



**THE UNIVERSITY OF ZAMBIA**  
**IN COLLABORATION WITH**  
**ZIMBABWE OPEN UNIVERSITY**

**MASTER OF BUSINESS ADMINISTRATION (MBA)**

**AN INVESTIGATION OF FACTORS THAT CONTRIBUTE**  
**TO QUALIFIED EXTERNAL AUDIT REPORTS AT THE**  
**UNIVERSITY OF ZAMBIA**

**BY**

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Submitted to the University of Zambia for partial fulfilment of the requirements in the award of degree in Masters of Business Administration.

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## DECLARATION

I, Geoffrey Sibalwa, hereby declare that this dissertation is a result of my own independent work, except where otherwise stated. All other sources of information are acknowledged by the given references. This work has not been previously submitted for any academic qualification at The University of Zambia or any other University.

Geoffrey Sibalwa

Signed.....

Date .....

## **APPROVAL**

This dissertation has been approved as a partial fulfilment of the requirement for the award of the degree of Masters of Business Administration of the University of Zambia in collaboration with Zimbabwe Open University.

Examiner's Signature :

Signature.....

Date.....

## **DEDICATION**

This dissertation is dedicated to my beloved son Choolwe Sibalwa in whom I am well pleased. He literally means everything in my life.

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## ACRONYMS

AAA	-	American Accounting Association
GAAP	-	Generally Accepted Accounting Principles
GAAS	-	Generally Accepted Auditing Standards
GT	-	Grant Thornton
HEA	-	Higher Education Act
IA	-	Internal Auditing
IAE	-	Internal Audit Effectiveness
IAF	-	Internal Audit Function
IAS	-	International Accounting Standards
ICT	-	Information Communication and Technology
ISPPIA	-	International Standards Professional Practice Internal Auditing
MP	-	Member of Parliament
NAPSA	-	National Pension Scheme Authority
OAG	-	Office of the Auditor General
UNZA	-	University of Zambia
VC	-	Vice Chancellor
ZRA	-	Zambia Revenue Authority

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## **ABSTRACT**

This research sought to investigate factors that contribute to qualified external audit reports at The University of Zambia. The researcher used questionnaires through the *Survey Monkey* software and the interview schedules to collect data. There were 50 questionnaires distributed and 50 were received, giving a response rate of 100%. The researcher used UNZA Management, Accounting and Auditing staff as respondents. A *descriptive study* approach was used. There are a lot of factors that lead to qualified external audit reports at UNZA. These are; lack of supporting documents for expenses, lack of bank confirmations, differences between the bank reconciliations and the trial balance. Other factors are low level of professional competence and negative attitude towards work, inadequate accounting staff and lack of motivation among the subordinates.

The research proposed recommendations which could be used to mitigate the qualified external audit reports at the Institution. These are; to adopt ICT system and an accounting package that will be able to produce all the necessary accounting and financial reports, to improve on vouching, filing and record keeping for both financial and non-financial records. Other recommendations are continuous training and mentoring of both accounting and non-accounting staff, management to improve staff welfare by ensuring adequate staffing levels as well as introducing incentives to keep staff motivated.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.0 Overview**

This chapter is going to introduce the background to the study and elaborate the factors that the study attempts to address. It shall define the purpose, objectives and research questions that need to be investigated. The chapter will further define the operational terms, state the limitations that the study encountered and give a chapter summary.

#### **1.1 Background to the Study**

The University of Zambia (UNZA), the first Public University in the country, was established by The University of Zambia Act No. 66 of 1965 and subsequently opened in 1966. The University had an initial mandate of producing professional and trained human resource to meet the needs of the rapidly growing economy that characterised the post-independence period. UNZA is a post-independence creation whose major mandate was to produce the nation's high level human resource. The functions of the University have evolved over time from those stipulated in the previous Acts to the current Higher Education Act No. 4 of 2013 which provides a legal framework for the university education in Zambia and defines, broadly, the purposes of both public and private universities (UNZA, Background of the Origins of the University of Zambia, 2016).

The functions of the University are to provide higher education; create conditions for learners to acquire qualifications and pursue excellence and promote the full realisation of the potential of learners; create conditions for lifelong learning; prepare learners and academicians and strengthen the effect of academic learning and scientific research so as to enhance social and economic development; conduct research necessary and responsive to national needs; provide facilities appropriate for the pursuit of learning and research and for the acquisition of higher education that is responsive to the needs of the public; prepare specialist, expert, research and managerial cadres to carry out intellectual and creative work to meet national needs; provide optimal opportunities for learning and the creation of knowledge; and contribute to the advancement of all forms of knowledge and scholarship in keeping with global standards of academic quality (HEA, 2015). Within this context, the major functions of the University of Zambia are teaching, learning, and research as well as community service.

Teaching and learning are central to UNZA functions. The two functions are a cardinal part of its mandate of providing education to appropriately qualified persons. From time immemorial the quality of graduates from UNZA has stood the test of time. This is evidenced by the good number of graduates who have been absorbed in the job market widely. This has benefitted both public and private sectors locally and internationally. Due to the ever-changing environment in the job market, demand for professional upgrading of individuals from private and public sectors is increasing and UNZA is equal to the task to meet this demand (UNZA, Strategic Plan 2018 - 2022, 2017).

Besides teaching and learning, UNZA is expected to provide an environment in which one is able to discover, create and innovate. It is one of the University's major responsibilities to create knowledge through various research activities, the results of which are crucial in making informed decisions and policies by industry, government and society at large. Research is also expected to generate knowledge, which should provide the basis for teaching and learning. The University supports various types of research, including postgraduate, commissioned and responsive research in various areas which contribute immeasurably to national development (Mulenga, 2019).

UNZA provides a variety of services to numerous stakeholders through consultancy, outreach and extension activities. The stakeholders in consultancy services include the private sector, non-governmental organisations, cooperating partners and the government. Outreach services normally operate on partnership basis with communities which are responding to a particular need (Chiluba, 2019). Extension services are normally offered to the communities which require introduction to or upgrading of, particular new knowledge and skills that enhance the development endeavours in their environment.

Further, UNZA Council is responsible for the governance, control and administration of the University. The Chancellor is appointed by the President of the Republic from among eminent Zambian citizens, on recommendation by the Minister responsible for higher education. The Senate is the Supreme Academic Authority of the University. The Chancellor presides at all ceremonial gatherings of the University and confers all degrees, other academic titles and distinctions of the University. The Principal Officers of the University are the Vice-Chancellor, Deputy Vice-Chancellor, Registrar, Librarian, Bursar and Dean of Students. The Vice-Chancellor and the Deputy Vice-Chancellor are appointed by the Minister responsible for Higher Education while others are appointed by the University Council. Schools are headed by

Deans while Directorates and Institutes are headed by Directors (UNZA, Strategic Plan 2018 - 2022, 2017).

UNZA is funded mainly through government grants, tuition fees and other internally generated income. The University labours to reduce dependence on government grants. Since inception the University has grown with thirteen (13) Schools and seventeen (17) Units.

Besides the above structural and administrative functions of UNZA, financial management of the University constitute a fundamental requirement in the provision of quality higher education in the country. In that regard, Financial Regulations are designed to ensure that there is accountability in the management of the University financial resources. The University Council is the supreme body mandated to approve these regulations which must be adhered to in order to promote the system of accountability in the management of financial resources. These regulations together with the Accounting and Procedures Manual and other relevant policies and procedures shall form part of the system of accountability as established by Council. These financial regulations will be examined by both Internal and External Auditors mandated to carry out Systems and Financial audits. Compliance with the Financial Regulations is mandatory for all members of Council, staff and students. Any violations of these regulations shall lead to disciplinary action in accordance with the respective disciplinary codes of conduct. The officer responsible for implementing and interpretation of these regulations is the Bursar who shall be the upholder. UNZA is a quasi-government institution as such it is expected to prepare Statutory Reports (i.e. Financial Statements) which are audited by the Office of The Auditor General. Therefore, auditing of UNZA financials remains a fundamental requirement that need to adhere to set audit standards.

## **1.2 Statement of the Problem**

Over the years, external audits on the financial statements of UNZA have been conducted by the external auditors. UNZA being a quasi-government institution is mandated to be audited by The Office of The Auditor General (OAG). Due to overwhelming workload, OAG gave the mandate to Grant Thornton (GT) to perform the audits. Nonetheless, OAG also undertakes selected audits for University financials. What has been observed is that the results of the external audits have all been qualified<sup>1</sup>. However, what is not known are the factors that lead

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<sup>1</sup> A qualified audit report refers to an external auditor's opinion that, except for a stated limitation, an entity's financial statements conform to GAAPs (Messier, Glover, & Prawitt, 2005).

to the qualification of the external audit reports. Hence, this study investigated and documented the factors that contribute to qualified external audit reports at UNZA.

