GREAT ZIMBABWE UNIVERSITY

MUNHUMUTAPA SCHOOL OF COMMERCE

DEPARTMENT OF ACCOUNTING AND INFORMATION SYSTEMS

THE EFFECT OF RISK BASED AUDIT ON FINANCIAL PERFORMANCE IN THE HEALTHCARE SERVICES SECTOR: A CASE STUDY OF PREMIER SERVICES MEDICAL INVESTMENTS PRIVATE LIMITED (PSMI)

DISSERTATION

BY

LAIZA NYAUTA

M215567

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NAME OF STUDENT: Laiza Nyauta (M215567)

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SIGNED: …….. LNyauta ....

PERMANENT ADDRESS: **33 REKAI TANGWENA, MORNINGSIDE, MUTARE**

DATE: **June 2023**

APPROVAL FORM

The undersigned certify that they have supervised the student, dissertation titled: The effect of risk based audit on financial performance in the Healthcare Services Sector: A case study of Premier Services Medical Investments (Pvt) Limited (PSMI), Submitted in partial fulfilment of the requirements of the Masters in Professional Accounting and Corporate Governance at Great Zimbabwe

24/6/23

……………………………………… ………………………………………..

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……………………………………… ………………………………………..

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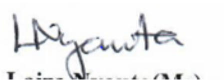
DEDICATION

I dedicate this research to my children Samuel and Rose, my supervisor, my friends, my sister Belinda and family for their unwavering and unequal support for the success of this research.

May The Almighty Bless You

DECLARATION FORM

I, Laiza Nyauta, hereby declare that this research project is the result of my own investigation and research, with the exception of the information contained in the acknowledgement, references, and comments in the body of the report, and that it has not been submitted in whole or in part for credit to any other university.



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ABSTRACT

The necessity for a proper risk-based audit, which includes risk management and internal control systems, has been linked to growing concerns about corporate accountability in a number of developed countries (Beekes and Brown, 2018). The subjectivity of this topic has led to varying degrees of internal control and risk management emphasis, which is mirrored in the governance principles of developing nations. In this dynamic environment, healthcare services sector is so much exposed to countless risks within their operations therefore, the study is meant to use theoretical lens to explore the effect of risk-based audit on financial performance in the healthcare services sector. This research provides a detailed insight into the operations of the healthcare services sector and the effects brought by risk-based audit in recent years on financial performance. The research determines the impact of risk-based audit on financial performance in healthcare services in a view to assist healthcare service providers with practical recommendations for fraud prevention through risk-based audit. The information obtained were analysed using probability and non-probability sampling, semi structured questionnaires and interviews in the process of data collection. The study found that inherent risk assessment has a significant impact on the financial performance of the healthcare services sector. Financial performance was impacted by the management's implementation of audit recommendations, risk-based audits, annual plans with the management, timely risk-based audit reporting, and an adequate auditing staff. The study also found that accuracy, completeness, timeliness, convenience, and clarity all contributed to accountability and transparency. According to the findings, the study suggests that management in the healthcare services sector be held accountable for defining effective execution of audit suggestion, risk-based audit annual plans, timely receipt of risk-based audit reports, and enough resources for risk-based audit. Through increased effectiveness, correctness, completeness, timeliness, convenience, and clarity, this would improve transparency and accountability.

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CHAPTER 1

INTRODUCTION

1.0 Introduction

With globalization, organizations' perspectives on risk in the current dynamic competitive climate have evolved, and now one of their top priorities is to capitalize on the rewards of risky activity. The global economic crisis, however, mandated that organizations manage risks (Kasiva, 2017). These advancements made the risk-based internal auditing (RBIA) approach—the auditing of risky activities undergone by organizations—clear. The necessity for a proper risk-based audit, which includes risk management and internal control systems, has been linked to growing concerns about corporate accountability in a number of developed countries (Beekes and Brown, 2018). Recent voluntary corporate governance norms have mirrored this. Although each organization's voluntary guidelines may place a different level of emphasis on risk-based auditing and governance, it is unclear to what extent these different levels of focus have an impact, either directly or indirectly, on a company's risk management and internal control procedures. There is a study gap in this area due to uncertainty regarding the relationship between the emphasis of voluntary corporate governance principles and risk management and internal control activities in practice (Sarens and de Beelde, 2018). The report discusses the problem's origins and in-depth discussion of risk-based auditing difficulties, highlighting significant global, regional, and local challenges. The statement of the problem is further discussed in the chapter, along with significant facts that prove its existence. Research goals and questionnaires are also stated. The chapter goes on to explore research constraints and how they were reduced as the study went on.

1.1 Background to study

The necessity for a proper risk-based audit, which includes risk management and internal control systems, has been linked to growing concerns about corporate accountability in the US and Canada (Beekes and Brown, 2018). Recent voluntary corporate governance principles and the Sarbanes-Oxley Act's revision reflect this. The subjectivity of this topic has led to varying degrees of internal control and risk management emphasis, which is mirrored in the governance principles of developing nations. By providing qualified opinions to companies that have unreliable financial statements, Risk Based Auditing could increase the accuracy of financial statement information and give investors the ability to weed out such companies. In Canada, it has been discovered that risk-based auditing has a positive influence on increasing financial reporting quality, reducing losses, and ultimately strengthening bank financial performance for Stockman Bank. A risk or governance viewpoint has been used to empirically investigate the presence or extent of internal auditing.

An organization's financial performance can be significantly impacted by an effective internal audit service, which can reduce overhead, find ways to increase efficiency, and maximize exposure to potential losses from inadequately safeguarded company assets. Beyanga (2020) contends that this is true in particular. The author further claimed that internal audit, as practiced in Asian economies, is a crucial management tool for raising performance. Internal auditors contribute to a firm being operated more effectively and efficiently, which increases shareholder value for Chinese enterprises, according to Fadzil et al. (2017). When Hutchinson and Zain (2019) investigated the connection between internal audit quality (audit experience and accounting certification) and firm performance in Malaysia, they discovered a solid connection with great development potential. This result supported the contention made by Hermanson and Rittenberg (2020) that greater organizational performance is correlated with the presence of an efficient internal audit function. But Hermanson and Rittenberg (2020) went on to claim that having a strong internal audit function is linked to better organizational performance.

Thus, internal audit might act as a watchdog to guard against wrongdoings and irregularities, helping the business to achieve its objectives of ensuring high levels of output and profit. In line with the findings of Mihret et al. (2020), which found that internal audit effectiveness does not significantly affect the enterprises' financial performance, Kiabel (2017) found that internal auditing does not significantly affect financial performance in government-owned companies where it is present. The internal audit function has no appreciable impact on the financial performance, according to Ejoh and Ejom's (2018) findings. The lack of a link may be caused by these businesses' potential underuse of internal audits. It is obvious that the internal audit function cannot consistently have a positive impact on financial performance where it is deemphasized (Ejoh & Ejom, 2018). These findings go against Hutchinson and Zain's (2019) findings, which indicated a substantial correlation between internal audit quality and business performance in a sample of 60 Malaysian enterprises.

1.2 Problem statement

Accounting control procedures used by a corporation, such as risk-based audits, are commonly regarded as being essential to the operation of an organisation since they serve as a potent brake on potential deviations from the established goals and policies. Risk-based auditing procedures on the financial performance in the healthcare setting are few, despite the fact that many empirical works have provided a variety of explanations for the underwhelming financial performance of healthcare organizations during the previous ten years. Poor risk culture and a lack of risk knowledge among staff have increased fraud and resource waste, thereby affecting patient outcomes in hospitals and medical facilities (Francis 2018). These factors have also had an impact on service delivery.

Although earlier studies have indicated a link between risk-based audit practices and financial performance (e.g. Mak, 2017; Simons, 2017; Kiragu 2018), many of these studies have primarily focused on banks and other financial institutions, and the studies that have been released have been conducted with significant financial institutions in advanced countries. Currently, little is known about how risk-based auditing practices affect the financial performance of healthcare services. By undertaking an empirical examination of the impacts of risk assessment on the financial performance in the medical industry, this research aimed to reduce this gap.

1.3 Purpose of the study

To determine the impact of risk-based audit on financial performance in Healthcare services in a view to assist healthcare service providers with practical recommendations for fraud prevention through risk based audit.

1.4 Research objectives

- To establish the risk based audit practices adopted by Healthcare Service providers and their influence on financial performance
- To determine the auditors independence and how it influences financial performance of Healthcare Services in Zimbabwe
- To ascertain the influence of auditor size on the financial performance of Healthcare Services in Zimbabwe
- To examine the effects of auditing on saving the organization from malpractices and irregularities to achieve its objectives of ensuring high level of productivity and profit.

1.5 Research Questions

- What are the risk based audit practices adopted by Healthcare services and their influence to financial performance?
- How the impact of auditor independence is on the financial performance of Healthcare Services in Zimbabwe?
- How auditor influence size on the financial performance of Healthcare Services in Zimbabwe?
- What is the effects of auditing on saving the organization from malpractices and irregularities to achieve its objectives of ensuring high level of productivity and profit?

1.6 Hypothesis

H1 There is a positive relationship between the risk management system and the implementation of risk- based auditing.

H1b Risk based auditing has a significant positive effect on financial performance of healthcare firms.

H0 There is no positive relationship between risk management system and implementation of risk based auditing.

H0b Risk based auditing has no significant effect on financial performance of healthcare firms.

1.7 Significance of the study

A key aspect of financial performance is risk-based audits. Both the public and private sectors require it. Companies that provide health services, like other organizations, should be curious about how risk-based auditing impacts their effectiveness. The significance of this is based on the claim that risk-based auditing will inevitably work against risks. The current study's findings may therefore help the management of healthcare service providers comprehend the significance of risk-based audits while taking financial performance into account. This might help individuals make decisions and develop important financial strategies that can help reduce financial dangers. The study could also be important since it could serve as a resource for other academics researching topics linked to health services, audit, organizational financial performance, and other related topics.

1.7.1. To literature

This study offered a useful foundation for future research on risk-based financial performance audit in healthcare services. This study will add to the body of knowledge in the academic literature on the topic of auditing in the medical services industry, where little is known about its implementation and structure. The study's findings will give other healthcare service providers some understanding of the difficulties in implementing RBA so they can create timely and effective interventions to reduce the risks (Castanheira et al. 2010).

1.7.2. To Premier Service Medical Investments

Through the results of risk-based audit reports, the study is helpful in formulating policies on the legal requirements of healthcare service providers. It will serve as a benchmark for the audit function's contribution to achieving accountability and openness.

1.7.3 To the student

The study is conducted as a component of Great Zimbabwe University's Master of Professional Accounting and Corporate Governance/GRAD program..

1.7.4 To the University

The study will add to the body of knowledge in this sector and fill a gap in the literature. The research's recommendations and solutions will improve educational knowledge and practice.

1.8 Assumptions

- There would be no major changes in the nature of operations of Healthcare service providers.
- The respondents are knowledgeable, capable and willing to participate.
- Data to be collected from respondents would be free from any errors, misstatements and bias.
- The population sample would be a true reflection of the entire population of Healthcare

- The research design would help the researcher to gather enough data suitable to make the expected recommendations.
- Data sources would be sufficient.
- All questionnaires distributed to respondents would be returned.

1.9 Delimitations

The Scope of the study was divided into conceptual, physical and time scope.

1.9.1 Conceptual delimitation

The impact of forensic accounting in combating and preventing fraud in Healthcare companies

1.9.2 Time scope delimitation

The period of the research was limited to only 5 years, 2017- 2021.

1.9.3 Physical delimitation

The research was concentrating on Healthcare companies that are domiciled in Harare only.

1.10 Limitation of the study

- Lack of funds to conduct a thorough research through travelling to different PSMI business units in Zimbabwe for data collection was a major constraint. To circumvent this problem the researcher used company publications, published financial information and other non-classified information.

- The research was piloted using questionnaire and Interviews which are subject to professional judgment which is subjective in nature and sampling methods which has some inherent limitations.
- The research might be constrained by inadequacy of time since the researcher is a full-time employee however, the researcher utilised weekends in order to curb this problem.
- The research was carried out under a very short period of time therefore all important information may not be incorporated.

1.11 Definition of key terms

Risk Based Audit	: Risk-based auditing ensures that internal audit engagement is providing assurance and advisory services in regard to those risks by concentrating on the organization's key risks (ACCA, 2017).
Corporate Governance	**:** An internal framework of rules, procedures, and stakeholders that directs and controls activities to meet the needs of shareholders and other stakeholders. Activities related to management that exhibit sound business judgment, objectivity, and responsibility (Darlington, 2018)
Financial Performance	**:** Murray (2022) asserts that a company's financial performance is a debatable barometer of how well it can use resources from its primary line of business to make money.

1.12 Research outline

This dissertation is about the effect of risk based audit on financial performance in the healthcare services sector, a case of Premier Service Medical Investment. It is divided into five chapters which are:

Chapter 1 highlighted the background of the problem, research problem and research questions, objectives of the study, hypothesis, significance of the study, limitations and delimitations of the study, definition of terms and chapter summary.

Chapter II is divided into three sections which are conceptual framework, theoretical framework and empirical review. Research objectives as highlighted in chapter 1 are discussed in detail and theory underpinning the study is also discussed in depth.

Chapter III chronicles the research philosophy, methodological choice and research design of the project, research population, research data sources, data reliability and validity also explained, research instruments also explained in detail and the chapter summary.

Chapter IV presents and analyse data collected on the effect of risk based audit on financial performance on Premier Service Medical Investments, data gathered by way of questionnaire is analysed and presented first, followed by data collected using interviews, and it is then presented by way of pie-charts, graphs, tables and other pictorial tools.

Chapter V is the concluding chapter of this thesis and provides summary, conclusions and recommendations of the project. It also details the major research findings and how the project intends to address the problem statement.

