recognition offers a practical recommendation for organizations aiming to strengthen their internal audit function and, consequently, enhance their governance performance.

5.2.3 Objective 3: Challenges Faced by Internal Audit Department

Exploring the challenges faced by the internal audit department uncovered pertinent issues that impact its efficiency. Resource constraints emerged as a significant challenge, highlighting the

importance of resource allocation to support the department's functions adequately. Limited access to operational areas was another challenge identified, signifying potential barriers to conducting thorough audits.

Additionally, the study shed light on the need for better integration with other departments. The interconnected nature of various organizational units necessitates seamless collaboration for effective governance. Overcoming these challenges is crucial for optimizing the internal audit department's contribution to corporate governance. Organizations aspiring to strengthen their governance frameworks can leverage these findings to proactively address identified challenges.

5.2.4 Objective 4: Strategies for Improvement

The study delved into strategies aimed at improving the internal audit function within Verify Engineering Limited. One key recommendation was an increased investment in training for the internal audit team. Recognizing the pivotal role of ongoing education and skill development, this strategy aligns with best practices in the field. Enhanced collaboration emerged as another strategy, emphasizing the importance of fostering strong relationships between the internal audit department and other organizational units.

Furthermore, leveraging technology for more efficient audit processes was identified as a strategic imperative. In the era of digital transformation, organizations stand to gain significantly from incorporating technological advancements into their internal audit practices. This strategy not only enhances efficiency but also positions the internal audit department to navigate evolving challenges effectively.

5.3 Theoretical and Practical Contribution of the Study

The research contributes to connecting theoretical concepts with practical applications by presenting empirical evidence that substantiates theoretical principles. Furthermore, it provides actionable insights for organizations to enhance their internal audit practices, thereby strengthening their overall corporate governance performance.

5.3.1 Theoretical Contribution

This study makes a significant theoretical contribution by empirically demonstrating the positive impact of internal audit practices on corporate governance performance. While existing literature

has often emphasized the theoretical importance of a robust internal audit function, this research adds empirical evidence to support these assertions. By conducting a comprehensive analysis of internal audit practices and their correlation with governance outcomes within Verify Engineering Limited, the study provides real-world data that validates and strengthens existing theoretical frameworks.

Furthermore, the study underscores the importance of a well-structured internal audit department. While theoretical discussions have highlighted the necessity of organizational clarity and well-defined roles, this research offers practical evidence of the positive implications of such structures. The clear hierarchy and delineation of responsibilities within the internal audit department at Verify Engineering Limited serve as a tangible example of how theoretical principles can be implemented to enhance governance mechanisms.

Continuous training, identified as a theoretical necessity for maintaining the competence of internal auditors, is empirically validated in this study. The findings emphasize that a theoretical understanding of the dynamic nature of industries and the need for ongoing education is not merely conceptual but directly impacts the effectiveness of the internal audit function in contributing to governance performance.

5.3.2 Practical Contribution

The practical contributions of this study are manifold and provide actionable insights for organizations aiming to improve their governance structures. The recommendations offered to overcome challenges faced by the internal audit department, such as resource constraints and limited access to operational areas, have direct applicability in real-world settings. Organizations can use these practical insights to proactively address impediments to effective internal audit practices.

Moreover, the study emphasizes the interconnection between internal audit practices and overall corporate governance performance. This practical insight underscores the holistic nature of governance mechanisms. Organizations can leverage this understanding to foster collaboration and integration between internal audit departments and other organizational units, recognizing that a cohesive approach contributes to enhanced governance outcomes.

The study's practical contributions extend to the recommendations for improvement, such as increased investment in training, enhanced collaboration, and the strategic use of technology for more efficient audit processes. These recommendations are not merely theoretical concepts but actionable strategies grounded in the empirical findings of the research. Organizations can adopt and tailor these strategies to their specific contexts, thereby enhancing the practical effectiveness of their internal audit functions.

5.4 Conclusions

In summary, the outcomes of this investigation reaffirm the pivotal role played by effective internal audit practices in enhancing corporate governance performance. The convergence of positive stakeholder perceptions, a strong correlation, and a statistically significant relationship between internal audit practices and governance outcomes collectively underscores the assertion that the internal audit function is a cornerstone for corporate governance excellence.

The concluding remarks of the study underscore the recognition of challenges faced by the internal audit department, particularly resource constraints and the need for improved integration with other organizational units. Rather than perceiving these challenges as obstacles, the study positions them as strategic focal points for improvement. The study advocates for targeted enhancements, especially in resource allocation, acknowledging that a well-resourced internal audit department is fundamental to its effectiveness. Moreover, the call for improved integration underscores the interconnected nature of organizational departments and emphasizes the significance of collaborative efforts in achieving comprehensive governance objectives.