### **1.3 General Objective**

The research investigated the factors that led to qualified external audit reports at The University of Zambia.

### **1.4 Specific Objectives**

- i. To investigate the roles of the components of UNZA's organisational structure in the preparation of financial statements.
- ii. To examine the roles of the Internal Audit Unit in the external audit process.
- iii. To assess the effectiveness of UNZA's operational controls.

### **1.5 Research Questions**

- i. What are the roles of the components of UNZA's organisational structure in the preparation of financial statements?
- ii. Why is UNZA's Internal Audit Unit important in the external audit process?
- iii. How effective are the operational controls of UNZA?

### **1.6 Significance of the Study**

The completion of this study and based on its findings, the outcome will contribute substantively to the understanding and enhancement and further provide a practical operations guideline which will assist in the alleviation of qualified external audit reports at The University of Zambia. This research was cardinal in that it identified and documented factors that contributed to qualified external audit reports at UNZA. Furthermore, it guided (i) the Institution to find the solutions to the identified and documented gaps and challenges, (ii) future researchers who would want to further the research by embarking on finding the solutions and (iii) it will add to the body of knowledge on the subject matter. The research questions were addressed and it is hoped that this would boost investor and other stakeholder confidence to the Institution both at local and international levels. It is expected that this would lead to expansion and improvement both academic and management and further enhance infrastructure development. The research fitted well in the career path of the researcher as he had vested interest in the subject matter.

### **1.7 Scope (Delimitation) of the Study**

The research focused on UNZA's two campuses namely Great East Road Campus and Ridgeway Campus in Lusaka.

## 1.8 Operational definitions of key terms

**Audit:** Audit is the examination or inspection of various books of accounts by an auditor followed by physical checking of inventory to make sure that all departments are following documented system of recording transactions. It is done to ascertain the accuracy of financial statements provided by the organisation (Thibodeau, Strawser, Louwers, Sinason, & Blay, 2017). Audit can be done internally by employees of a particular unit or department and externally by an outside firm or an independent auditor.

**Internal Audit:** Is a branch of auditing developed in the twentieth century as a means of monitoring an organisation's risks, internal controls, procedures, and management accounting. As corporations and public sector organisations became increasingly complex in the twentieth century, and "as direct, personal contacts of managers with the respective operational areas for which they were responsible became more restricted, a greater need developed for the kind of managerial service provided by internal auditors" (O'Regan, 2004).

**External Audit:** Is an audit of financial statements by independent individuals or organisations. Robert Khun Mautz has suggested that "the role of [external] auditing in an advanced economic society can be and has been stated in very simple terms—to add credibility to financial statements" (quoted in Flint, 1988, 6), while Tom A. Lee has described external auditing as a "technical process to independently verify and attest the quality of externally reported financial statements" (Pitt, 2014).

**Audit Report:** Is a document that summarises the findings of an audit. An external audit report sets out an audit opinion. Most systems comply with Generally Accepted Auditing Standards (GAASs) that have standardised formats for external audit reports and require explanations of any unqualified opinion (such as an adverse opinion, a disclaimer, or a qualified opinion). The content and style of internal audit reports are largely at the discretion of individual internal audit functions. All audit reports, however, should follow basic criteria of "clarity, precision, unambiguity, and comprehensiveness in disposal of the [audit's] terms of reference" (Tritschler, 2013).

**Audit Risk:** In external auditing, is the risk of giving an inappropriate audit opinion on the fair presentation of an organisation's financial statements. The sampling of transactions and the compliance testing of controls cannot offer cast-iron guarantees that all irregularities have been identified, though external audit risk can be mitigated by (i) careful audit planning, (ii)

representation letters from management, and (iii) adequate malpractice insurance (Moeller, 2013).

**Audit Opinion:** This is an auditor's conclusion on the extent to which audit evidence refutes or confirms an audit objective. Independence is considered to be central to the credibility of audit opinions, especially in the context of an external audit: "An auditor's opinion is no more than an opinion, but it must be believed to be an informed opinion honestly held" (Bailey, Gramling, & Ramamoorti, 2004).

**Qualified Opinion:** Is an external auditor's opinion that, except for a stated limitation, an entity's financial statements conform to Generally Accepted Accounting Principles (GAAPs), and offer a fair presentation of the entity's financial position, the results of its operations, and changes in cash flows (Messier, Glover, & Prawitt, 2005). Qualified opinions normally arise from a limitation in the scope of the audit work, and under most systems of GAAPs external auditors are obliged to explain the reasons for issuing a qualified opinion.

**Unqualified Opinion:** Is an external auditor's opinion that an entity's financial statements conform to GAAPs, and offer a fair representation of the entity's financial position, the results of its operations, and changes in cash flows (Franklin, Graybell, & Cooper, 2019). External auditors can issue an adverse or qualified opinion if they are unsatisfied with a material aspect of the financial statements.

**Adverse Opinion:** Is an external auditor's opinion that an entity's financial statements do not conform to GAAPs, or do not offer a fair presentation of the entity's financial position, the results of its operations, or changes in cash flows (Mirza & Ankarath, 2012). Under most systems of GAASs, external auditors are obliged to explain the reasons for an adverse opinion, which applies only to material items that could mislead financial statement users. An adverse external audit opinion can damage a corporation's public image by sending shock waves through its stockholders and the wider investing community.

**Disclaimer:** Is an external auditor's judgment that it is impossible to give an audit opinion on an entity's financial statements. Disclaimers are issued when an auditor is faced with the following types of problems: (i) insufficient audit evidence, (ii) scope limitations, or (iii) material uncertainties surrounding an organisation's financial health (Government Auditing Standards: 2006 Revision (Exposure Draft)(Superseded by Gao-07-162g), 2013).

## **1.9 Summary**

This chapter introduced the background to the study and elaborated the factors that the study attempts to address. It defined the purpose, objectives and research questions that need to be investigated. The chapter further defined the operational terms, stated the limitations that the study encountered.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 Introduction

This study reviewed the literature related to external audit reports, internal audit reports as well as the tenets of good corporate governance. Auditing plays a crucial role in the business environment by providing assurance services to the public so as to decrease information risk by increasing the reliability of financial information provided by the business entities. As the final product of the audit, the audit report is a way by which the auditor communicates with the public the findings of the audit process. The auditor's report is the only aspect of the work of an auditor that can be available to the public. Thus, users are likely to assess the auditor's professionalism and competence by this report.

Internal and external audit should ensure appropriate and regular communication and sharing of information – a constructive relationship on this basis can be of benefit to the organisations they serve. However, it is vital that the two assurance functions maintain clear boundaries, as well as ensure they preserve their independence and objectivity. Internal and external audit are complementary functions within the assurance framework and both are essential for the effective governance of an organisation. However, internal audit is distinct from external audit and both functions have their own value and expertise. They perform very different roles and should report separately to the board/audit committee. Both need to be independent, objective, properly resourced and work according to their respective international auditing standards. Despite the need to preserve their independence and objectivity, internal and external audit should maintain a close, constructive relationship (Chartered Institute of Internal Auditors, 2020). This is to ensure their work is coordinated and that there is an efficient use of resources. On the relationship between internal and external audit, our Internal Audit Code of Practice "Guidance on effective internal audit in the private and third sectors" says: "The chief internal auditor and the partner responsible for external audit should ensure appropriate and regular communication and sharing of information." It is important that regulators and policy makers understand and take into account the differences between internal and external audit when developing new policies related to audit and corporate governance. Legislative and regulatory

references to “audit” and “the auditor” should be specific as to whether they are referring to internal audit or external audit.

It is of substance to state that the concept of the internal audit has evolved greatly in the second half of the last century and changed the old view as being a hunt tool of others' mistakes. Nonetheless, it has changed into an effective tool serving administration so that the internal auditing contributes in designing and developing the internal monitoring system, strengthening management control over the company, assessing and managing risks, introduce the most effective ways to manage them, as well as measuring the efficient use of available resources and help achieving maximum efficiency in project management.

As a matter of fact, the external auditing, it developed and evolved throughout the history based on the idea of separation of ownership and management. The proprietors need an independent professional opinion on the suitability of the management and the use of accessible resources. The noticeable topographies of this development are evident in the following brief definitions: The American Accounting Association (AAA) point out that external audit is a systematic and objective process of obtaining and evaluating evidence concerning facts and economic events so as to verify the degree of conformity between those facts and the specific criteria and to communicate the results to users of information interested in the investigation. In this regard, the AAA have defined the external auditor as *“a person or group of persons who preform auditing job on the condition that they have all the required auditing rules as related to the auditor himself including (professional training, professionalism, independence and exerting necessary professional efforts)”*. IFAC (2015) defined the external audit as *“a critical and neutral examination of records and documents of the economic organisation by an external auditor to express a neutral, honest and artistic opinion about the authenticity of the financial reports during a specific period”*.