1.13 Summary

This chapter concentrated on introduction, statement of the problem and background of the study where global, regional and local issues pertaining to risk based auditing were clearly articulated. The chapter also highlighted study limitations, delimitations as well as research questions and objectives. The next chapter looks at the literature review.

CHAPTER II

LITERATURE REVIEW

2.0 Introduction

The previous chapter concentrated on introduction where background of the study was clearly articulated and the research problem was also discussed in detail. This chapter looks at the literature review where related theories to the study are discussed. The chapter will also discuss the empirical review and the conceptual framework in an effort to determine risk based audit ion financial performance of healthcare firms.

2.1 Theories underpinning the study

The theories underpinning the study are the Risk Based Auditing model and the Economic Value added theory (EVA)

2.1.1 Risk Based Auditing Model

The use of risk-based internal audit, which focuses on both registered and unrecorded dangers, helps to enhance the process of presenting financial accounts. The audit will take longer and the audit client will be monitored more carefully the greater the degree of risk (Abdol, 2019). Therefore, risk-based approaches are preferable to conventional auditing techniques since, in addition to concentrating on risk level, they also assist to assess and enhance the financial reporting process. This requires auditors to have current knowledge. The information gathered could help develop an auditing program that uses the best test combinations feasible that can be tailored to the particular needs of each customer (Gibson, 2020).

Psychology, however, shows that when faced with present danger cues as opposed to experience, people tend to exaggerate experiences. According to the risk-based audit theory, experience can improve the auditor's ability to accurately detect potential hazards in the future. The auditor's evaluation of the audit process gets better with experience, according to the audit risk theory (Waterman, 2016).

There is a potential that the auditor may depend on experience in addition to knowing particular knowledge, which is fundamentally incorrect. All departments must increase their awareness of risk management, identify opportunities for risk control, put practical risk management measures into place, document various risk controls, and conduct risk-based internal audits using significant data sources in order to effectively apply risk-based internal audit to the internal control and risk management system (Doolin and Lawrence, 2017).

Internal auditors are in fact intended to work with management and within the organization. Internal thus needs to speak management's language and be motivated in the same ways. Unfortunately, the outdated internal audit paradigm has not adopted management's terminology, which emphasizes that control-based components are no longer important because they are not directly related to management objectives. The results of internal audits may not directly affect attaining goals since a focus on control aspects may lead the auditor to areas that are not actually the focus of management objectives (Mitnick, 2015).

Internal auditors are experts in their fields who adhere to worldwide evaluation standards and possess a high degree of knowledge, skill, and ability (McKee, 2016). This ensures more efficient control. Internal auditors have a hard time spotting fraud, and one of the reasons for this is that they lack sufficient experience in spotting fabricated financial data. Internal auditors can enhance their performance, obtain valuable knowledge, and develop their capacity to recognize fraud by participating in training that incorporates generating fraud situations. By comparing employee fraud and organizational risk to existing control approaches, (Zanzig & Flesher, 2011) performed study.

Risk indicators track risk exposure and operate as an early warning system to help reduce losses. Since risk is caused by uncertainty, it is monitored within the firm using the Dashboard interface. When implementing the selected plan, it should be monitored utilizing key risk indicators that do this. There are established thresholds for the primary risk indicators that serve as the catalyst for modifying the risk management plan. There are new risk indicators and new trigger points when plans are reassessed (Mark, Beasley, & Bruce, 2021).

2.1.2 Economic Value-Added Theory

Economic Added Value (EAV) is a measure of a business's economic profit that depicts the value produced beyond the needed return for the business's investors, who include its shareholders and debt holders. Performance is most closely correlated with the growth of shareholder value over time (Ray, 2012).

EVA has gained popularity as a method for evaluating company performance because it is the only one that accurately accounts for all the difficult trade-offs involved in creating value. As a result, Stewart (2019) says that EVA is "the right measure to use for setting goals, evaluating performance, determining bonuses, communicating with investors, and for capital budgeting and valuations of all kinds." EVA is the difference between a capital investment's rate of return and its cost, multiplied by the capital's economic book value (Barbera and Coyte, 1999). However, this methodology offers an improvement over the prior measure of residual income, which was capital charge less operating profit. EVA produces the same valuation results mathematically as Net Present Value (NPV) or Discounted Cash Flow (DCF), which are long-recognized as the best theoretical analytical tools from the stockholders' perspective (Brealey and Myers, 1991). However, because most metrics heavily rely on accounting data, EVA differs from other conventional performance measuring techniques in this regard. According to Shil (2009), different approaches to depreciation, inventory valuation, goodwill amortization, business risk based on the nature of the company's business activities, and financial risk based on the proportions of debt and equity used to finance the firm may all be used in addition to conventional accounting methods. The disadvantage of these instruments is that accounting profits do not capture changes in the firm's economic worth.

Hall (2021) proposes that value-based management performance measures make use of a discounted cash-flow technique in some way to determine the potential impact of new business strategies on shareholder value. The most fundamental versions of these financial instruments, including option pricing theory, are typically included in strategic management courses. Managers frequently employ these instruments for making strategic decisions. The issue is that financial analysis isn't really designed to determine where value ultimately originates. The examination of consumers, competitors, and resources is one of the crucial components of strategic management that is not facilitated by applying these methodologies. In essence, how the company's management approaches these areas will decide the financial repercussions for shareholder value (Becerra, 2009).

Since it takes into consideration the cost of capital utilized, Chmelikova EVA is an assessment of a company's performance in 2008 that highlights the creation of value by the management for the owners, proving the superiority of this approach of valuation above conventional accounting performance indicators.

2.2 Empirical Review

2.2.1 To establish the risk-based audit practices adopted by Healthcare Service providers and their influence on financial performance

Risk-based auditing methods emphasize the significance of identifying the risks contained in strategic plans as well as assessing and reporting the adequacy and effectiveness of risk mitigation strategies (Lubbe, 2019). The structured risk-based auditing technique, according to Selim and McNamee (1999), should include risk management principles (such as risk identification, risk management, and risk communication) into all phases of individual audit engagements, involving audit planning, audit execution, and audit reporting, as well as just the annual audit scheduling procedure. This would guarantee the delivery of thorough information on the effect reduction of risks that could prevent the fulfilment of corporate goals.

2.2.1.1 Risk Management

According to Hay and Knechels (2004), the demand for auditing is determined by the quantity of risks that various organization stakeholders face as well as the quantity of control mechanisms available to reduce those risks. The focus on risk management in internal auditing has thereby increased the audit function's validity inside the organization and management's willingness to embrace it (Beumer, 2018).

Risk-based audit allows firms to establish strong, forward-looking risk management strategies, which helps them make better business decisions (Fatemi & Glaum, 2017). For public sector managers, sound risk management is a potent tool since it goes beyond preventing or minimizing losses to dealing positively with opportunities. The foundation of effective risk management is a well-thought-out, rational, thorough, and documented strategy. In order to manage risk, the business can employ this strategy's policy recommendations, strategies, and processes (OECD, 2005).

2.2.1.2 Annual Risk-Based Planning

The preparation of a strategy plan, annual plans, and programs for specific risk-based audit assignments are all included in planning, which is regarded as a crucial audit activity. The operational standard for internal auditing that deals with planning requirements calls for the creation of a strategy plan, often covering a period of five years, an annual plan, and plans for individual audit assignments. By anticipating needs in a timely manner, the head of an audit can practice good governance by ensuring that resources are allocated appropriately (Karapetrovic, 2019).

Planning effectively increases efficiency, allowing for the completion of numerous audits each quarter. The goals of the audit engagement may be achieved within the scheduled time frame in certain cases, and the actual quantity of audits performed within a particular time period is generally fewer than the quantity of audits provided in the annual audit plan (Sanda, 2017).

The primary goal of the external auditor in structuring and defining the engagement is to compile data to support expressing an opinion on the financial statements. According to Davidson (2021), an auditor is required to present a fair and true assessment of a client's set of financial statements, but auditors are unable to guarantee that the financial statements are error- and irregularity-free. The risk that auditors need to detect and evaluate is part of the audit planning process. If an item is found, auditors must weigh its presentation and context before determining whether it alters the accurate and fair view of the company's financial statements.

2.2.1.3 Internal Auditing Standards

Good governance, accountability and transparency, justice and equality, efficiency and effectiveness, upholding the rule of law, and the highest possible standards of ethics serve as the cornerstone for developing auditing standards. In order to preserve expert auditing standards for Risk-Based Audit and to guide audit ethics of work, international auditing standards are required to be accepted (Mutua, 2018).

The Standards provide a framework for conducting out and developing value-added internal auditing and lay out the essential principles that guide the conduct of internal auditing. They also aid in enhancing organizational processes and operations and provide as a base for assessing internal auditing's (IIA) efficacy.

2.2.1.4 Internal Auditing Capacity

Many businesses created internal audit departments, hired more internal auditors, and bolstered their independence to make this a reality. Beasley (2019), highlighting the importance of internal auditing investments, found that companies with internal audit specialists are less likely to perpetrate financial fraud than those without internal auditing. Organizations with internal audit staff are more likely to spot and feedback fraud than those without. The amount and magnitude of mistakes needing correction by external auditors are much lower for firms having an internal audit department in contrast to those without one (Wallace & Kruetzfeldt, 2018).

2.2.2 To determine the auditors independence and how it influences financial performance of Healthcare Services in Zimbabwe

As noted by Stewart and Subramanian (2010), self-examination close ties to management and/or the audit committee, and societal pressure from those organizations may have a detrimental influence on the independence and impartiality of internal auditors. Kiridaran, Gopal, and Gerald (2010) found an association between the limited independence of internal auditors in small listed banks in the US and more dedicated earnings management in conjunction with the inadequate supply of loan loss provisions (LLP) in their research on internal auditors' independence in the banking industry.

They went on to show that this lack of independence did emerge from economic interests and familiarity by using an observational study research design and a sample size of 63. They claimed that this had a negative impact on internal auditors' assurance functions, which in turn damaged the listed banks' share value performance and, ultimately, their profitability (Kiridaran, 2010).

In their research on corporate governance and the efficiency of mentioned European banks in 2021, Rodrigues and Stepanova discovered a strong correlation among the independence of internal auditors, which is a requirement of corporate governance, and the financial wellness of these banks. Additionally, they demonstrated that listed banks where the CEO's dual role threatened internal auditors' independence by taking an active role in the audit plan, intervening with audit budgets, and controlling earnings, posted low profits, especially during times of high securities market volatility.

Kershaw (2006), who found a considerably favourable association between the performance of listed banks in the U.K showed similar findings in a research on internal audit and internal auditors' consent to bank managers' demands to accept contested, false, and inaccurate accounting reports.

Anderson (2022) proposed that auditor independence was formed through corporate governance, which provided a setting where senior management did not interfere with the work of internal auditors and, as a result, improved the reputation of listed banks. This research used an observational study design. In addition, he claimed that this enhanced reputation showed a favourable correlation with investor confidence, resulting in increased share value and profitability (Socol, 2011).

Karmanova (2013) found a lack of correlation among internal auditors' independence as well as financial performance in a Lithuanian investigation into the internal audit of listed commercial banks, despite mentioning that the auditor committees of commercial banks were interfering with the Chief Internal Auditors' (CIA) annual audit plans. The share price of the listed Lithuanian commercial banks and, consequently, their financial performance, she said, were not significantly impacted by her historical design, which contained a sample of seven listed commercial banks (Karmanova, 2013).

Additionally, Adnan and Meera (2019) found a significant correlation between the independence of internal auditors and their capacity to evaluate risk management in banks and the financial performance of listed banks. They assert that an observational study methodology and a sample of 102 observations were used to illustrate this link in the dependability of earnings quality, which is represented in the accuracy of financial reporting. In addition, they demonstrated that this independence extended to external auditors, reducing the expenses related to the external auditor's acquisition of non-auditing services (NAS), which in turn enhanced return on assets, the financial performance of the listed banks, and drew investors (Htay et al., 2011). In a study that concentrated on listed banks in Malaysia, Basiru and Nur Ashikin (2018) discovered a statistically beneficial connection between financial performance and internal auditors' independence. Researchers further contend that this was caused by the internal auditors' ability to effectively monitor management and, as a consequence, reduce the chance of self-gain activities, as evidenced by the institutions' profitability, using a 37-person sample and an observational study approach to research. Basiru and Nur Ashikin (2018).

2.2.3 To ascertain the influence of auditor size on the financial performance of Healthcare Services in Zimbabwe

Auditor's size and value relevance of accounting information.

The most significant classification used to measure audit firm size in audit quality literature, such as Creswell (2017), is dividing audit firms into big and small ones. Continuous variables were used in other research, such as Bauwhede and Willekens (2004), to assess the size of audit firms. An auditor with numerous clients, according to DeAngelo (1981), does not behave opportunistically and produces high-quality audit reports. This is based on the auditor's size criteria. Because they have the ability to train their staff and use standardized auditing procedures (Lawrence et al., 2011), major auditing firms offer high-quality services, according to Chen (2019). The audit reports generated by the Big 4 auditing firms are unbiased, thorough, and without any mistakes when compared to corporations that are not a member of the Big 4 (Lee and Lee, 2013). The need to follow the similar auditing standards and professional norms, irrespective of the scope or standing of the auditing organization, might be used to explain this phenomena. From the viewpoint of the auditing quality of service, auditing reports that match large audit firms and small audit companies shouldn't impact the financial market in various ways, and the quality of the auditing mission should be comparable. According to Easton (2017), the size of audit firms and the financial statements these companies give are important drivers and factors in the quality of auditing. This is because larger audit firms are less dependent on their clients because of higher income. They are therefore more resilient to demands from clients to manage profitability or provide an unqualified audit statement. According to Davidson (2020), audit firms with a solid reputation and a greater size should strongly invest in training and auditing technologies to sustain their brand and their trust with clients. Because of this, large auditors are motivated to maintain their independence in order to deliver high-quality auditing consistent with their reputation and brand (Ittonen, 2012). According to Hakim (2019), the reports released by bigger audit companies frequently represent information objectively and accurately, and they have a significant impact on the judgments that investors make about the stock market price. Large audit firms therefore seem to offer better and more dependable auditing services and lessen the possibility of fraudulent or managerially-driven financial statements. In comparison to financial accounts audited by other audit companies, they also offer audited financial statements based on impartial, comprehensive, and error-free data. As a result, one of the elements influencing how investors decide on stock market pricing is the auditing of financial statements by significant audit companies (Lawrence, 2011).