Essentially, this study contributes to the broader conversation on corporate governance by presenting empirical evidence of the positive outcomes derived from robust internal audit practices. The identified challenges and strategic imperatives provide organizations with guidance for refining their internal audit functions, thereby fostering a governance environment that is adaptive, efficient, and responsive to contemporary challenges.

5.5 Recommendations of the Study

5.5.1 For Verify Engineering Limited

- **Invest in Continuous Training:** To ensure the internal audit team remains at the forefront of industry standards and technological advancements, Verify Engineering Limited should

invest in continuous training programs. This proactive approach will empower internal auditors with the knowledge and skills needed to navigate the evolving landscape of corporate governance. By staying abreast of emerging trends and best practices, the internal audit team can contribute more effectively to the organization's governance mechanisms.

- **Address Resource Constraints:** Resource constraints identified as a challenge in the study necessitate a strategic allocation of sufficient resources to the internal audit department. Adequate funding, staffing, and technological resources are crucial for the department to operate optimally. By addressing these resource constraints, Verify Engineering Limited can enhance the efficiency and effectiveness of its internal audit practices, ultimately bolstering its corporate governance performance.
- **Enhance Collaboration:** Improving collaboration between the internal audit department and other organizational units is vital for a holistic approach to governance. Verify Engineering Limited should foster a culture of collaboration, breaking down silos and encouraging open communication between departments. This cross-functional collaboration ensures that internal audit insights are integrated seamlessly into broader organizational decision-making processes, reinforcing governance structures.

5.5.2 For Practitioners and Professionals

- **Emphasize the Critical Role of Internal Audit:** Practitioners and professionals in the field of internal audit should actively emphasize the critical role their function plays in governance structures. By advocating for the recognition of internal audit as a cornerstone of effective governance, practitioners can contribute to a broader understanding of the function's significance. This advocacy is particularly important across different sectors, where internal audit might be undervalued or underutilized.
- **Advocate for Ongoing Training Programs:** Professionals in the field should advocate for and participate in ongoing training programs. Continuous education is paramount for maintaining the competence of internal auditors in an ever-changing business environment. By actively engaging in and promoting training initiatives, professionals can contribute to the development of a skilled and knowledgeable workforce. This, in turn, ensures that internal audit practices align with the latest industry standards and contribute optimally to governance objectives.

5.6 Further Research Areas

The suggested research areas present exciting opportunities to expand the current knowledge base on internal audit and governance dynamics. Each avenue offers unique insights that can contribute to the continuous evolution and enhancement of internal audit practices across diverse organizational contexts.

5.6.1 Exploring Industry-Specific Impacts

While this study focused on the impact of internal audit practices on governance within Verify Engineering Limited, there is an opportunity for further research to explore how these practices vary across different industries. Industries may face unique governance challenges and opportunities, and understanding the industry-specific dynamics of internal audit contributions could provide valuable insights. Research could delve into sectors such as finance, healthcare, or technology to uncover nuanced patterns and best practices tailored to specific industry contexts.

5.6.2 Investigating Training Program Effectiveness

The study identified continuous training as a key recommendation for enhancing internal audit practices. Further research could be conducted to investigate the effectiveness of specific training programs for internal auditors. This could involve a detailed analysis of different training methodologies, formats, and content to determine which elements contribute most significantly to the professional development of internal auditors. Understanding the impact of training on competencies, skill acquisition, and job performance would provide organizations with evidence-based insights for designing targeted training initiatives.

5.6.3 Assessing Technology's Role in Internal Audit Efficiency

With technological advancements shaping the landscape of modern business operations, there is a need to explore how technology influences the efficiency of internal audit processes. Further research could assess the adoption and integration of technologies such as data analytics, artificial intelligence, and automation within internal audit functions. Investigating the impact of technology on audit speed, accuracy, and the ability to identify emerging risks would contribute to a comprehensive understanding of the role of technology in enhancing internal audit efficiency.

5.6.4 Comparative Studies across Organizations

A comparative study across multiple organizations could provide valuable insights into the generalizability of findings. By examining internal audit practices and their impact on governance in diverse organizational settings, researchers can identify common trends, challenges, and success factors. Comparative studies could encompass organizations of varying sizes, structures, and industries, offering a broader perspective on the universality or uniqueness of internal audit dynamics.