The word audit originates from the Latin word (audire) to listen. The auditor is defined as a listener: one who reviews the statements. Increased trade during the 19th century required greater funding, provided by many investors. That is how the practice of joint ownership of enterprises and establishing companies with limited liability begins. The owners employed managers to manage their enterprises, and the managers gave a report for their work, usually once a year (Puttick, Esch, Esch, & Kana, 2008).

Usually the investors did not know anything or they knew very little about the business they invested in and for this reason they could not know anything more about the reliability of the

financial statements which the managers submitted. Thus, they nominated a third independent person to examine the accounts, to investigate and make checks and balances when necessary, with an objective to give his/her opinion on its admissibility. The financial statements were submitted orally and after the hearing, the respected listener reported his/her opinion (Demaria, 2020). These listeners later became known as auditors.

Thus, this study sought to explore the literature on an investigation of factors that contributed to qualified external audit reports at UNZA. The researcher took a trend analysis approach for the past five (5) years in order to investigate the opinions which were expressed by the external auditors. The researcher investigated the literature for the following years; 2013, 2014, 2015, 2016 and 2017. According to the researcher's literature review by the external auditors Grant Thornton on their opinion paragraph, in all the five (5) years it consistently reviewed that one of the prominent factors for the qualification of the external audit reports, was lack of supporting documentation for the expenses. The other prominent factors, though not in all the years, was lack of bank confirmation on the bank balances and the differences between the bank reconciliations and the trial balance.

## **2.1 Global Literature Review**

According to Sri Lanka Accounting and Auditing Standards Act and the Auditing Standards, the responsibility of the auditor is to express an opinion on the preparation and presentation of the financial statements. The main purpose of this is to satisfy the referees of the financial statements about the true and fairness of them through an opinion from an independent party. However, the issue here is how far the users of the financial statements are considering the auditor's opinion in their decision making process (Wickramasingha & Nanayakkara, 2015). This implies that the preparation and presentation of the financial statements is such key responsibility that management ought to address with due care. Any investors or funders would be interested in seeing the external auditors' opinion on the financial statements of the institution. This enables the investors or funders to make a better informed decision on whether to invest or fund the institution.

Mahdawi et al., (2018) describes Internal Auditing as a concept that is premised on expansion on scope of work, risk management as well as controlling processes of governance. In this study the focus of the study will be on scope of work and governance processes as exemplified by Chapman and Anderson (2002). Ever since the last two decades of the 20th century and the beginning of the 21st century, the accounting and auditing profession has faced numerous

problems resulting from the collapse of major public shareholding companies in the United States, the United Kingdom, Canada, Australia and other countries, and the loss of billions of dollars. The failure of external auditors, but some collusion in the disclosure of such abuses, and taking appropriate professional action, as well as the decline of the role of internal auditors to play an effective role in the face of the phenomenon of financial corruption attributable to those companies, despite the tremendous professional and technical developments that supported the audit profession both internal and external. The internal audit function is one of the cores of the effectiveness of jobs in various economic projects, the most important means by which rely on modern scientific management in the provision of data and information accurately and orderly and needed to make decisions and assist them in examining systems where the evaluation and safety, in the form that allows to be the goals and targets for all areas under revision. In recent years, business environment-organisations have faced rapid changes in expanded regulatory requirements and technological advances. These changes have given the internal audit function a place in the front seat to assist States in fulfilling their responsibilities. That the effectiveness of the internal audit function has become a major support function for senior management, the Board of Directors and the Audit Committee. The head of the Institute of Internal Auditors (Gerry Cox, 2007) says that today's internal auditor works hard with senior management to find solutions, adding that the internal auditor has become more focused on adding value to the organisation from finding a mistake (Mahdawi, Ayedh, & Khairi, 2018). The study did not look at the role accountants play in internal control systems. Thus, the researcher attempted to incorporate all components of the organisational structure that are critical in ensuring that the institutional controls are adhered to.

Internal audit is “a function, while internal control is a system”, it means that “internal audit assesses the effectiveness of controls put in place to mitigate risks, “(Manoukian, 2016). Therefore, Manoukian (2016) argues that internal audit is not responsible for identifying risks or putting controls in place. However, internal audit can assist in this process by its consulting activities. It assesses the viability of solutions and processes that internal control has developed. It is a role of internal control to identify risks relevant to operations and development of reliable controls. The critical question remains, who formulates the internal controls of an organisation? “Internal controls differ from internal audit in that it is not just about assessing and evaluating a company’s compliance position in an oversight capacity, but the internal control function needs to be a proactive participant in defining, documenting, communicating, educating, testing, and supporting the company’s operational and financial goals and objectives.” A

system that is reactive would make internal audit function face challenges in executing its duties in ensuring that the organisation's internal controls are applied. Hence, for internal audit to execute its functions effectively, it would require a robust system with strong internal controls. An effective internal control system would require an involvement of every section or unit of an institution if it is to attain its desired goals.

The Internal Audit Effectiveness (IAE) is a tricky concept that has been given little studies in the accounting and auditing literature. According to Dittenhofer (2001), IAE is the achievement of objectives and goals of the Internal Audit Function (IAF). Based on the official definition of Internal Auditing (IA), the ultimate objective of the internal audit function is the creation of value added to the organisation. Therefore, IAF is effective when it actually contributes to create added value to the organisation.

Previous studies claimed that an effective IAF aims to add value to the organisation by helping its management and board of directors to evaluate and improve the effectiveness of risk management, internal control, and governance processes. Al-Twajjry et al. (2003) confirmed that IA could bring added value by helping organisations to achieve its economic objectives through the implementation of internal audit recommendations by senior management.

Staff competency is an important key to the effectiveness of the internal audit activities (Al-Twajjry et al. 2003; Alzeban & Gwilliam 2014). The International Standards for the Professional Practice of Internal Auditing (ISPPIA) highlights the importance of internal audit team who possesses the knowledge, skills, and other competencies necessary to perform their responsibilities (ISPPIA, Standard 1210). Indeed, internal auditors must collectively have the necessary education, professional qualifications, experience and training to be able to add value and improve the organisation's operations (Mihret & Woldeyohannis 2008; Ali & Owais 2013). Additionally, internal auditors require good interpersonal skills in communication, persuasion, collaboration, and critical thinking to effectively fulfil their duties (Fanning & Piercey 2014). Previous studies suggest that competence of internal auditors is a critical determinant of IA effectiveness (Van Gansberghe 2005). In the Saudi environment, Al-Twajjry et al. (2003) noted that the adequate level of competencies of internal audit staff in terms of training, experience, knowledge, and professional qualifications have a positive influence on the effectiveness of IA.

Other studies suggest that lack of competence of internal auditors is an obstacle to the effectiveness of IA in a number of African countries (Mihret & Yismaw 2007). During the last

years, professional bodies and standard-setters have emphasised the importance of independence and objectivity of internal auditors for the internal audit quality despite their employment status in the organisation. The independence is a key element of the effectiveness of IA (Ahmad et al. 2009; Al-Akra et al. 2016). ISPPIA (Standard 1100) requires that the internal audit department must be independent in achieving their work to add value to the organisation. The internal auditors are independent when they can carry out their work freely and objectively. The few researchers that have examined this issue have found that the greater the independence and objectivity of internal audit department, the greater the internal auditor's effectiveness.

Top management support is crucial to the acceptance and appreciation of the IAF within an organisation. ISPPIA states that internal auditors should be supported from top management and Board of Directors to execute its duties and fulfil its responsibilities without any interference. Indeed, the internal audit department should have sufficient resources to improve the effectiveness of its activities. Certainly, internal auditors require support from management and indeed any unit or department of the organisation for internal controls to be adhered to for the betterment of the institution.

Reporting on the Malaysian public sector, Ahmad et al. (2009) indicated that management support has a considerable influence on the implementation of internal audit recommendations and the internal audit would be well resourced in terms of number of staff and budget.

## **2.2 Regional Literature Review**

The primary objective of external audit as a governance mechanism is to improve the quality of financial information produced by companies to ensure the reliability and credibility of companies published financial statements. But because of all the financial scandals known around the world (Enron, WorldCom ...), the credibility of audited financial statements was the subject of several writings since the external auditors caused these scandals. In the present economic and financial context of internalisation of commercial transactions and investments, benchmarks in the quality of financial and accounting information within a company are sought by the various stakeholders with quality and reliable financial information being the main factors of concern.