Practically speaking, the cost of internal agency increases with corporate size and organizational complexity. Therefore, in order to reduce the agency cost, businesses hire bigger audit firms to examine their financial statements (Simunic and Stein, 2018). In comparison to private companies, public companies are larger in size. There is a considerable size disparity between audit firms that provide services to public businesses and those that do not. As a result, audit firms are classified according to the size of their clients or their areas of expertise.

2.2.3.1 Audit Reporting for Going Concern

One need for good auditing, which is essential for functioning capital markets (Watts and Zimmerman, 2020), is auditor independence. According to DeAngelo (2019), the size of the accounting company is a strong predictor of the competence of the auditor since bigger accounting companies are less likely than minor accounting firms to jeopardize their independence because they do not rely on any one client. According to Dopuch and Simunic (1980), larger accounting companies offer better services since they have more reputations to uphold. Additionally, it might be claimed that Big 4 firms provide higher audit quality due to their size, which enables them to implement more stringent training programs, standardize audit methods, and provide opportunity for appropriate second partner reviews (Lawrence et al., 2011). Larger audit firms are thus better equipped to choose whether to alter or not alter their perspective in responding to client-going-concern difficulties. A decreased going-concern "reporting error" rate would follow from this increased accuracy.

However, Audit Organization of Iran (2011) makes the case for how both big and small audit firms can provide work of equivalent caliber. The same regulatory and professional standards apply to both larger and smaller audit firms, so both must maintain a reasonable level of quality. However, because smaller firms have a better understanding of their local markets and stronger relationships with their clients, larger firms may be better able to spot irregularities. According to Behn (2017), the opposite argument could be made that closer ties between small accounting firms and their clients could possibly compromise independence; however, the overall impact of these opposing forces is unknown. The failure of small audit firms to acquire cost-effective insurance coverage might in fact boost the audit effort of small firms compared to larger firms because smaller audit firms cannot obtain a comparable amount of back protection. Finally, knowledge transfers from Chartered Professional Accountants who frequently migrate between large and small businesses can reduce the likelihood that one type of audit firm will emerge as superior. Therefore, the idea that huge corporations should be more superior than small businesses cannot be derived rationally from either theory or perception (Lawrence et al., 2011). In these developing nations, little research has been done on the relationship between the features of the auditor, such as the audit report and audit firm size, and the value and relevancy of the accounting information.

One of the core components of the corporate liability system is believed to be auditing practice. Accordingly, the execution of the corporate liability function is mostly reliant on accurate information that has been verified by an outside auditor (Salehi and Dehnavi, 2018). The inclusion of an audit opinion in an audit report is mandated by audit regulations and guidelines. Some academics use the auditor's comments on the client's ability to continue operating as a going concern, emphasizing how well they foresaw the client's bankruptcy (Craswell et al., 2002). A few of the variables that contributed to the development of auditing services include the current a gap between financial information providers and their intended audience, the potential for conflicts of interest between various users of financial statements, the intricacy of economic transactions, and the influence of the informative nature of financial statements on decisions made by investors (Moradi et al., 2011; Arens et al., 2012). According to Mansi et al. (2004), the auditing services provided to listed corporations serve two important roles: an assurance function and an informative one. This perspective is taken from the perspective of the financial market's investors. By checking the financial accounts, the informative role takes shape in order to identify and disclose any shortcomings in the client's accounting system.

2.2.4 To examine the effects of auditing on saving the organization from malpractices and irregularities to achieve its objectives of ensuring high level of productivity and profit.

Due to concerns that accounting fraud could jeopardize a bank's operations, pervasive societal corruption and corporate failures around the world have increased the need for accounting professionals to abide by high ethical standards (Hazaea, 2021). Following numerous prior accounting mishaps, internal auditing has become a crucial component of effective controls and risk management. Additionally, through its assurance and advisory responsibilities, auditing supports risk management in a number of ways (Jarah, 2022). Every organization needs to plug the gap by putting in place good or excellent auditing systems that will oversee and keep an eye on business policies and procedures. The internal audit system was, and still is, believed to be a way of ensuring the accuracy of financial statements as well as acting as a compliance tool for financial quality assurance. Particularly, internal audit is crucial since it makes sure that the accounting system satisfies stakeholder demands for reliable financial information. In contrast, the large proportion of fraudulent financial transactions has not been significantly impacted by internal audit (Ogoun and Atagboro, 2020). The decision-making process by users both inside and outside the organization may be significantly enhanced by recognizing and assessing of risks of accounting mistakes and inaccuracies that extend outside the economic content of the supplied data (Drábková and Pech, 2022).

The sample technique is essential for identifying any abnormalities and including the client at every stage of the audit, which is the objective of the audit quality: to provide a fair assessment of the area under inquiry. The board of directors and senior executives use the term "quality" to describe a bank's standout performance. The audit technique is the same regardless of how distinctive each audit is, with the initial review auditor creating an audit program and setting up the opening meeting (Almatarneh et al.2022).

2.2.4.1 Audit and Financial Performance

The majority of internal audit specialists believe that improved financial performance and a successful internal audit function are connected. An efficient internal audit service may have a major influence on an organization's financial performance by minimizing expense, identifying opportunities to boost efficiency, and maximizing exposure to possible losses from insufficiently protected corporate assets. In particular, Beyanga (2020) claims that this is accurate.

On a practical level, a KPMG (1999) research found that internal audit activities, when they exist, considerably increase performance and aid in identifying profit in company catastrophes, notably financial fraud, which repeatedly shows a correlation between subpar governance, Thus, internal audit might act as a watchdog to guard against misconduct and anomalies, allowing the business to fulfill its objectives of ensuring high levels of output and profit.

The use of a risk-based strategy can identify possible organizational risks that could otherwise go unnoticed and give management a vital tool for measuring and managing risk throughout the entire business. The organization will have specialized audit coverage for high-risk regions and management will be able to allocate the most resources to the areas that will provide the highest return on investment. (Chun, 1997).

Today's businesses must make the most of all of their resources to remain competitive, and as this booklet makes clear, one of the most important is the internal audit process. Internal

auditors are accountable for evaluating internal controls and making recommendations for improvements, but they are also particularly qualified to support effective corporate governance due to their risk management expertise and deep organizational knowledge.
According to Eden (2021), senior management and boards are turning to internal auditors for guidance and opinion on everything from operations analysis and risk assessment to suggestions for better company governance. Additionally, internal audit practitioners are being pushed harder than ever to use their knowledge in much broader contexts, including assessing emerging technologies, spotting and preventing fraud, analyzing the efficacy of policies and procedures, and finding ways to save the company and its shareholders money.

2.3 Conceptual Review

Risk-based internal auditing connects internal auditing to a the company's overall risk management structure, which improves the efficiency of the internal control system and improves the company's financial results (Mutai 2017). It also offers a risk management procedure, annual audit planning, internal audit capacity, and internal auditing standards. Providing a complete overview: Investors may make an educated decision about whether to purchase a company's stock with the aid of independent audits, which provide an accurate depiction of a company's worth. Financial analysts and brokers also employ independent audits to advise customers on prudent investments (Raw, 1986). According to Mwangi (2018), bigger companies have lower transaction costs due to the benefits of economies of scale, which enhance financial performance. It is the auditor's or reviewer's duty to provide a qualified assessment of these financial statements. To increase member accountability and ensure that all funds collected by the organization have been accurately accounted for, an association's financial report may be examined or audited (Donaldson, 2020).

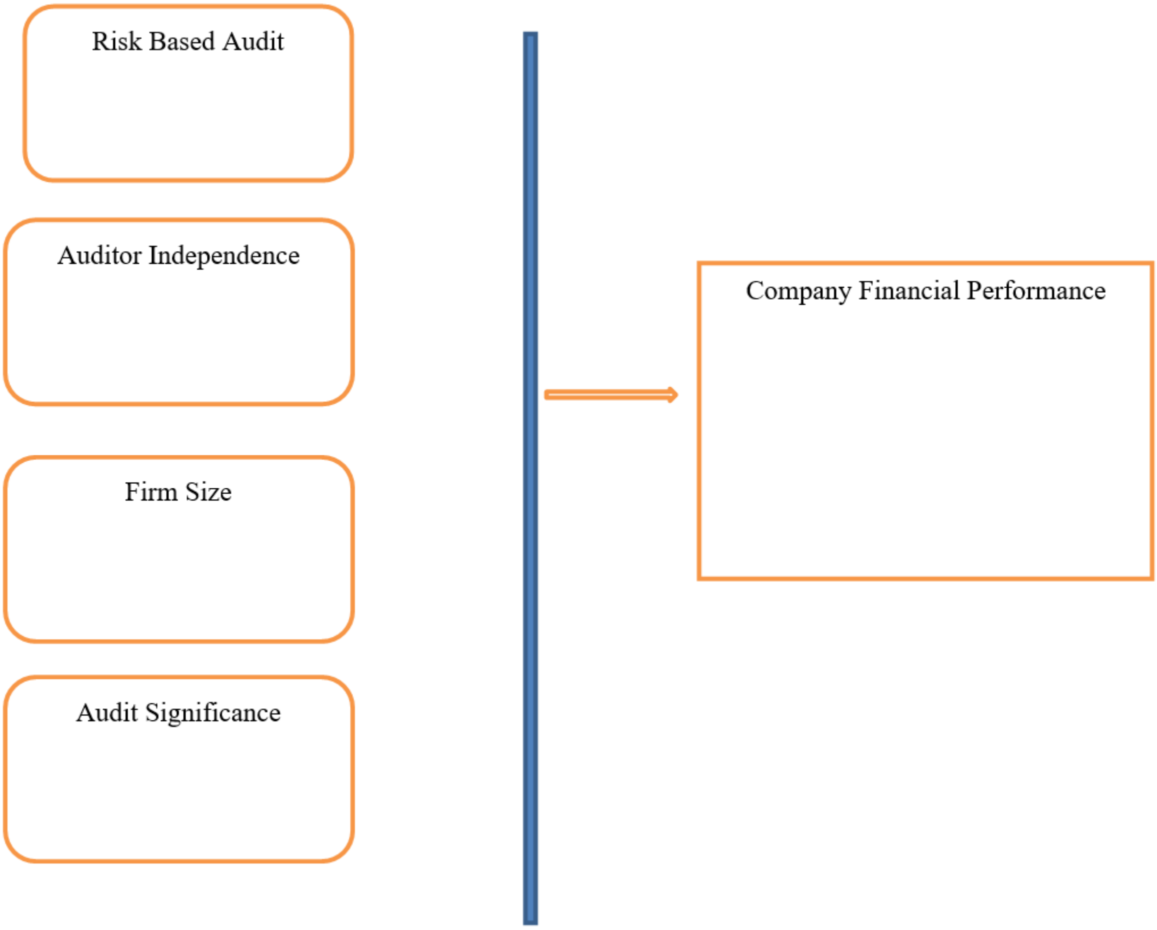

Figure 2.1: Conceptual Framework: (2023)

2.4 Summary

This study focused on the theoretical framework to evaluate the audit risk management practices on financial performance of healthcare firms. The Risk based auditing model and the Economic value added model were discussed in detail. The study further examined the empirical review and the conceptual review. The next chapter looks at the research methodology.

CHAPTER III

RESEARCH METHODOLOGY

3.0 Introduction

In the chapter before, which was primarily concerned with the theoretical framework for assessing the impact of audit risk management methods on the financial performance of healthcare organizations, there was also a thorough discussion of the risk-based auditing model and the economic value-added model. The empirical review and the conceptual review were further discussed in the chapter. Finding relevant and acceptable data that can be analysed to draw conclusions is necessary in the search to understand how different company practices affect risk-based audit management and financial performance. This chapter takes things a step further by demonstrating the methods used to get the pertinent data. The categories of data to be collected, the method of data collection and analysis, the justification for choosing the research sample and questionnaire design, and the potential weaknesses and strengths of the study are all covered in this discussion. These are essential to the research because they provide a breakdown of the numerous research methodologies and strategies that were used to conduct the research and provide justification for how the chosen approaches will help to close the problem's current gap.

3.1 Research philosophy

This research follows both the positivism and the interpretivism philosophical stance.

Because there are established guidelines and laws that must be adhered to, positivism has a clear structure throughout. The presence of specific instructions drastically reduces the likelihood of errors. Positive thinking is entirely predicated on the notion that scientific knowledge is legitimate knowledge of the world. Similar quantitative results from statistical analysis can be used to reproduce the primary corpus of positivist research.

Contrary to positivism, interpretivism places more focus on using qualitative research analysis than statistical or quantitative analysis to arrive at final conclusions. The responses are accurate and reasonable. The respondent is able to deliver answers with sentiment and meaning as well as thorough responses because to interpretivism's focus on the individual rather than the group responses. Additionally, it incorporates a personal interest in a study.