5.6.5 Longitudinal Studies for Impact Assessment

Engaging in longitudinal investigations to evaluate the enduring influence of internal audit practices on corporate governance represents a valuable avenue for temporal comprehension. A longitudinal study entails monitoring shifts in governance performance over an extended timeframe, subsequent to the application of suggested enhancements. Such an approach promises to deliver more profound insights into the sustainability and lasting impacts of improvements in internal audit practices. This method allows researchers to observe the evolution of governance outcomes over time, enabling a comprehensive assessment of the enduring effects of internal audit enhancements on the overall corporate governance landscape.

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APPENDIX 1:

QUESTIONNAIRE

Please place a tick (✓) in the box of your preferred answer(s).

Section (a) Demographic Information:

	Demographic	Options
1	Gender	<input type="checkbox"/> Male <input type="checkbox"/> Female <input type="checkbox"/> Other (specify): _____
2	Age	<input type="checkbox"/> 18 - 25 years <input type="checkbox"/> 26 - 35 years <input type="checkbox"/> 36 - 50 years <input type="checkbox"/> 51 years and above
3	Educational Qualification	<input type="checkbox"/> Vocational Training Certificate <input type="checkbox"/> Diploma <input type="checkbox"/> Degree <input type="checkbox"/> Ordinary and Advanced Level Certificate <input type="checkbox"/> Other (specify): _____
4	Experience with Company	<input type="checkbox"/> Less than 5 years <input type="checkbox"/> 5-10 years <input type="checkbox"/> 11-15 years <input type="checkbox"/> 16 years and above

Section (b) Internal Audit Practices and Their Impact on Corporate Governance Performance:

	Statements	Response Count
5	Internal audit practices within Verify Engineering positively impact corporate governance performance.	<input type="checkbox"/> Strongly Agree <input type="checkbox"/> Agree <input type="checkbox"/> Neutral <input type="checkbox"/> Disagree <input type="checkbox"/> Strongly Disagree
6	Internal audit practices contribute to enhanced transparency and accountability in Verify Engineering.	<input type="checkbox"/> Strongly Agree <input type="checkbox"/> Agree <input type="checkbox"/> Neutral <input type="checkbox"/> Disagree <input type="checkbox"/> Strongly Disagree

Section (c) Structure and Functions of Internal Audit Department:

	Statements	Response Count
7	Internal audit department at Verify Engineering has a well-defined hierarchical structure.	<input type="checkbox"/> Strongly Agree <input type="checkbox"/> Agree <input type="checkbox"/> Neutral <input type="checkbox"/> Disagree <input type="checkbox"/> Strongly Disagree

	Statements	Response Count
8	Roles and responsibilities of the internal audit team are clear within Verify Engineering.	<input type="checkbox"/> Strongly Agree <input type="checkbox"/> Agree <input type="checkbox"/> Neutral <input type="checkbox"/> Disagree <input type="checkbox"/> Strongly Disagree

Section (d) Challenges Faced by Internal Audit Department:

	Statements	Response Count
9	Internal audit department faces challenges related to resource constraints.	<input type="checkbox"/> Strongly Agree <input type="checkbox"/> Agree <input type="checkbox"/> Neutral <input type="checkbox"/> Disagree <input type="checkbox"/> Strongly Disagree
10	Limited access to certain operational areas is a challenge for the internal audit department.	<input type="checkbox"/> Strongly Agree <input type="checkbox"/> Agree <input type="checkbox"/> Neutral <input type="checkbox"/> Disagree <input type="checkbox"/> Strongly Disagree

Section (e) Recommended Strategies for Improvement:

	Statements	Response Count
11	Increased investment in training is a recommended strategy for improving the internal audit function.	<input type="checkbox"/> Strongly Agree <input type="checkbox"/> Agree <input type="checkbox"/> Neutral <input type="checkbox"/> Disagree <input type="checkbox"/> Strongly Disagree
12	Enhanced collaboration with other departments is a recommended strategy for improving the internal audit function.	<input type="checkbox"/> Strongly Agree <input type="checkbox"/> Agree <input type="checkbox"/> Neutral <input type="checkbox"/> Disagree <input type="checkbox"/> Strongly Disagree

APPENDIX 2:

INTERVIEW GUIDE

1. Can you describe the current organizational structure of the Internal Audit Department at Verify Engineering Limited?
2. How does the Internal Audit Department ensure that team members are continuously trained on emerging industry standards and technological advancements?
3. Can you provide examples of how the internal audit team contributes to enhanced transparency and accountability?
4. How does the Internal Audit Department handle resource constraints, and in what ways do these constraints impact its efficiency?
5. Based on your experience, what strategies would you recommend for improving the internal audit practices at Verify Engineering Limited?
6. Do you believe there is a need for increased investment in training for internal auditors, and if so, in what areas?