Accurate financial reporting is essential for the proper valuation of securities traded in all and especially infant capital markets like the Douala Stock Exchange. Most independent business

people and corporate bodies in Cameroon need accurate financial information to make informed business decisions regarding investments, reinvestments, strategy formulation, business model, and risk assessment. Thus, the researcher advocates that the people that prepare financial statements should have all the necessary attributes required by those intrusted to do this noble task. Perfect financial informational is always critical for decision making by the managers and the investors. If the management unit or the board is well informed and served with the right information, it could do well to structure compensation packages and other distributions appropriately and for the ultimate interest of the company. Although external audit has a role to test for misstatement and render assurance report accordingly, the role of the audit committee to shape the accuracy of financial statements by setting audit parameters for quality, transparency and controls cannot be overlooked. In companies that there exists no audit committee as a tool for effective corporate governance, leading to unguided external audit, one may not expect accuracy and exhaustiveness ( (EXTERNAL AUDIT AND QUALITY OF ACCOUNTING AND FINANCIAL INFORMATION IN CAMEROONIAN COMPANIES, 2019).

The researchers in this paper examined how the new auditors' reporting standards have attempted to reduce the audit expectation gap. Desk review research approach was adopted; a review of the some of the "new auditors' reporting standards" and other empirical literature on the subject were carried out. This paper found that the new auditor reporting standards are the right steps and may be a reasonable response to the expectation gap only if there is full compliance. Their evaluation revealed that the new auditors' reporting standards have far reaching provisions to bridge the expectation gap in areas of performance and communication including liabilities gap. However, the paper suggested that auditors and the professional accountancy bodies should accept greater responsibility for bridging the audit expectation gap through improved quality control systems and ethical engagement teams that are committed to quality. The debate arose on the extent of the auditors' responsibility for a business failure after issuing a clean opinion just a few months back (Nwaobia, Luke, & Theophilus, 2016). Some commentators insisted the auditor should be held responsible. While others argued that would amount to ascribing on the auditors' duties and responsibilities that far exceed the current practice in the profession and indeed beyond the scope/bounds defined by the statutes and professional standards. Nwaobia et al. (2016) believe that the role of the auditor is limited to expressing an opinion while it is the role of the management to keep proper records and maintain appropriate levels of internal control procedures to achieve best practices for the

organisation. The researcher holds the same view with the trio in that an auditor merely expresses an opinion on the preparation and presentation of the financial statements. It is argued that auditors have a scope to their work as such they should not be held liable by merely expressing an audit opinion. Therefore, before an audit opinion can be given by the auditor, due diligence and care should be observed during the audit process.

Internal audit perceptions and their impact on performance of the internal audit function is caused by auditors' failure to meet expectation gap, bad reputation of an auditor, the quality of audit staff, level of professional competence and the absence of independence and objectivity in internal audits. Arguably, some negative perceptions are also caused by individuals who are after personal gains from company resources. They feel audit will unearth their secrets. So they want to discredit audit as much as possible so that the audit report will not be credible. These negative perceptions have an impact on the performance of the internal audit function (Sifile & Munyunguma, Internal audit perceptions and their impact on performance of, 2015).

According to Owen (2000) as cited by Sifile and Munyunguma, 2015 opines that audit need not necessarily be viewed from an essentially negative perspective. The researcher says we should not only be asking what is being achieved in the name of audit but also addressing some very basic matters regarding the type of values that society wishes to prevail. The type of benefits achieved through the work of internal audit. Improvements brought about by implementation of audit recommendations. The duo agrees with Owen's assertions that most of the good work done by the auditor is seldom acknowledged by management. All the credit goes to management for implementing ideas that were introduced by internal audit, and no credit goes to internal audit.

Management perceives internal audit function as expensive to run from within. Management's view is that adopting a strategic view for outsourcing decisions can lead to a number of benefits including reduced costs, increased flexibility, improved innovation and technical development. This perception is also supported by Chapman and Anderson (2002) who explains that the new definition of internal auditing as given by the Institute of Internal Auditors implies that the internal audit function as an objective activity, does not necessarily have to be established within the organisation as the revised definition permits internal audit service to be provided by outsiders who in effect acknowledge that quality internal audit service can now be obtained through outsourcing (Papageorgiou, Yasseen, & Padia, 2012). The author disagrees with the above view in that, it may not hold right as management would be relaxed to support or fund

internal audit function fully. Also, internal audit being on the ground can perform better provided it has full support from management. Besides, the volume of transactions and activities that the institution has just calls for permanence presence of Internal Audit Unit.

The impact of top management involvement in fraud, corruption and money laundering is that the company will collapse. Such was the case with Enron and WorldCom. The reason is in weak corporate governance. Negative perceptions in most cases come from those who stand to benefit if an audit is not done, and when an audit is done they are found wanting. It is caused by the desperation to discredit audit for personal gain. Loss of confidence in the internal audit function is the impact of internal audit expectation gap not met. When auditors fail to do what society or the work force expects them to do, this will cause a negative perception. For example if fraud is being perpetrated openly in a company but auditors fail to detect it, there will be negative perception about audit. The impact is loss of confidence in the internal audit function. Negative perception of internal audit was created during the financial scandals (Enron and WorldCom) in the United States of America, which resulted in the creation of the Sarbanes Oxley Act of 2002 known as SOX. The scandal involved one of the big Accounting firms in the group known as the Big 4. Clients then lost faith in the Big 4 and started moving to second Tier Audit firms. The impact of this movement resulted in some clients of second Tier Audit firms also moving to Lower Tier Audit firms. The study only considered the causes of negative perceptions about auditors.

Another cause for negative perception about internal audit is the absence of independence and objectivity in the internal audit function. This assertion is supported by Goodwin and Yeo (2001) when they argue that the independence and objectivity of the internal audit function may be affected by the relationship between internal audit function and the Audit committee. The second reason is the extent to which internal audit function is used as a management training ground and as such is staffed by employees who expect to be transferred to line management positions in the future.

### **2.3 Local Literature Review**

According to Kapambwe (1998) fraud is more prevalent and highly sophisticated than is currently perceived. Kapambwe (1998) further argues that the internal audit function is generally weak, existing corporate governance arrangements are weak and inadequate, and that there is a serious lack of probity on part of both management and employees. Therefore, to remedy the situation, he suggests an inclusion of compulsory requirement for effective internal

audit departments/service, ethics training, ethical codes, ethical advocates, whistle blowing and the implementation of effective corporate governance systems to ensure financial discipline, transparency, accountability and to improve organisational performance (Kapambwe, 1998). The researcher holds a view that internal audit function may not be generally weak per se but the internal controls may not support the internal audit function.

Internal auditing is a profession and activity involved in advising organisations regarding how better to achieve their objectives through managing risks and improving internal controls. Internal auditing involves the utilisation of systematic methodology for analysing business processes or organisation problems and recommending solutions. The scope of internal auditing within an organisation is broad and may include various internal control activities such as the review of the effectiveness and efficiency of operations, the reliability of financial reporting, investigations of fraud, risk assessment, safeguarding of assets, and compliance with laws and regulations. Internal audit activities therefore provide assurance on effectiveness of public sector entities, internal control environment and may identify opportunities for performance improvement (Mupeta, 2017).

The Public Finance Act 2004 of Zambia clearly stipulates that the controller of Internal Audit shall be responsible for internal audits of every ministry, department and statutory corporation. It further states that the Internal Auditors shall at all reasonable time have access to all records, books, vouchers and other documents relating to the accounts of any statutory corporation, ministry or department.

The internal auditor should not be seen as being in conspiracy with the administration. Level-headedly, this function should be framed by the standards that would enhance it to serve the administration and guide the external auditor to serve the interested parties in order to benefit from the implementation of all aspects of the regulatory framework. An external auditor may rely on the work performed by the internal audit function in prior to commencement of his or her duties. Consequently, the presence of an internal audit department can reduce the scope of tasks and time required to implement. These tasks require internal auditors to be efficient and objective, and abide by the rules and ethics of the profession and the implementation of all the work placed on them. The researcher argues that where there is collaboration between external auditors and internal auditors, it is expected that the institution would mitigate qualified external audit reports. The researcher further argues that when management and the entire

organisation adhere to internal audit recommendations, qualified external audit reports would be curtailed.

#### **2.4 Summary**

This chapter reviewed the literature related to external audit reports, internal audit reports as well as the tenets of good corporate governance.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

This chapter focused on the description of the methods that were applied in carrying out the research. It described in detail the following features of methodology; research design, study population, study sample, sampling procedures, research instruments, data collection procedures, data analysis, ethical considerations, work plan and the budget.