3.2 Research Approach

According to Creswell & Clark (2018), doing research can be done using quantitative, qualitative, or mixed methods. According to Saunders' Research Onion, the second layer of the research onion is the research approach. Here, we see examples of the ways that a researcher can use when performing any kind of research. Both quantitative and qualitative research analysis techniques were used in this study. Since the two methods complement one another, combining the qualitative and quantitative investigations enables a more thorough examination. The objective of the quantitative method, according to Copper & Schindler (2017), is to quantify a phenomena exactly, resulting in the intended outcomes and amply demonstrating the direction and amplitude of the link between the previously established variables. The quantitative method comprises carrying out a numerical and statistical examination of the data to accomplish this. The qualitative technique, which is mostly focused on describing the respondent's experiences and views, was also covered by Cooper and Schindler (2017).

3.3 Research Design

To identify a particular phenomenon in terms of current trends, current events, and relationships between numerous components at the moment, a correlation research technique was utilized in the study to collect and evaluate huge volumes of data. Correlated study technique was used because it enabled the researcher to ascertain how risk-based audit affected the financial performance of the healthcare services sector. It was utilized to learn more about how risk-based auditing was currently affecting the financial performance of healthcare service providers. The threat of collecting data without a purpose is reduced by study design, which also verifies data gathered while attempting to find answers to the research questions.

Numerous survey and fact-finding techniques are used in a descriptive design (Kothari 2018). According to Cooper & Schindler (2017), correlation study is a subset of descriptive study. A correlation study is carried out in the organization's natural setting with little intervention from the researcher from the usual workflow (Sekaran, 2018). In order to arrange individuals, administer instruments, and organize for data display and analysis, it is a technique to discover relationships. Because this study uses observations, interviews, and questionnaires to enable the researcher to acquire data on the effects of risk-based audit and its impact on financial performance, a descriptive analysis was required.

3.3.1 Case study

According to Shuttleworth (2018), a case study is a detailed analysis of a particular situation as opposed to a large statistical survey. It is a method for narrowing a broad area of study down to a manageable topic. Kothari (2018) defines a case study as an in-depth examination of a person, a situation, or an organization. This is done in order to analyse every aspect of the relevant unit and gather sufficient data to reach accurate conclusions. This study used Premier Services Medical Investments to examine the effects of risk-based audit because it occurs in a real organization, which is missing from surveys, and because the researcher focused on just one business, she had the time to gather all the necessary data.

3.4 Research Choice

This research onion's fourth layer, or stage, deals with mixed, quantitative, and qualitative approaches. The researcher choose whether to employ the mono method, mixed methods, or multi-method at this point. In this case, the researcher chooses to employ the mixed technique and gathers both quantitative and qualitative data with the goal of utilizing both equally. This framework places a lot of attention on attempting to balance qualitative and quantitative data in order to overcome the shortcomings of both approaches.

3.4.1 Mixed Research

In a single study, both qualitative and quantitative data may be collected or analysed; the data may be gathered sequentially or concurrently, and it may be consolidated at one or more points throughout the research process (Creswell & Clark, 2018). In other words, the method aids the researcher in tackling problems that neither quantitative nor qualitative methods alone can solve. The mixed method offers a more comprehensive picture by highlighting patterns and generalizations as well as a thorough comprehension of the researcher's viewpoints. A panel data set from PSMI is utilized in this study's quantitative analysis to investigate the impact of risk-based auditing on financial performance. In order to fully explain the quantitative findings, a qualitative method is added to the quantitative study findings. Here, each stage of the suggested method is described:

3.4.2 Quantitative technique

It is a technique in which the researcher uses techniques for analysis including experiments and surveys and gathers information using computerized tools that generate statistical data (Creswell, 2018). Quantitative research's main advantage is that it is a technique that produces quantifiable, trustworthy data that can perhaps be generalized to a broad population (Marshall, 2017). Additionally, it is likely that verifying hypotheses developed before to the gathering of data can help test and validate existing theories regarding how and why occurrences occur. The main research question and various distinct sub-research questions are both confirmed or denied in this study using the quantitative technique.

3.4.3 Qualitative technique

Qualitative research aims to provide the researcher with a means to understand a phenomenon via interaction with or observation of the study's participants (Denzin & Lincoln, 2018). As a consequence, qualitative researchers are drawn to examining and/or evaluating events that take place in the natural world. To evaluate a phenomenon in light of the meanings that participants provide to it, qualitative researchers should explore phenomena in their natural settings, according to this argument (Newman & Benz, 2017). The ability of a qualitative approach to provide in-depth descriptions of participants' cognitive processes and its predisposition to focus on the "whys" of events are two of its major benefits (Creswell, 2018).

To answer the sub-research question, the qualitative component of this study comprises conducting in-depth interviews with PSMI management and healthcare personnel.

The management of PSMI and healthcare personnel will be interviewed as part of this study's qualitative methodology. The management of the organization plays a crucial role in deciding the risk tolerance of PSMI in their decision-making process. Staff members are also in charge of carrying out the PSMI's established controls and risk policy.

3.5 Research Population

According to Kothari (2018), "a census is an in-depth count of all items in the population, but when the subject of inquiry is large this approach becomes challenging to adopt because of the resources at play, incorporating on to that it is feasible to get adequate outcomes by examining just a part of the total population, which is a sample." A sample survey is not necessary, though, if the sample is tiny. In this research study, the population was for the health services sector, which included both entity and staff populations; as a result, a census study was conducted.

3.5.1 Entity population

The PSMI, PSMAS, Harare Central Hospital, and other nearby hospitals will also be included in the study's population. The population was capable of providing in-depth information and related to the implications of risk-based audit on financial performance.

Table 3.1 Census table: Entity population

Health service providers	Population	Sample	% sample size
PSMI	1	1	100%
PSMAS	1	1	100%
Harare Central Hospital	1	1	100%
Local Hospitals	5	3	60%
Total	8	6	75%

3.5.2 Personnel Population

All PSMI employees (audit clerks, audit seniors, audit partners, and audit managers) as well as all accountants from PSMAS, PSMI's parent organization, and all financial reports reviewers employed by other healthcare service providers made up the population. This demographic was established after taking into account the necessity to get data from respondents who are knowledgeable about risk-based auditing and are capable of expressing sound judgments about how it will affect financial performance. Nevertheless, was gathered through a census of the total population. Researchers Gill and Johnson (2017), Kothari (2018), Easterby-Smith et al (2018), and Creswell (2017) have come to the conclusion that it is possible to test a carefully selected subset of the population and produce research-related data that may then be generalized and extended to the target population. This provides a true representation of the research population. A sample of the population was employed to acquire the required results while conserving time and avoiding prohibitive expenses associated with testing the entire population in light of the foregoing and the fact that the population of this study is huge.

Table 3.2 Census table: Personnel population

Key Respondents	population	sample	%
PSMI			
Audit managers	7	3	42%
IT Audit	1	1	100%
Audit clerks	26	21	81%
Finance business partner	5	2	40%
Accountant	3	3	100%
PSMAS			
Chief Financial Officer	1	1	100%
Audit managers	4	3	75%
Accountants	5	2	40%
Harare Central Hospital			
Audit manager			
Accountant	2	2	100%
	1	1	100%
Local Hospitals			
Accountants	1	1	100%
TOTAL	56	40	71%

3.6 Methods of sampling

According to Schindler & Cooper (2018), a sample is a representative of a huge population and the results of the sample ought to bear characteristics of the entire population. Harwell (2017) said, when carrying out a research it is commonly impracticable to carry a study of the entire population, for example, when conducting a survey, interview or questionnaire, sampling permits the researcher to collect and analyse information without scrutinising the entire population individually. Cooper & Schindler (2018) further on mentioned that there are essentially two sampling methods which are, the probability (statistical) and non-probability (non-statistical) sampling method and the researcher used both techniques.

3.6.1 Probability Sampling

Harwell (2017) indicated that, when using probability (statistical) sampling there is equal chance for each constituent from the population to be selected. The researcher used stratified random sampling to group the population according to departments since the organisation being studied is departmentalised and it's an easy technique to administer.

3.7 Research Data Sources

This research was carried out using the primary and secondary sources of data.

3.7.1 Primary Data

According to Strydom et al. (2019), primary data is information that is explicitly required for the study problem at hand. It was described by Daniel (2018) as information acquired to address the issue at hand. Thus, the majority of the information in this study is derived from first-hand data. This study mostly employed primary data and included quantitative and qualitative approaches of analysis. Since the information needed to make decisions could most likely be retrieved from general managers and accountants, the data was primary because it was gathered directly from these individuals. Interviews and questionnaires were utilized as primary data collection tools.

3.7.2 Secondary Data

Dawadi, (2019) highlighted that, secondary data is that body of information which has been collected already. Secondary data sources from which the researcher got information include Ministry of health publications, PSMI external reports, newspapers and other publications, journals, PSMI Financial Policy document, audited financial statements and PSMI audit reports. The researcher used secondary data sources since they were readily available within the organisation and have need of less time to gather given the time constrain under which the research was carried out.

3.8 Research Instruments

According to Antoniadou (2017), these are the instruments utilized in data collection for study. Interviews and questionnaires were used as the primary data gathering tools for this investigation. In this study, questionnaires let respondents in the medical business translate the research's aims for risk-based auditing into questions that would be simple to analyze and present. The researcher was also able to collect information through interviews that was further elaborated upon, as well as record nonverbal cues for emphasis, making the conclusions about the consequences of risk-based audit more trustworthy and reliable. The concerns covered in the literature review were addressed by the questions employed.

3.8.1 Questionnaires

According to Malhotra (2018), questionnaires are well structured questions for collecting data from respondents. The researcher prudently designed appropriate and applicable questionnaires both for the PSMI staff and its management, to ensure that the research questions are well addressed. The rules of precision and clarity were strictly followed. The questionnaire used both closed-ended and open-ended questions to make it easier for the researcher to analyze and compare the data collected. Five Likert scale items made up the questionnaire, and the distribution of the scores is shown below:

Table 3.3 Likert Scale

Item	Strongly agree	Agree	neutral	disagree	Strongly disagree
Factor	5	4	3	2	1

Source: Cooper and Schindler (2018)

In this research, a Likert scale was used because it is straightforward to measure, susceptible to computations by certain mathematical analyzers, and makes it easier for respondents to answer to questions. These replies are easy to code during data collection since each participant's response is represented by a single number. Another quick, efficient, and economical method of gathering data is the Likert survey. The surveys used have a Likert scale as their structure.

By asking a series of individuals to rate how strongly they agree, agree, and disagree with a statement regarding a research issue, Likert created the theory behind gauging attitudes. The scale proved effective in assessing a respondent's viewpoint. The responses to numerous Likert items, usually four to five, make up the Likert scale. The Likert Scale format was utilized to allocate the questionnaires that were used.

3.8.2 Interviews

Interviews afford the researcher or the interviewer an opportunity to explain the questions to the interviewee for them to understand, Harwell (2021). The researcher made use of this instrument because it certifies data collected through questionnaires and permits the researcher to clarify certain questions to the respondents.

At PSMI, the researcher also conducted in-person interviews with people working in the medical field. The directors, financial business partners, accountants, internal auditors, and shop flow managers were among those who participated in the researcher's interviews. Smith et al. (2017) claim that the environment has an impact on the data collection procedure. The respondents were questioned by the researcher in their free time at a predetermined location with no interruptions from the outside world. The interviewer was able to see some nonverbal answers to several queries as a result. For a deeper understanding, the researcher worked closely with the responder.

3.9 Reliability

According to Joppe (2017), "... an accurate representation of the entire population under study is considered as trustworthy if the findings of a study can be replicated using a similar methodology." By definition, reliability refers to how easily investigations can be repeated. The researcher must explicitly document the research procedure in order for the study to meet the criteria for dependability, whether it is quantitative or qualitative (Schoonenboom & Johnson, 2017).

According to Kumar et al (2017), reliability of data is the degree to which it is free from random error and the dependability of the data collected. Reliability of data was improved through carrying out a pilot study. According to Clark & Creswell (2018) pilot testing permits the researcher to find out if the interviews or questionnaires will be reasonable in the real world through piloting it out first on few respondents. Clark & Creswell (2018) said pilot testing allows that respondents in the sample comprehend the questions and it is used to estimate the time it will take to conclude the survey in real life scenario. Due to their greater familiarity with the effects of risk-based audit on financial performance, two respondents from PSMI—an accountant and an internal auditor—were chosen for this study's test to be conducted twice in order to improve the procedures.

Reliability was also improved through the use of well-structured questions which permit respondents to remain anonymous after answering the questions; therefore, this will increase the willingness to answer the questions candidly. Reliability of the research was also improved through the use of multiple research instruments which are interviews and questionnaire to ensure that the weaknesses of one instrument can be put right through the use of another instrument.

3.10 Validity

According to Heale & Twycross, (2019), validity means the magnitude to which a concept/idea is honestly represented by a score. Additionally they said, validity is a measurement device for correctness and the scale's capability to measure that which it purports to measure. Bryman and Bell (2017) said validity is the ability of the research instruments to establish the results it was intended to produce.

The researcher exercised great caution in phrasing and wording the questionnaires and interviews for all respondents to comprehend so as to realise data validity. Asked questions were clearly structured in an explicit manner to enrich the validity of data. In an effort to increase validity and reliability of the research, the researcher permits the assigned supervisor an opportunity to check and correct the research instruments to ensure that they would deliver credible findings.

In general, there are two types of validity in a quantitative study:

3.10.1 External Validity

This is a reference to how broadly (across contexts, populations, and time) an individual research study's findings can be applied (Shorten & Smith 2017). This thesis' quantitative study seems to pose less of a risk to its external validity. This is because using a large sample size and high-quality, certified data didn't provide a significant challenge in terms of data availability. The research is a mixed-approach study, which is more significant since it has the ability to achieve triangulation, which is one of the crucial ways to improve external validity (Bryman, 2019).

This study uses a combination of quantitative statistical methods and qualitative interpretations and descriptions to investigate the impact of risk-based audit on the financial performance of healthcare service providers (PSMI). By doing this, it is likely to create consistency in some findings, which raises the whole research's external validity.

3.10.2 Internal Validity

is the level of self-assurance the researcher has in the conclusion or conclusions made regarding the cause-and-effect relationship between variables (Tashakkori & Teddlie, 2017). Because a sample size of 100% was allowed, the study's validity was ensured. According to Burns & Burns (2018), a population of more than 50% is preferable since it produces estimates of the population parameters that are more stable and have higher confidence bounds.

3.11 Data Analysis

Analysis is the process of calculating certain indices and tables of measures as well as looking for relationships between groupings of data (Kothari 2018). Processed data from surveys and interviews underwent qualitative descriptive statistics analysis as well as quantitative frequency analysis.

3.12 Data Presentation

Graphs and diagrams were used to show how the responses were organized. The survey's data will be presented quantitatively in Excel, where it will also undergo statistical analysis using graphs, pie charts, and percentages. This demonstrated how RBA techniques affect the healthcare sector's profitability. It was crucial for this research since it improved clarity, allowed for rapid conclusion-making, and provided the foundation for the chapter that follows.

3.13 Ethical Considerations and Aspects

The term "ethics" refers to a social code that upholds moral integrity and consistent ideals. It is a philosophical term derived from the Greek word "ethos," which means custom or character (Partington, 2018). More specifically, Mouton (2017) holds that scientific ethics is concerned with what is appropriate and inappropriate conduct during research. To this purpose, all researchers are subject to ethical considerations, regardless of their research designs, procedures, sample, and approach preferences (Gratton & Jones, 2019). In conducting this study, the following ethical guidelines were followed:

- Participants and responses provided their informed consent.
- The researcher guaranteed that respondents and participants would remain anonymous;
- the right to confidentiality and professional privacy of the information obtained was guaranteed;
- These points all demonstrate that respondents and participants were not exposed to any risk of unusual pressure, awkwardness, or loss of self-esteem.

The consent to conduct the study, the participation of the respondents, the public, and the community, as well as the method used to analyze the data are the primary ethical factors (Busher, 2019). Given the sensitivity of the information acquired and the potential impact it might have on the organization, care was taken to prevent any harm to responders.

3.14 Summary

The chapter describes in detail the manner in which the research was conducted. It underscored on the research methods, research design, research choice, sampling methods, the research population and justification of using a mixed research method and correlated research design. Probability and non-probability sampling, semi structured questionnaires and interviews were used by the researcher in the process of data collection. Data collected in this chapter is used in Chapter 4 and data presentation tools are used in the analysis and evaluation of collected data. The following chapter presents and analyse data on the effects of risk based audit on financial performance in PSMI and presented it by way of graphs, pie-charts and other pictorial tools.

CHAPTER IV

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.0 Introduction

The previous chapter described in detail the manner in which the research was conducted. It underscored on the research methods, research design, research choice, sampling methods, the research population and justification of using a mixed research method and correlated research design. The interpretation and presentations of the findings are now covered in this chapter. This study's goal was to ascertain how risk-based auditing affected the financial performance of the healthcare services industry. In order to address the research questions, this chapter concentrated on the analysis, interpretation, and presentation of the data. It also includes the discussion and findings of the study. The field study findings were compiled using questionnaires and interviews in accordance with the research methods described in chapter 3. Similar to chapter 2, the research goals set in chapter 1 serve as the framework for this chapter.

Table 4.1 Rate of questionnaire response

Key respondents	Distributed questionnaires	Completed and returned	Response rate
PSMI			
Audit managers	2	2	100%
I.T Audit	1	1	100%
Audit Clerks	21	19	90%
Finance business partner (Chief Accountant)	2	2	100%
Accountant	3	3	100%
HEALTH SERVICE PROVIDERS			
PSMAS			
Audit managers	3	3	100%
Mutare Provincial Hospital			
Audit manager	2	2	100%
Local Hospitals			
Accountants	1	1	100%
TOTAL	35	33	94%

35 questionnaires were distributed to the target population from a sample size of 71% that was provided and justified in chapter 3. 33 surveys were filled out and returned. A 94% response rate was achieved on the auditing clerks' questionnaires with just two not being returned. Ott (2018) contends that a response rate of at least 60% is necessary to support and give credence to the study's ability to produce reliable results. As a result, the study's data analysis, findings, and recommendations will be based on the 94% response rate.

4.1 Questionnaire responses analysis

4.1.1 -Effect of Risk Based Audit on Financial Performance in the Healthcare Services Sector

4.1.1.1 Auditors identification of changes have influence on financial performance

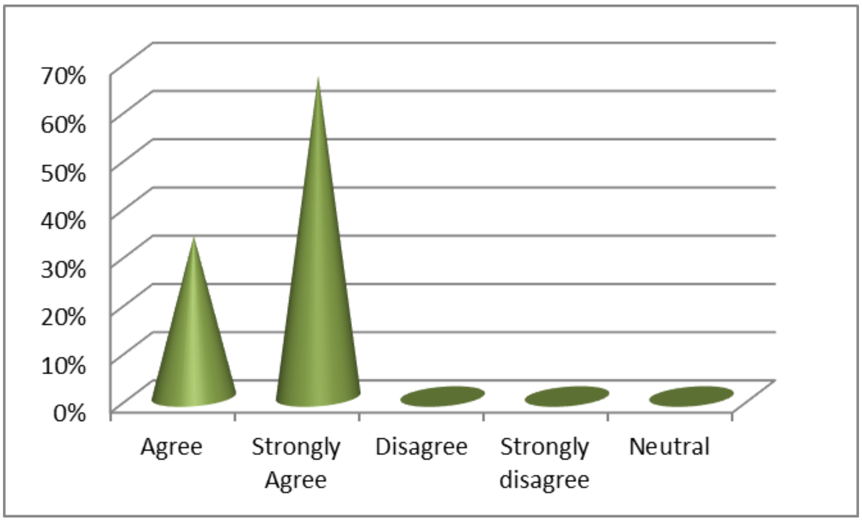

Fig.4.1 Accountants view

Source: Primary data

An analysis of the senior management revealed that 70% strongly agreed and 30% agreed, indicating that the financial performance is impacted by the auditors' detection of change from those who create the financial statements. This was in line with Drzik's (1995) discovery that a survey of banks' risk-based audit procedures conducted by the Bank Administration revealed significant improvements in the financial performance of large US banks.

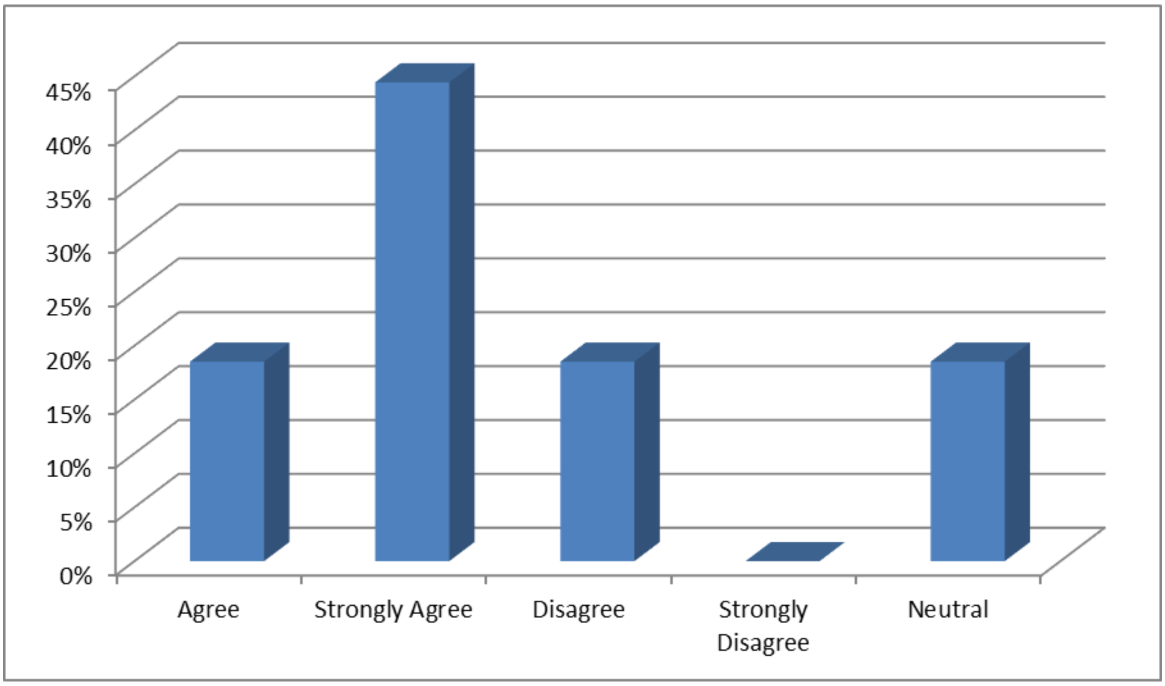

Fig.4.2 Auditors view

Source: Primary data

As seen above, of the 27 auditors, 19% agreed, 43% strongly agreed, 19% disagreed, 19% were indifferent, and none strongly opposed that the auditors should identify changes that have an impact on financial performance.

A higher percentage of those who audited accounts agreed, according to 63% of respondents who agreed with the auditors' point of view, that the identification of changes by auditors has an impact on financial performance. According to Sundararajan (2017, pp. 36–35), thorough risk-based auditing influences efficient financial reporting operations as well as profit and loss sharing in the source of funds, particularly investment account holders. Additionally, a negligible 19% of respondents to the data disagreed. This demonstrates that it is not always necessary for auditors to identify changes that have an impact on financial performance. This was confirmed by Ejoh & Ejom (2018), who discovered that the risk-based audit function has no impact on financial performance. There were also 19% of neutral respondents, who agreed with Mihret et al. (2020) that the effectiveness of risk-based audits does not significantly affect the financial performance of the organizations and that risk-based audits alone cannot provide an accurate picture of any company's performance.

The average is 70% when agreeing and strongly agreeing votes are combined. The general conclusion is that the financial performance of the healthcare services sector is impacted by changes that auditors identify.

4.1.1.2 Auditor's involvement of management in risk evaluation process

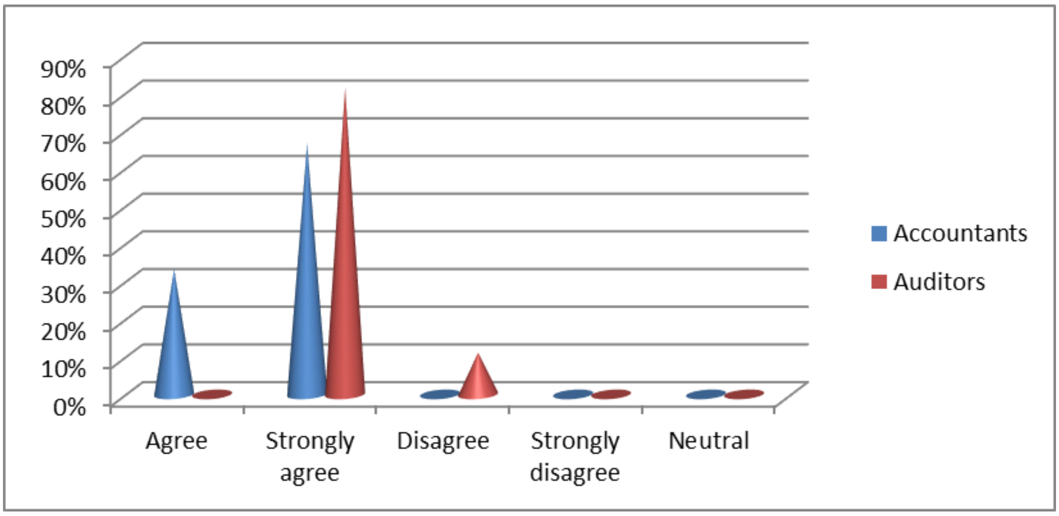

Figure 4.3 Auditor's involvement of management in risk evaluation process

Source: Primary data

According to the aforementioned graph, 33% of accountants agreed, 67% strongly agreed, and 81% of auditors strongly agreed that management participation in the risk evaluation process by the auditor enhances financial performance. Mark (2021) backed up the idea that demand for better financial performance may be generated through transparency, disclosure, and trust, which are essential components of corporate governance. On the other hand, 7% of auditors strongly disagreed, and (11%) of auditors disagreed. This was confirmed by There were no impartial commenters.

A second analysis reveals an average agreement of 85%. This demonstrates unequivocally that risk assessment is complex and expensive. The degree to which risk assessment on financial performance is influenced by auditors' comprehension of risk and their consideration of risk assessment in the discovery of errors is highly significant.