#### **3.1 Research Design**

This research adopted a case study design where UNZA was selected as a case. In doing so, a mixed methods approach was used to undertake the investigation of factors that contributed to qualified external audit reports at UNZA. This meant that both quantitative and qualitative methods were used to collect, collate, analyse and present the research findings. Thus, triangulation of methods was inevitably employed in the research process.

#### **3.2 Study Population**

The study's target population was UNZA's management structures that included senior management (Office of the Vice Chancellor, Registrar, Deans, etc.), accountants and internal auditors. Further, the study focused on all the schools and units at UNZA. Since the study used purposive sampling, its target population was eighty four (84); comprising UNZA management twenty eight (28), accountants forty five (45) and internal auditors eleven (11).

#### **3.3 Study Sample and Sampling Procedures**

A purposive/judgment sampling procedure was used. Purposive sampling involves the selection of a sample that is believed to be representative of a given population. The researcher here used expert judgment to select a representative sample. As the name may imply, the participants are selected for a specific research aim and purpose (Lavrakas, 2008). Thus, a sample size consisted of fifty (50) participants who were represented by UNZA management, accountants and internal auditors as per table 1 below:

Table 1: Study Sample

<b>CATEGORY</b>	<b>NUMBER OF RESPONDENTS</b>	<b>POPULATION</b>
Office of VC	2	2
Registrar	1	3
Bursar	4	4
Deans	7	13
Chief Internal Auditor	1	2
Directors	2	4
Accountants	13	17
Assistant Accountants	12	28
Senior Internal Auditors	2	2
Internal Auditors	2	4
Assistant Internal Auditors	4	5
<b>TOTAL</b>	<b>50</b>	<b>84</b>

### 3.4 Research Instruments

The research instruments that were used to collect data were mainly two; 1) structured questionnaire and 2) interview schedules. The researcher used a software called *Survey Monkey* as a tool to administer the questionnaires and the interview schedule or guide to administer the interviews. Table 2 shows the respondents and the data collection methods and instruments.

Table 2: Research Instruments

<b>Category</b>	<b>Number of respondents</b>	<b>Data Collection Method</b>	<b>Data Collection Instruments</b>
Office of VC	1	Interview	Interview schedule
	1	Interview	Questionnaire
Registrar	1	Interview	Questionnaire
Bursar	4	Interview	Interview schedule
	4	Interview	Questionnaire
Deans	7	Interview	Questionnaire
Chief Internal Auditor	1	Interview	Interview schedule

	1	Interview	Questionnaire
Directors	2	Interview	Questionnaire
Accountants	2	Interview	Interview schedule
	13	Interview	Questionnaire
Assistant Accountants	13	Interview	Questionnaire
Senior Internal Auditors	2	Interview	Interview schedule
	2	Interview	Questionnaire
Internal Auditors	2	Interview	Questionnaire
Assistant Internal Auditors	4	Interview	Questionnaire

### 3.5 Data Collection Procedures

This study used both primary and secondary data. The primary data was gathered through structured and semi-structured interviews (i.e. the questionnaires and the interview schedule). Whilst, the secondary data was gathered through research journal articles, relevant academic books, the past research studies and documents of external communication regarding factors that contribute to qualified external audit report. The interviews were useful in the research because it allowed the researcher to probe further for more information from respondents, something that was not possible in a questionnaire. Piloting of the interview schedule was carried out which enabled the researcher to determine the precision of the instrument and it was easy to use. A Dictaphone was used for the purpose of not missing out on any key information and also for transcription reasons. Interviews were more flexible as the researcher got more information through adapting to the situation at hand. The researcher got more honest and complete responses from the respondents due to the personal interaction (Arai, Kapoor, & Bhatia, 2018). This research used both structured and semi-structured interviews. The researcher argued that they were very easy to administer and analyse since one was at liberty to pick the relevant content and leave out the others that were irrelevant. The semi-structured interviews gave the researcher the advantage of using probing questions which gathered more information about the research. Interviews were conducted using an interview schedule (Bolderston, 2012).

### 3.6 Data Analysis

The raw data that was collected was fully examined in order to find linkages between the study and the outcomes of the data collected with reference to the research objectives and questions. The researcher used thematic data analysis which helped the researcher to identify key themes across findings and strengthen the study arguments and conclusions (Robert, 2012).

### 3.7 Ethical Considerations

The researcher considered all the appropriate ethical considerations before undertaking the process of data collection. Participants were duly informed of the purpose of the study and why the study was being conducted. The researcher ensured that there was protection of participants from any harm during the research by conducting the research with the level of professionalism it deserved. The researcher will see to it that no one is compelled to give information unwillingly but freely and with consent and that they shall be free to withdraw at any time should they decide to. The participants will be bestowed free and favourable atmosphere to participate in the study (Israel & Hay, 2006). The names of the participants will be kept anonymous and in other circumstances names will not be required. The participants shall have the right to privacy. As such the researcher shall ensure that the privacy of participants is not overrun because the aim of this research is not to overrun people's privacy but to collect data necessary to answer research questions or objectives.

*Table 3: Actual Time Frame*

<b>SR. NO.</b>	<b>ACTIVITIES</b>	<b>DESCRIPTION</b>	<b>DURATION</b>
01.	Proposal writing and literature review	Collection of data that will be included in the literature review. Data will be collected from the University of Zambia library and through the internet	1 month 10 days (7 <sup>th</sup> December, 2020 to 15 <sup>th</sup> January, 2020)
02.	Preparation of final proposal	This will involve writing the whole proposal	15 days (16 <sup>th</sup> to 31 <sup>st</sup> January, 2021)

03.	Editing, printing and binding of proposal	This will involve preparation and printing of the proposal before submission	7 days (1 <sup>st</sup> to 7 <sup>th</sup> February, 2021)
04.	Preparation of data collection tools	Designing and printing instruments for data collection	10 days (8 <sup>th</sup> to 17 <sup>th</sup> February, 2021)
05.	Submission of proposal	Handing in of the proposal	1 day (18 <sup>th</sup> February, 2021)
06.	Data collection tools	This will involve testing the capacity of the interview guide	5 days (19 <sup>th</sup> to 23 <sup>rd</sup> February, 2021)
07.	Field work	This will involve the collection of primary data from the field using the data collection tools (interview guide)	5 days (24 <sup>th</sup> to 28 <sup>th</sup> February, 2021)
08.	Data analysis	This will involve analysing the data collected from the field	6 days (1 <sup>st</sup> to 6 <sup>th</sup> March, 2021)
09.	Report writing	Actual writing of the report	10 days (7 <sup>th</sup> to 16 <sup>th</sup> March, 2020)
10.	Editing, printing and binding of report	This will involve preparation and printing of the proposal before submission	4 days (17 <sup>th</sup> to 20 <sup>th</sup> March, 2021)
11.	Submission of final report	This will involve the submission of the final research report	1 day (21 <sup>st</sup> March, 2021)

Table 4: Actual Budget

<b>SR NO</b>	<b>DESCRIPTION</b>	<b>AMOUNT (K)</b>
01	Stationery	600.00
02	Typing of proposal report	350.00
03	Printing of proposal report	150.00
04	Photocopying	100.00
05	Binding of proposal report	300.00
06	Typing of actual report	400.00
07	Printing of actual report	450.00
08	Binding of actual report	750.00
09	Transport	3,600.00
10	Communication	1,200.00
11	Contingency	4,500.00
	<b>TOTAL</b>	<b>12,400.00</b>

### 3.8 Summary

This chapter looked at the description of the methods that were applied in carrying out the research. It described in detail the following features of methodology; research design, study population, study sample, sampling procedures, research instruments, data collection procedures, data analysis, ethical considerations, work plan and the budget.

## CHAPTER FOUR

### DATA PRESENTATION AND DISCUSSION

#### 4.0 Introduction

This chapter presents the research findings and the analysis of the information obtained from the study in accordance with the research objectives. The findings are presented according to the respective subheadings in line with the study's research objectives. The findings relate to the questions which were probed in the questionnaires and the interview schedule in the study.

#### 4.1 Response rate

The response rate for this study indicated to be 100% (n=50). This entails that all the 50 targeted participants participated in this study and the findings were analysed.