4.1.1.3-Risk Based audit should involve Management

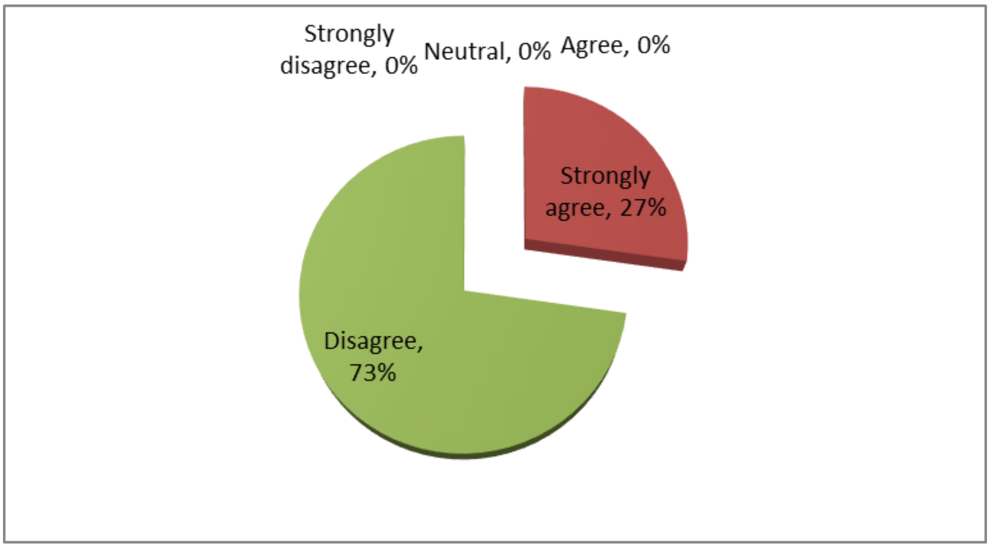

Fig 4.4: Risk Based audit should involve Management

Source: Primary data

As shown above, 27% of auditors and accountants strongly agreed that management should be involved in risk-based audits. This was supported by Cohen et al. (2017), who looked at how the board of directors' oversight of the organization of management and risk control impacts the company's performance and long-term competitiveness. They ought to participate in risk-based auditing as a result. However, 73% of accountants and auditors argued that management should be included in risk-based audits. Salih (1983) examined the internal controls of Ethiopian Airlines' Nairobi branch and came to the conclusion that the branch office's biggest problem was the absence of functional separation between the accounting, audit, and management custodian duties.

A second analysis reveals a 24/33 (74%) mode, indicating that the majority of respondents did not share this opinion. The general conclusion is that, in order to prevent fraud and errors, duties in the healthcare service industry should be segregated.

4.1.1.4 Action audit queries on time

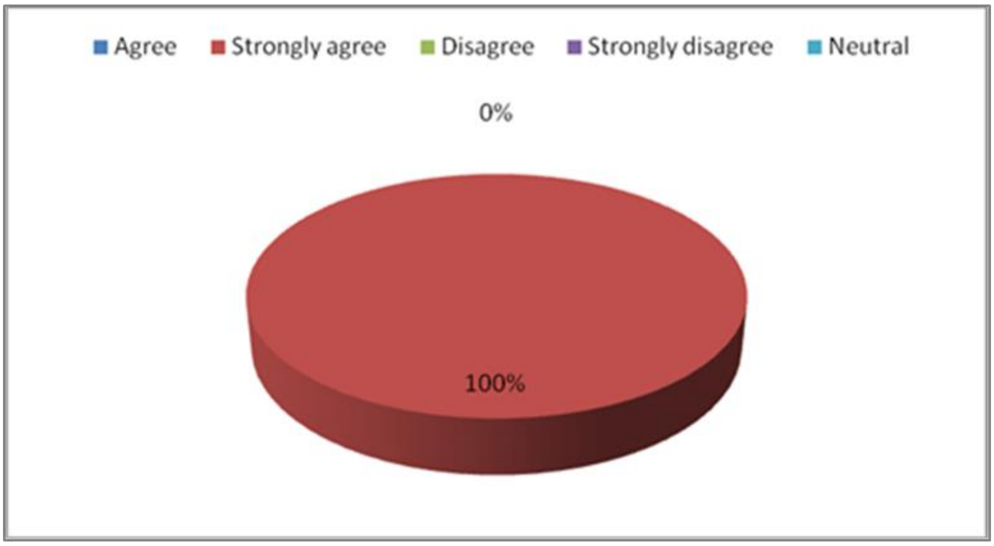

Fig 4.5: Action audit queries on time
Source: Primary data

According to the following pie chart, all respondents agreed that timely responses to audit queries increase the dependability of financial performance. No respondents expressed an unfavourable view or remained neutral. This was supported by GOK (2018), which discovered that timely risk-based audit execution will help strengthen economic participation by the private sector by promoting investments. The introduction of risk-based auditing is anticipated to have positive effects on financial performance, accountability, transparency, and efficiency, increasing its ability to give the best services possible to its clients in the healthcare industry.

4.2 Risk Based Audit Practices adopted by the Healthcare Services Sector and how they influence performance

4.2.1 Disclosures about financial risk and risk management influence performance

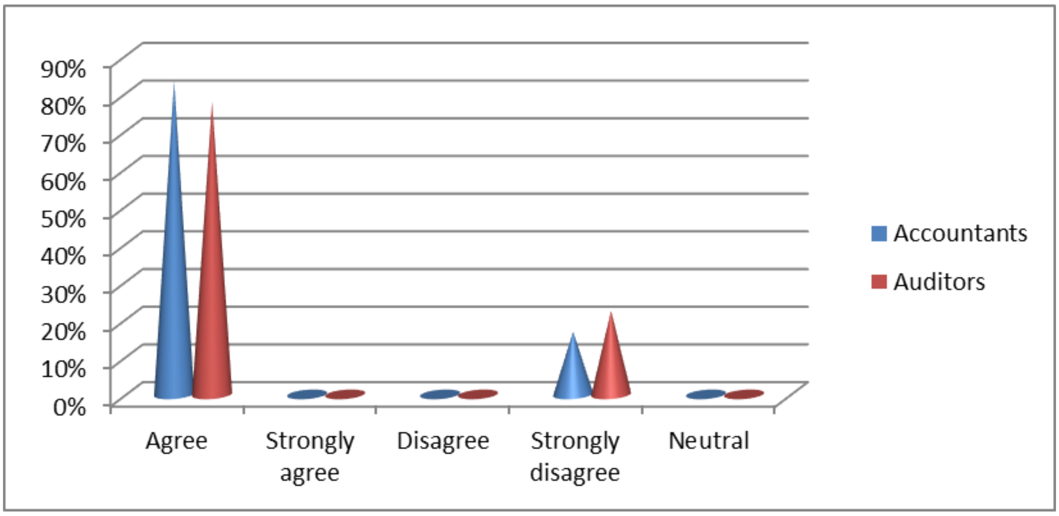

Fig 4.6: Disclosures about financial risk and risk management influence performance

Source: Primary data

As seen above, (78%) respondents concurred that performance is influenced by disclosures about financial risk and risk management. Accountants and auditors made up (83%) and (78%) of this. This is further backed up by (Fatemi and Glaum. 2018), who claim that risk-based auditing is the key to developing solid risk management methods that improve company decisions. On the other hand, Ernst & Young's study of 695 people revealed that 25% of respondents thought that strong risk management had a detrimental effect on their long-term financial performance. This was supported by the fact that (17%) of accountants and (22%) of auditors disagreed.

Data analysis reveals that the overall findings showed that risk management had a favorable impact on return on assets in the healthcare services industry. The mode was (78%) of the overall findings.

4.2.2 Annual risk-based planning influence performance

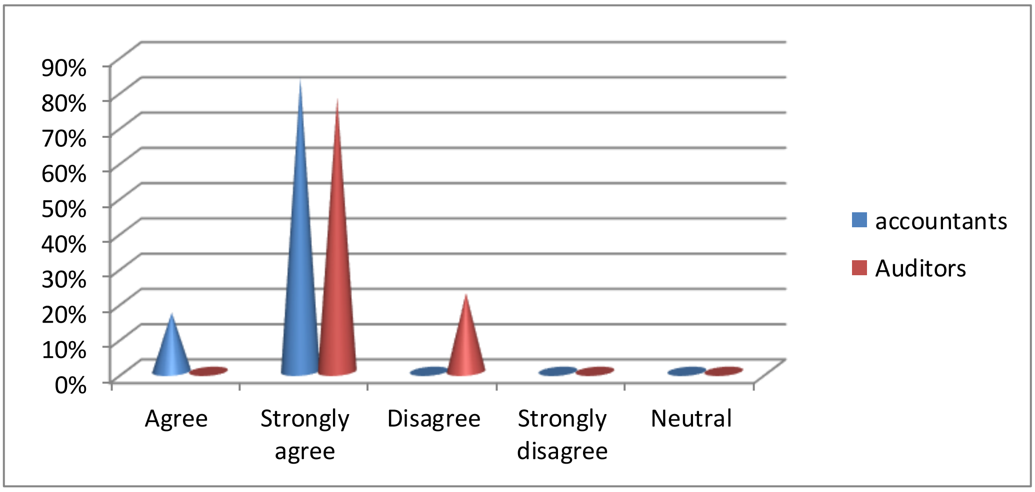

Fig 4.7: Annual risk based planning influence performance

Source: Primary data

According to the aforementioned table, 78% of auditors and 100% of accountants strongly agreed that annual risk-based planning improves financial performance. According to Sanda, Milkailu, and Garba (2017), who pointed out that the Internal Audit Office of many institutions develops yearly plans for its activities, an annual plan created as a subset of a plan of action is more beneficial. However, 6/21 (29%) of the auditors disputed that auditors examine the risk of corporate governance and establish processes or charge risk premiums in line with their evaluation during the audit preparation stage, which was supported by Karapetrovic (2019). No one offered unbiased commentary.

Further analysis reveals a mode of 27/33 (82%) agreed.

4.2.3 International audit standards influence financial performance

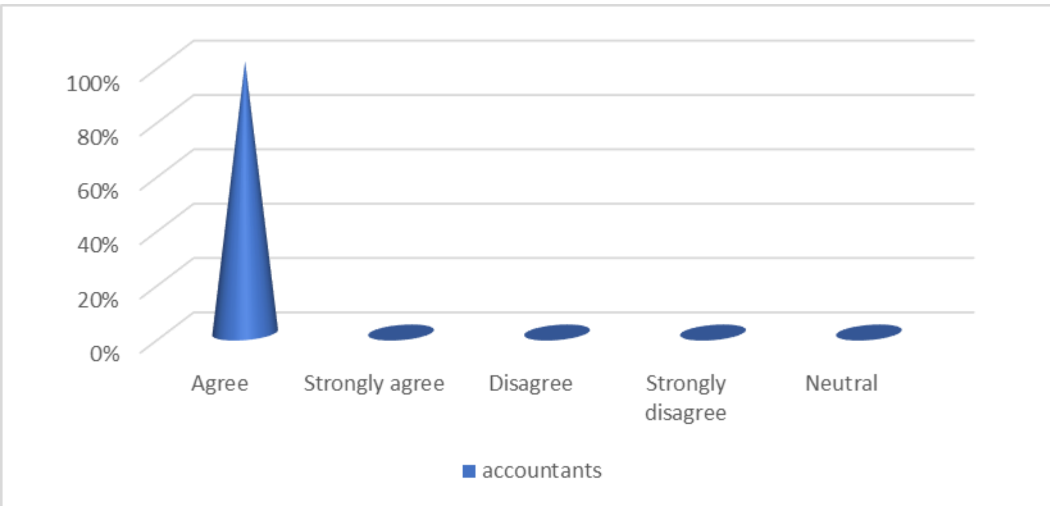

Fig 4.8: International audit standards influence financial performance

Source: Primary data

The table above showed that all of the accountants, who were all in agreement, had no objections. The OECD agreed with this in 2005.

In order to implement Risk Based Audit (RBA) and offer efficient public sector governance, the medical system must accept the worldwide auditing standards that regulate internal audits' work ethics and protect expert auditing standards.

4.2.4 Internal audit capacity positively influence financial performance

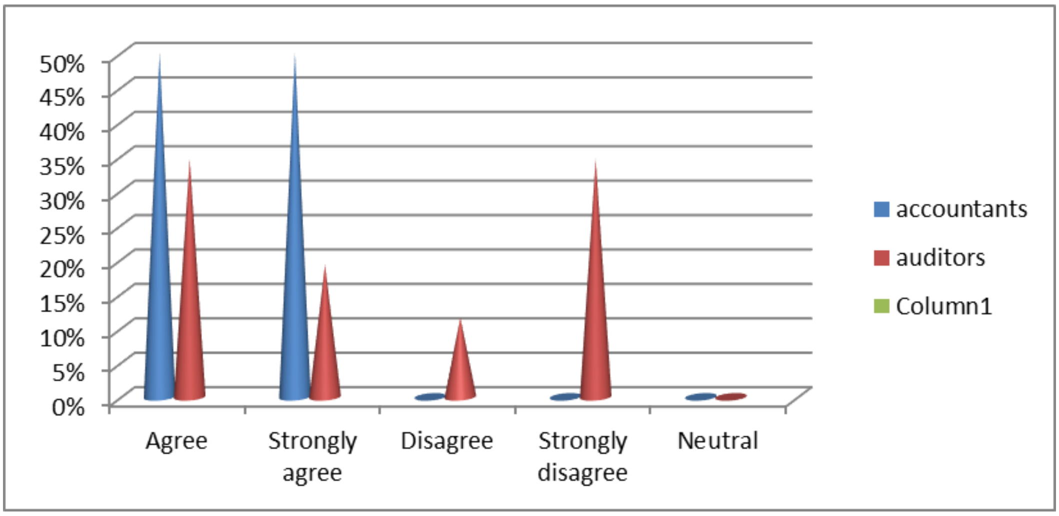

Fig 4.9: Internal audit capacity positively influence financial performance

Source: Primary data

4.3 Internal auditing in association with firm performance

4.3 1 Independent audit committee influence financial performance

According to the aforementioned statistics, 50% of the accountants and 35% of the auditors agreed that internal audit capacity affects financial performance, and 50% of the accountants and 19% of the auditors strongly agreed. This was corroborated by Coram et al. (2008), who found that internal auditing increases the likelihood of fraud detection and self-reporting in firms compared to non-internal auditing. Contrarily, 46% of the auditors disagreed and strongly objected, and Krishnan (2018) confirmed this by stating that auditors believe the office has not received adequate attention in terms of personnel. There were no impartial commenters.

An additional study reveals a mode of 61% agreement, which suggests that investments in internal auditing have been successful in the healthcare service sector given that businesses with internal audit professionals are less likely to commit financial fraud than businesses without internal auditing.

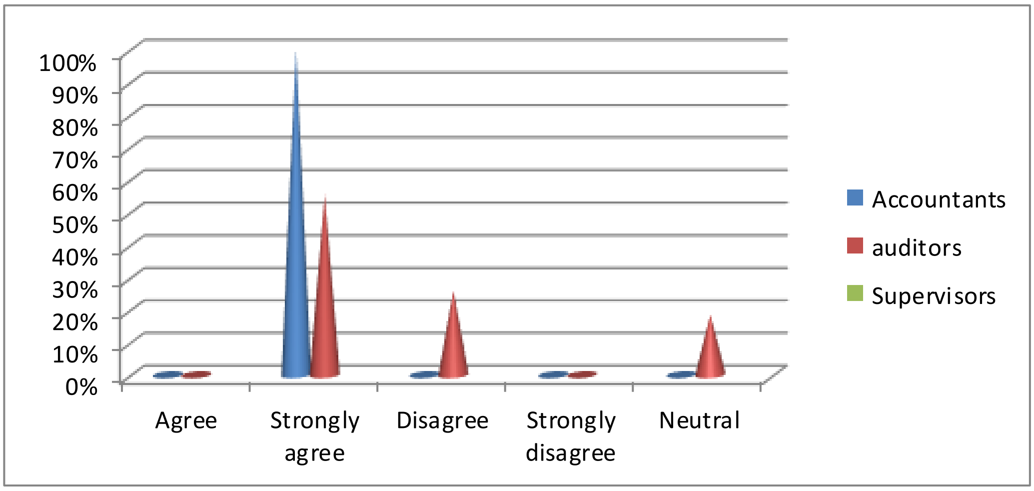

Fig 4.10: Independent audit committee influence financial performance

Source: Primary data

Using the aforementioned table, 56% of auditors and 100% of accountants strongly agreed. Kothalawala (2018), who asserts that an internal auditor must be impartial toward both an organization's operational and people matters, backed up this claim. 19% of the auditors were neutral, while 26% of them disagreed. According to Zhu et al. (2019), internal auditors typically have a deeper understanding of the company's policies, practices, and business environment than external auditors. Further analysis reveals a mode of 64% agreement, suggesting that independent auditors are required in the healthcare services sector.

4.3.2 The Auditors should have technical and professional skills

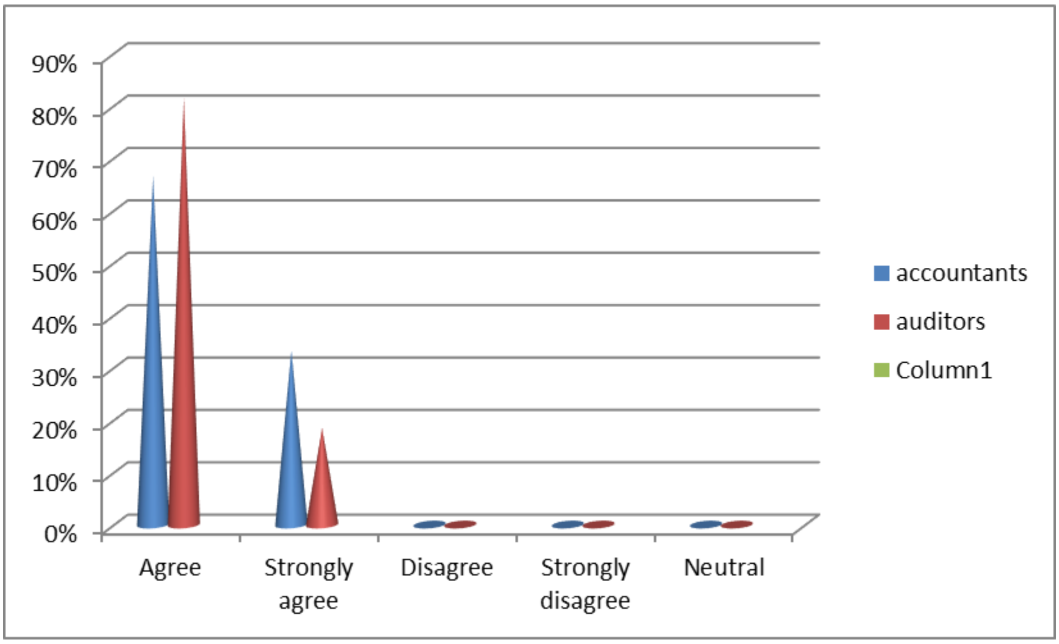

Fig 4.11: The Auditors should have technical and professional skills

Source: Primary data

According to the aforementioned table, 67% of accountants and 81% of auditors concurred, with 33% of accountants and 19% of auditors strongly concurring. This was corroborated by Ziegenfus (2020), who stated that the degree to which audits are adequately planned, carried out, and reported depends on the amount of employee experience, the scope of services offered, and the extent to which these factors are taken into account. There were no respondents who disagreed and were neutral.

Additional analysis reveals a pattern of 100% agreement, which suggests that auditors in the health services industry should possess both skill and experience.

4.3.3 Quality is a criteria to measure internal auditors performance

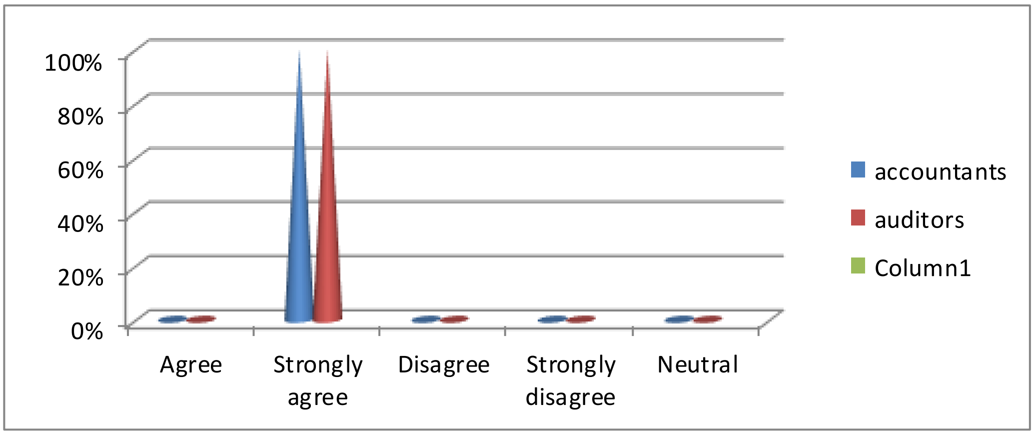

Fig 4.12: Quality is a criteria to measure internal auditors performance

Source: Primary data

100% of the accountants and 100% of the auditors strongly agreed with the information in the aforementioned table. This was corroborated by Volosin (2017), who noted that audit teams' use of resources in accordance with knowledge and experience, as well as their flexibility and ability to adjust to process changes, maintains the quality and output of audits. There were no respondents who disagreed and were neutral. Further analysis reveals a pattern of 100% agreement, indicating that quality is a performance criterion in the health services sector.

4.3.4 Effective internal audit staff complies with accepted audit standards

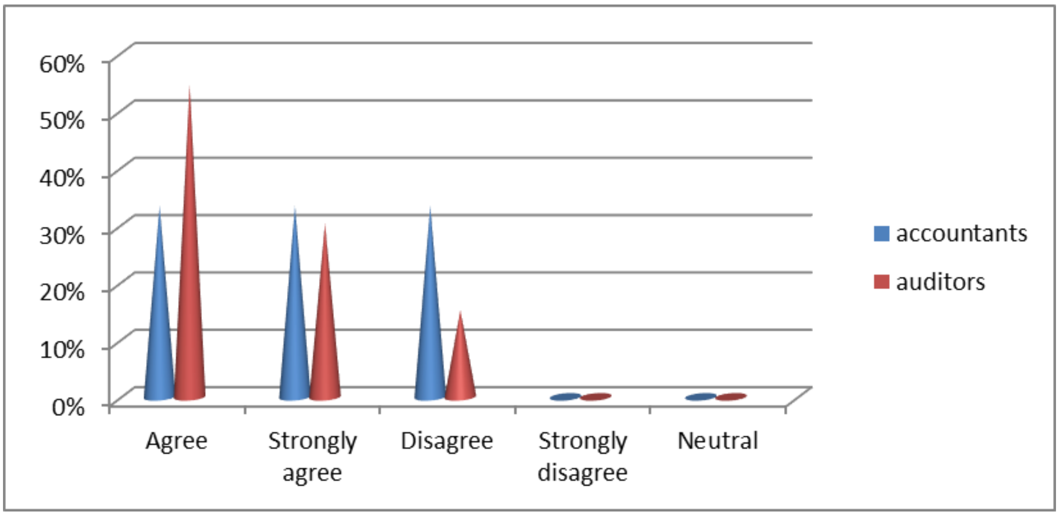

Fig 4.13: Effective internal audit staff complies with accepted audit standards

Source: Primary data

According to the aforementioned table, 33% of accountants and 55% of auditors strongly agreed, followed by 33% of accountants and 30% of auditors. According to Norman Marks (2007), in order to guarantee the efficiency and objectivity of the internal audit function, the audit committee needs to be capable and knowledgeable about auditing standards. The internal audit function should, however, be staffed with an acceptable number of qualified individuals according to the size and type of the organization, according to 33% of accountants and 15% of other respondents (Treadway Commission, 1987). There were no impartial commenters.

An additional examination reveals a mode of 79% agreement, which suggests that the healthcare service sector complies with recognized audit criteria.

4.4 Auditor size and its influence on financial performance

4.4.1 Adequate auditing staff influence performance

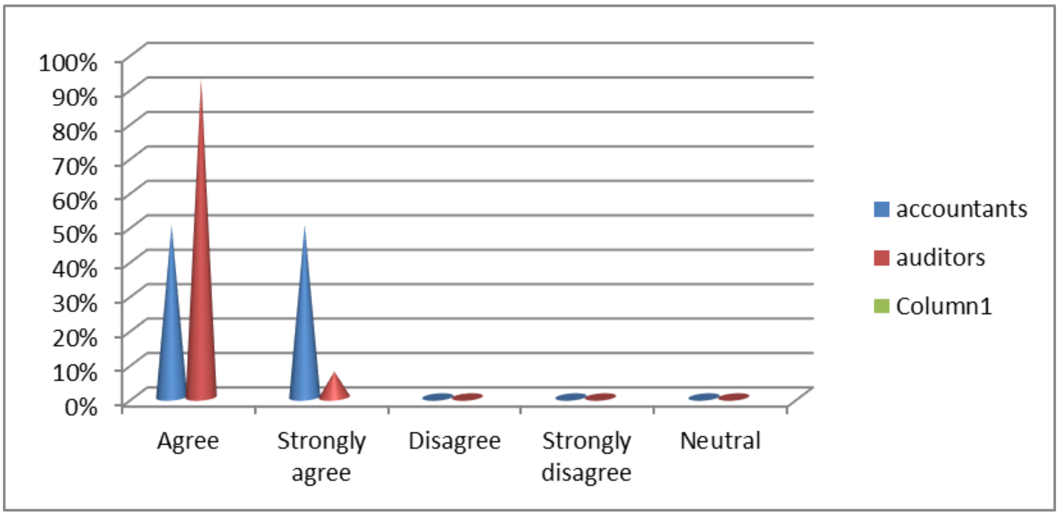

Fig 4.14: Adequate auditing staff influence performance

Source: Primary data

According to the aforementioned table, 93% of auditors and 50% of accountants agreed, with 7% of auditors strongly agreeing. According to Bouaziz (2018), auditor size significantly affects a company's financial performance in terms of return on equity and return on assets. There were no disagreeing or neutral respondents.

Further analysis reveals a mode of 100% agreement, suggesting that auditor size influences performance in the healthcare service industry.

4.4.2 Complexity of operations influence performance

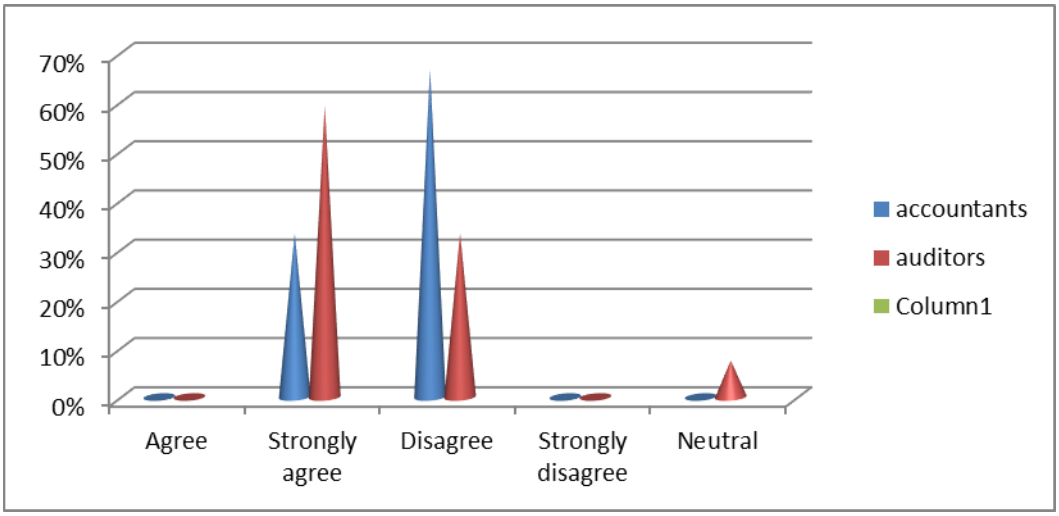

Fig 4.15: Complexity of operations influence performance

Source: Primary data

According to the aforementioned figure, 33% of accountants and 59% of auditors strongly concur that operations' complexity affects performance. This was backed up by Fraser & Henry's (2007) discussion of how transaction complexity may lower employee morale and performance. 33% and 67% of respondents disagreed, while 7% were undecided. According to Carcello, et al. (2018), organizations with more complexity face higher risks and will therefore expand organizational monitoring.