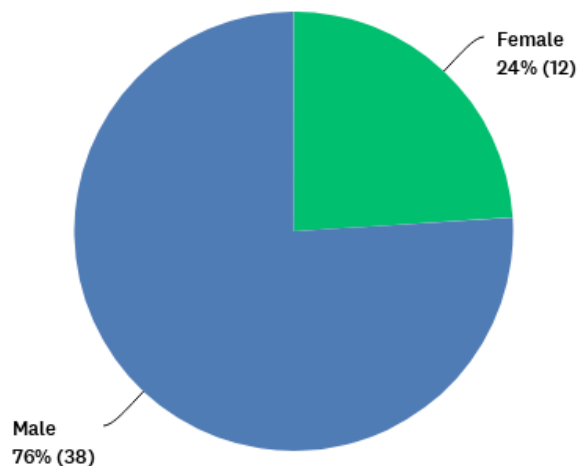
#### Section A: Demographic characteristics of respondents

In the part of the questionnaire, respondents were asked about their profile. Therefore, variables of age, gender, marital status, as well as the length of service of the respondents were asked in the questionnaire in order to know the characteristics of the respondents as they do play a pivotal role in any study.

##### 4.1.1 Gender of the respondents

The results in figure 1 below presents the gender of the respondents. The majority 76% (n=38) of the respondents were male whereas the least 24% (n=12) were female. This implies that UNZA is largely characterised by male employees.

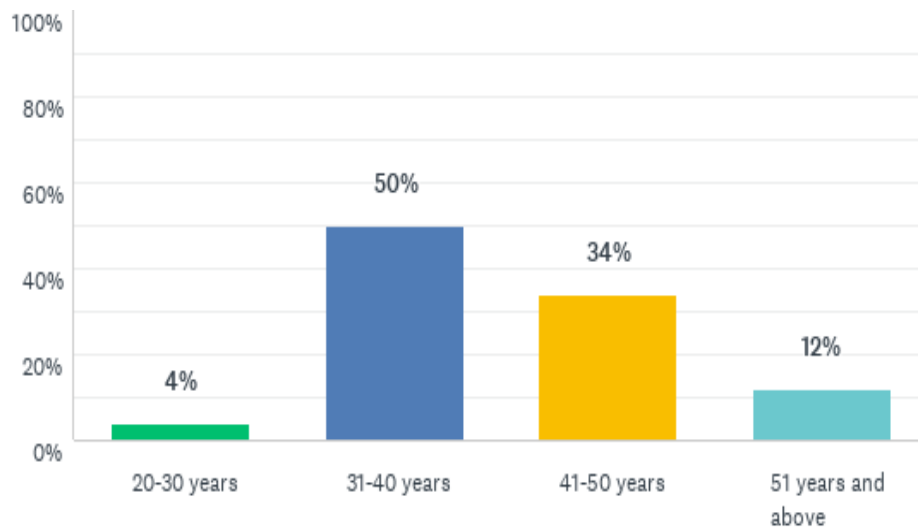
*Figure 1: Percent Distribution of respondents by gender*



### 4.1.2 Age of respondents

The findings in figure 2 below shows that most 50 % (n=25) of the respondents fell in the age bracket of 31- 40 years, followed by 34% (n=17) of the respondents being in age 41-50 years, 12% (n=6) were in age 51 years and above whereas the least 4% (n=2) of the respondents were in age 20-30 years old.

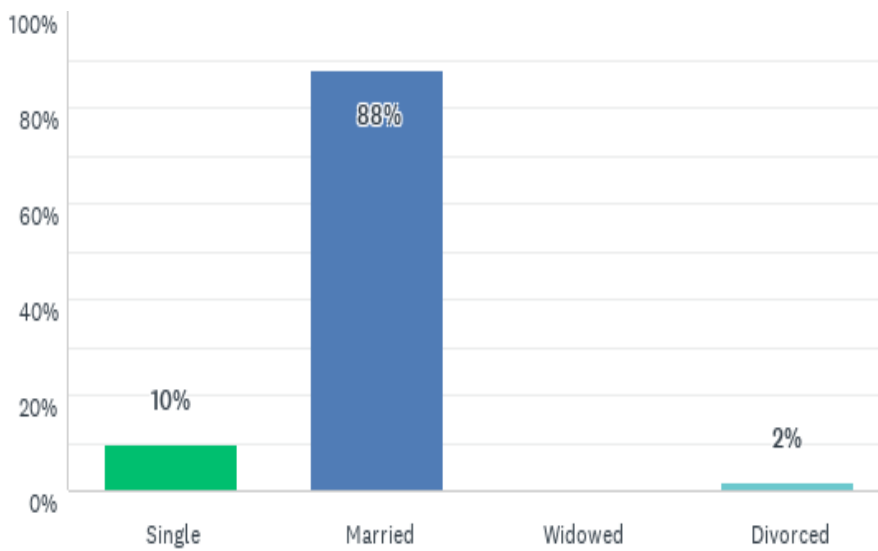
**Figure 2: Distribution of respondents by age**



### 4.1.3 Marital status of the respondents

Figure 3 below shows the marital status of the respondents of which majority 88% (n=44) of them were married, 10% (n=5) of the respondents were singles while 2% (n=1) of the respondents were divorced. This entails that majority of the respondents were married.

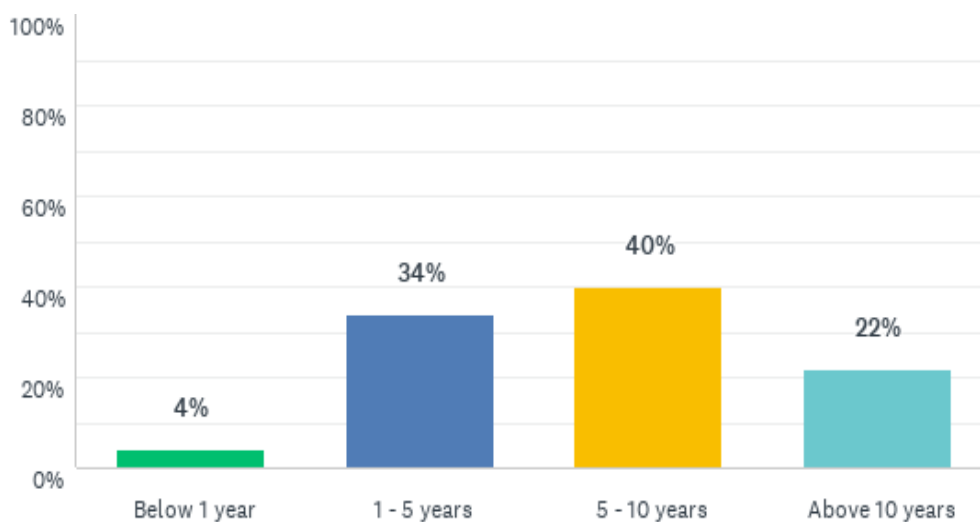
**Figure 3: Distribution of respondents by marital status**



**4.1.4 Length of service (Years of experience)**

The respondents were asked to indicate their years of experience. The results in figure 4 below shows that, 40% (n=20) of the respondents had experience of between 5 -10 years, 34% (n=17) of the respondents had experience of between 1-5 years, 22% (n=11) of the respondents had experience above 10 years whereas least 4% (n=2) of the respondents had years of experience below 1 year.

**Figure 4: Percent distribution of respondents by years of experience**

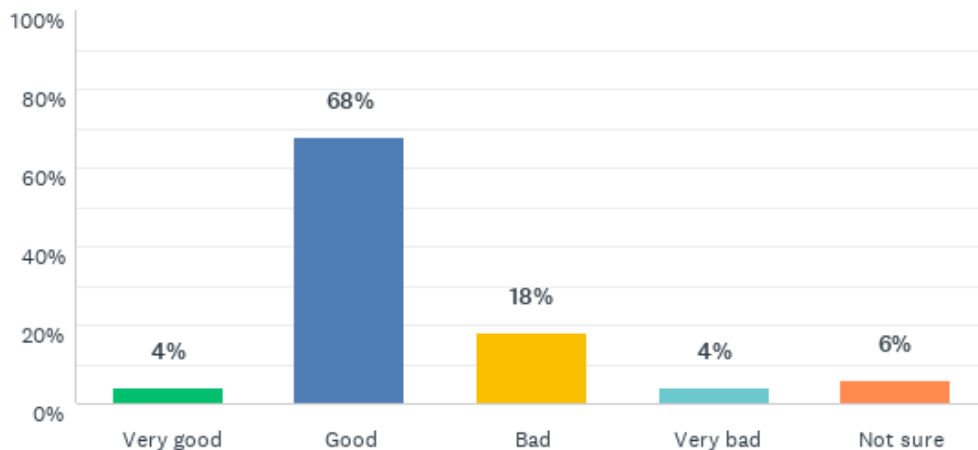


## SECTION B: UNZA'S FINANCIAL ORGANISATIONAL STRUCTURE

### 4.1.5 The flow of financial information across UNZA's organisational structure

Figure 5 below shows that majority 68% (n=34) of the respondents indicated that the flow of financial information across UNZA is good, 18% (n=9) of them indicated to be bad, while 4% (n=2) indicated very good. Additionally, 4% (n=2) of the respondents indicated that the flow of financial information across UNZA's organisational structure is very bad whereas 6% (n=3) of the respondents were not sure of that.