A second analysis reveals a pattern of 55% agreement, suggesting that average transaction complexity affects performance in the healthcare services sector.

4.4.3 Quality of personnel in internal audit team is important than the size

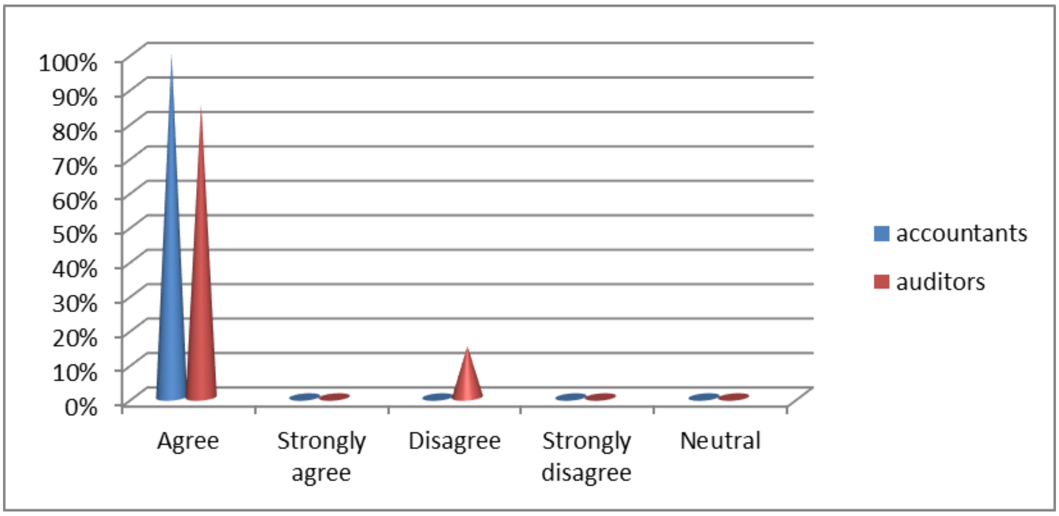

Fig 4.16: Quality of personnel in internal audit team is important than the size

Source: Primary data

100% of accountants and 85% of auditors agreed based on the aforementioned table. 15% of respondents concurred with the claim made by De Angelo (1981) that major auditors have greater incentives to be correct since they stand to lose more specifically defined rents if their reports are inaccurate. Further analysis reveals a mode of 88% agreement, suggesting that in the healthcare services sector, quality comes before quantity.

4.4.4 Quality audit report is influenced by size

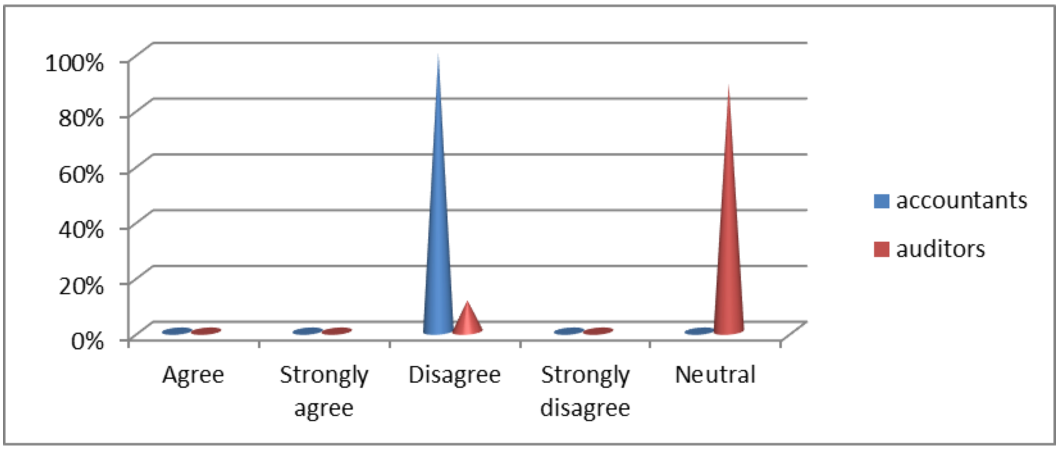

Fig 4.17: Quality audit report is influenced by size

Source: Primary data

100% of accountants and 11% of auditors disagreed with the preceding table. According to Lasantha (2018), the findings suggest that audit quality criteria are not just symbolic of size but also affect financial performance. In contrast, 89% of respondents disagreed that audit quality has an impact on financial performance either directly or indirectly through the audit size.

According to subsequent study, 73% of respondents were indifferent, indicating that depending on the nature and expertise of the auditors, the scale of an industry providing healthcare services can have an impact on quality or not.

4.5 Chapter summary

The presentation and analysis of field data that was acquired through questionnaires and interviews were covered in great detail in this chapter. The data was visualized using pie charts, tables, and graphs, and was then examined using measures of central tendency and percentages. Data research revealed that risk-based audits had an impact on the financial performance of the healthcare services sector. The results of the analysis are emphasized in depth, along with some recommendations, in the next chapter.

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CHAPTER V

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

Summaries of the material in the preceding chapters are included in this chapter. It also seeks to draw attention to significant discoveries while offering suggestions that can be viewed as a remedy for the highlighted issue of risk-based management's detrimental consequences on financial performance.

5.1 Summary of Chapters

The primary objective of the study, which was to determine how risk-based auditing impacted the financial performance of the healthcare services industry, was outlined in Chapter 1. Risk management, yearly planning for risk-based audits, internal auditing standards, and auditing capability were all included in the research. The study only covered companies that provide healthcare services. The research sought to fill the information vacuum by analyzing the impact of RBA on financial performance in the medical services industry. This second section of the study and literature review was organized around research goals. In the research they conducted on risk-based audit procedures and their effects on financial performance, Al-Tamimi (2013), Al-Mazrooei (2017), and Sundararajan (2017) hypothesized that thorough risk-based auditing influences efficient financial reporting operations and contributes to profit and loss sharing in the source of funds, specifically investment account holders. The risk-based audit practices that needed to be identified included the implementation of risk management, yearly scheduling for risk-based audits, internal auditing guidelines, and auditing competence. The second goal was to connect internal audit to organizational performance. Beasley et al. (2021) and Coram et al. (2008) noted that numerous companies that established internal audit departments, expanded internal audit staffing, and solidified internal audit independence saw an improvement in the dependability and clarity of their accounting records, a reduction in the likelihood of fraud and errors, and a surge in investor confidence. Finally, a review of the literature was done to see whether there is a connection between auditor size and financial performance.

The primary objective of Chapter III was to outline the comprehensive research methodology employed to gather significant field data. A hybrid research approach that included qualitative and quantitative techniques was adopted. The descriptive study approach was based on a number of case studies encompassing the healthcare services sector, including PSMI, PSMAS, and other hospitals. The study's target group consisted of 33 respondents who held positions as financial officers, internal auditors, audit clerks, and accountants in the medical service industry.

This chapter examines and summarizes all study results, including 94% of questionnaire respondents and 100% of interview respondents. Charts, graphs, and tables were produced using Microsoft Excel to show relevant data that had undergone both quantitative and qualitative analysis. The central tendency measures were used to analyze percentage-based data. The research discovered that internal audit staff expertise and efficient procedures had a considerable impact on the sector's opinion of risk.

5.2 Research Findings

The research discovered that intrinsic risk assessment has a considerable influence on the financial performance of the medical services industry. The majority of participants in the survey believed that risk management had an impact on the financial performance of the medical services industry.

- The study discovered that the financial performance was impacted by the management's adoption of audit recommendations, discussion of risk-based audit, discussion of yearly plans, the prompt delivery of risk-based audit reports, and receipt of sufficient resources for risk-based audit.

- Financial performance was affected by the study's findings, management's adoption of audit recommendations, risk-based audit yearly plans, timely risk-based audit reporting, and an appropriate auditing team. The research also discovered that accountability and openness were made easier by accuracy, completeness, timeliness, convenience, and clarity. The yearly audit planning and auditing standards have an influence on the financial performance.

- Financial performance was affected by quality audit reports, auditing guidelines, and internal auditor performance indicators. Based on its results, the research came to the conclusion that auditing standards define what an audit is. Auditing standards provide conformity, aid in education, provide a means of evaluating performance, and have an effect on the behaviour of auditors.

5.3 Conclusions

By allowing early risk identification and concentrating on high-risk areas, internal auditing standards, internal auditing personnel, risk management, yearly risk-based planning, and risk assessment all need to be addressed. Accountability and openness will rise as a result. Management should be helped by risk-based auditing to identify hazards and offer improvement-focused remedial measures.

5.4 Recommendations

- The study recommends strengthening risk-based auditing through the implementation of better risk evaluation, internal auditing standards, yearly risk-based planning, and internal auditing staffing practices in order to enhance financial performance in the healthcare services sector.

- It is recommended that management in the medical services sector be held responsible for defining effective implementation of audit recommendations, risk-based audit yearly strategies, timely receipt of risk-based audit reports, and sufficient funds for risk-based audit based on the research's findings. This will enhance openness and accountability by being more efficient, accurate, comprehensive, timely, convenient, and clear.

- Based on the research's findings, management in the healthcare services industry is advised to hire, train, and retain an adequate number of qualified employees to guarantee the calibre of audit reports, the internal auditor's efficiency, technical and professional skills, readiness for change, auditing standards, and the internal auditor's competence with the expertise, abilities, and other attributes required to carry out their own duties.

5.5 Further Area of Study

This study looked at how risk-based auditing affected the financial performance of the healthcare services industry. The report suggests that additional research be done to look into the difficulties of risk-based audit on financial performance.

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APPENDIX 1: INTRODUCTORY LETTER

Great Zimbabwe University

Munhumutapa School of Commerce

Department of Accounting and Information System

Great Zimbabwe State University

P.O Box 1235

Masvingo

Zimbabwe

Premier Services Medical Investments (PSMI)

Block 2, Ground Floor,

Tendeseka Office Park,

1 Renfrew Road, Samora Machel Ave,

Eastlea, Harare

Dear Sir/Madam

REF: Application for Permission to carry out a Research

My name is Laiza Nyauta a final year student at Great Zimbabwe State University studying Master of Commerce Degree in Professional Accounting and Corporate Governance/GRAD ICSAB. I am carrying out research on "The effects of risk-based audit on financial performance in the healthcare services – A case of PSMI and to this cause I am kindly asking your permission to use your organisation as case study of the topic.

Your support by way of completing the questionnaire will be greatly appreciated, bearing in mind that your contributions will be treated with utmost confidentiality it deserves and is meant for academic purposes only. Should you need any clarification on how to complete the questionnaire contact me on 0773 231 187.

Yours faithfully

Laiza Nyauta

APPROVAL

Name... **Signature**....................................

Designation.. **Date**...

THANK YOU FOR TAKING YOUR TIME TO COMPLETE THE QUESTIONNAIRE BELOW

INSTRUCTIONS ON COMPLETING THE QUESTIONNAIRE

1) Do not write your name on the questionnaire

2) Please respond by ticking the appropriate box

3) Please answer all questions

SECTION A: BACKGROUND INFORMATION

1. What is the name of your Healthcare service sector?..

2. Please indicate the number of employees in your Company..

3. Kindly indicate the number of years your company has been in operation. (Tick as applicable)

1-10yrs	[ ]
11-20yrs	[ ]
21-30 yrs.	[ ]
31 and Above	[ ]

SECTION B: MAIN ISSUES: RISK BASED AUDIT AND FINANCIAL PERFORMANCE

4. EFFECT OF RISK BASED AUDIT ON FINANCIAL PERFORMANCE IN THE HEALTHCARE SERVICES SECTOR

	Agree	Strongly Agree	Disagree	Strongly disagree	Neutral
Risk Based audit Annual involves the Management					
There is auditors' involvement of management in risk evaluation process					
The auditor's identification of changes has influence on financial performance					
Action audit queries on time					

5. RISK BASED AUDIT PRACTICES ADOPTED BY HEALTHCARE SERVICES AND HOW THEY INFLUENCE PERFOMANCE

	Agree	Strongly Agree	Disagree	Strongly disagree	Neutral
Disclosures about financial risk and risk management improves financial performance					
Annual risk-based planning improves financial performance					
International audit standards enhance a better financial performance					
Internal audit capacity positively influences financial performance					

6. INTERNAL AUDITING IN ASSOCIATION WITH FIRM PERFORMANCE

	Agree	Strongly Agree	Disagree	Strongly disagree	Neutral
Independent audit committee influence financial performance					
The Auditors should have technical and professional skills					
Quality is a criterion to measure internal auditors' performance					
Effective internal audit staff complies with accepted audit standards					

7. AUDITOR SIZE AND ITS INFLUENCE ON FINANCIAL PERFORMANCE

	Agree	Strongly Agree	Disagree	Strongly disagree	Neutral
Adequate auditing staff influence performance					
Complexity of operations influence performance					
Quality of personnel in internal audit team is important than the size					
Quality audit report is influenced by size					

Comments

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....

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The end..................**THANK YOU**

APPENDIX III: INTERVIEW GUIDE

1) How does an inherent risk assessment affect financial performance at your company?

2) How does management of risk influence financial performance in your company?

3) How does annual audit planning affect return on assets in your company?

4) How does auditing codes affect return on assets in your company?

5) Any other comments?