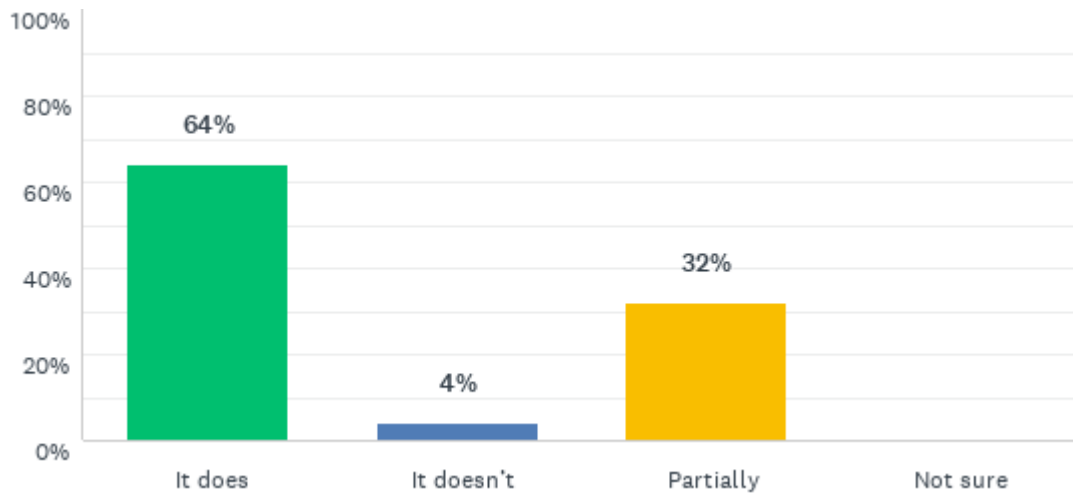
*Figure 5: The flow of financial information across UNZA*



### 4.1.6 Financial organisational structure provides segregation of duties among the members

In figure 6 below the respondents were asked to state if the financial organisational structure provides segregation of duties among the members. Majority 64% (n=32) of the respondents agreed that the financial organisational structure provides segregation of duties among the members, 32% (n=16) of them partially agreed whereas 4% (n=2) disagreed that the financial organisational structure provides segregation of duties among the members.

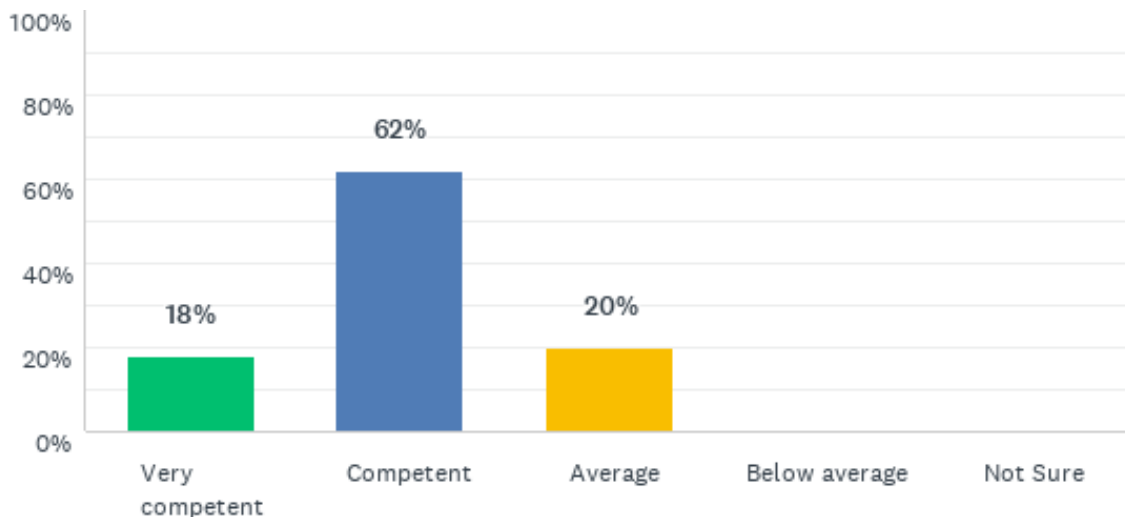
**Figure 6: Financial organisational structure provides segregation of duties**



#### **4.1.7 Competences of the Accounting Department at UNZA**

Figure 7 below shows the rate of competences of the Accounting Department at UNZA. The results show that 62% (n=31) of the respondents rated the Accounting Department as competent, 18% (n=9) of them rated it to be very competent, while only 20% (n=10) of the respondents rated the Accounting Department at UNZA as average. This implies that the majority of the respondents agreed that the Accounting Department at UNZA is competent.

**Figure 7: The Rate of competences of the Accounting Department at UNZA**

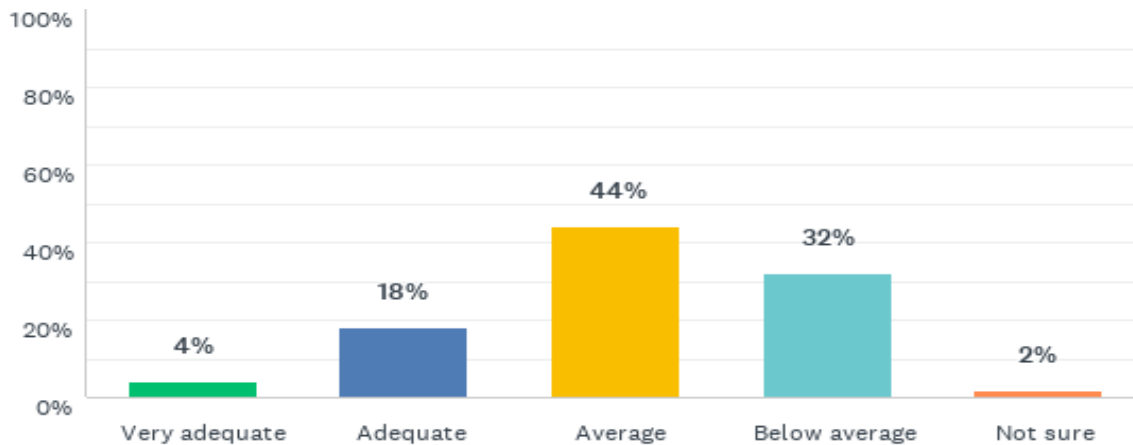


#### **4.1.8 The staffing levels at Bursar's Department**

The figure 8 below shows that 4% (n=2) of the respondents agreed that the staffing levels at Bursar's Department is very adequate, 18% (n=9) of the respondent indicated that they are adequate while 44% (n=22) of the respondents indicated that the staffing levels at Bursar's

Department is average. In addition, 32% (n=16) of the respondents reacted that the staffing levels at Bursar's Department is below average whereas only 2% (n=1) of the respondents were not sure.

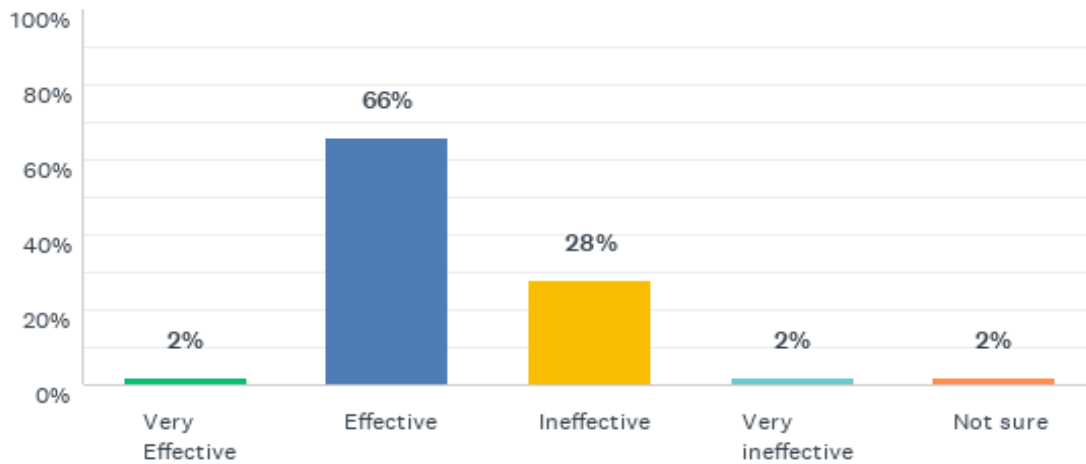
**Figure 8: Adequate are the staffing levels at Bursar's Department**



#### **4.1.9 The Effectiveness of UNZA's organisational structure in promoting good corporate governance**

In terms of the effectiveness, the respondents were asked to rate the Effectiveness of UNZA's organisational structure in promoting good corporate governance. The results in figure 9 below shows that majority 66% (n=33) of the respondents rated that UNZA's organisational structure in promoting good corporate governance was effective, followed by 28% (n=14) of the respondents indicated that it was ineffective, 2% (n=1) of the respondents indicated that UNZA's organisational structure in promoting good corporate governance was very effective, very ineffective and not sure in each case.

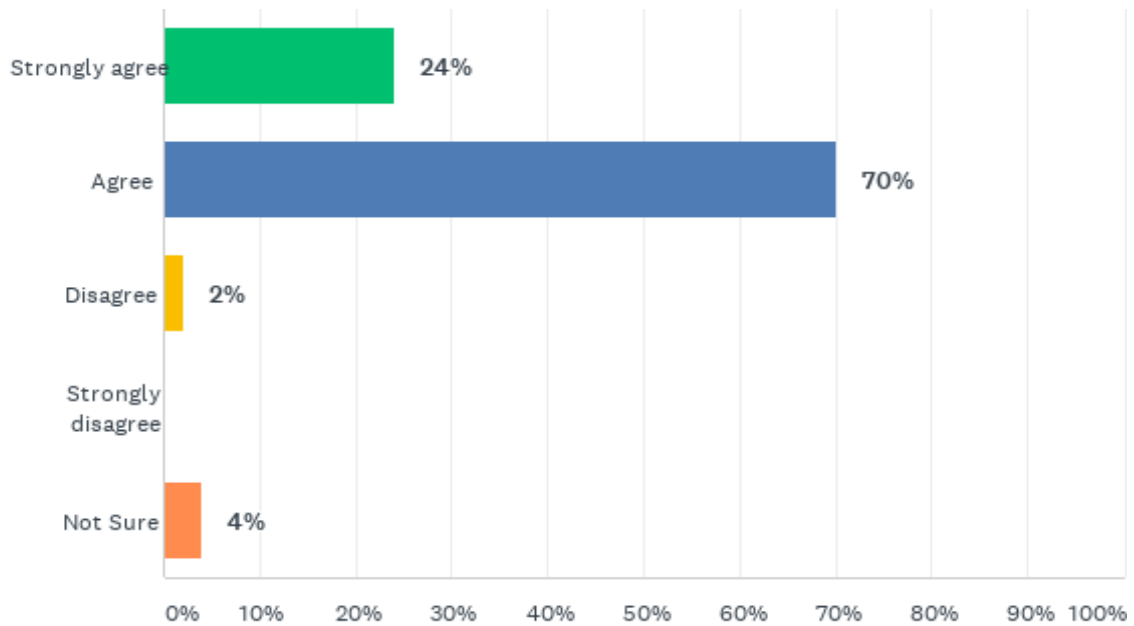
**Figure 9: The rate Effectiveness of UNZA’s organisational structure in promoting good corporate governance**



#### **4.1.10 UNZA’s organisational structures can influence the achievement of external audit objectives**

Respondents were requested to rate the extent to which they agree that UNZA’s organisational structures can influence the achievement of external audit objectives. The results in figure 10 below shows that majority 70% (n=35) of the respondents agreed that UNZA’s organisational structures can influence the achievement of external audit objectives, 24% (n=12) of the respondents strongly agreed, 2% (n=1) disagreed, while 4% (n=2) of the respondents were not sure as to whether UNZA’s organisational structures can influence the achievement of external audit objectives.

**Figure 10: UNZA’s organisational structures can influence the achievement of external audit objectives**

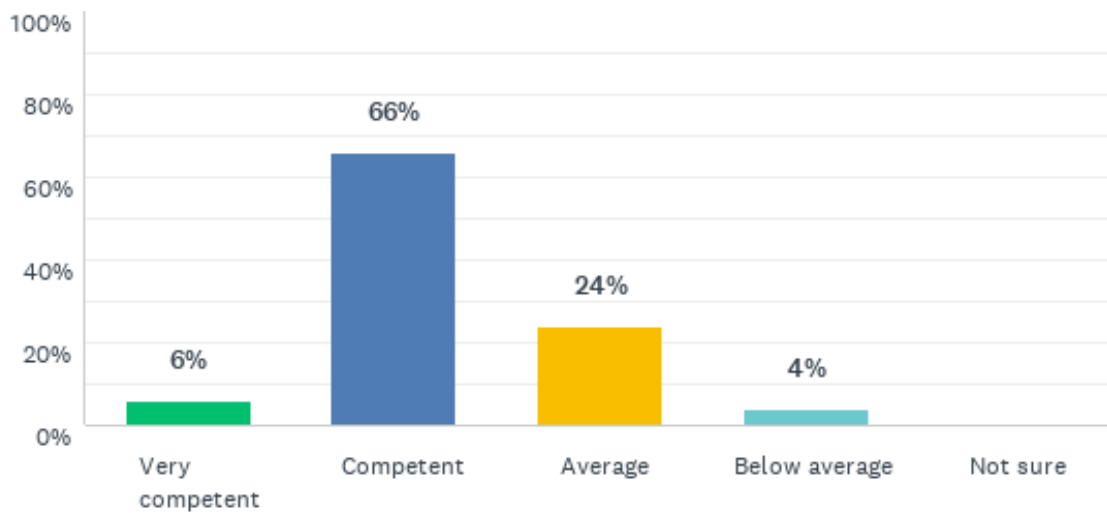


### **SECTION C: INTERNAL AUDIT UNIT’S ROLE IN EXTERNAL AUDIT PROCESS**

#### **4.1.11 The rate of the competences of the Internal Audit Unit at UNZA**

Figure 11 below shows the rate of competences of the Internal Audit Unit at UNZA. The results show that 66% (n=33) of the respondents rated that the Internal Audit Unit at UNZA are competent while 6% (n=12) of the respondents rated the internal audit unit as being very competent. On the other hand, 24% (n=12) of the respondents rated the Internal Audit Unit as average whereas 4% (n=2) of the respondents rated that the Internal Audit Unit at UNZA are below average. However, this implies that the Internal Audit Unit at UNZA is competent as evidenced by the results below.

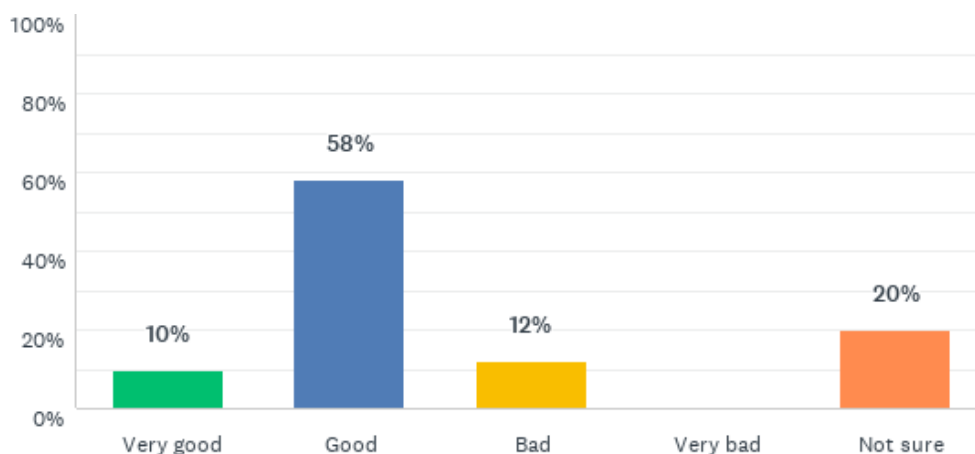
**Figure 11: The rate of the competences of the Internal Audit Unit at UNZA**



#### **4.1.12 The relationship between external auditors and internal auditors**

An upright relation between the internal and external auditors is key in the audit process. The respondents were asked to rate the relationship between the external auditors and internal auditors. The results in Figure 12 below shows that, most 58% (n=29) of the respondent rated it to be a good relationship, 10% (n=5) of the respondents rated it very good, 12% (n=6) rated it a bad relationship while the other 20% (n=10) of the respondents indicated that they were not sure on that relationship concerning the external and internal audit.

**Figure 12: The rate of the relationship between external auditors and internal auditors**

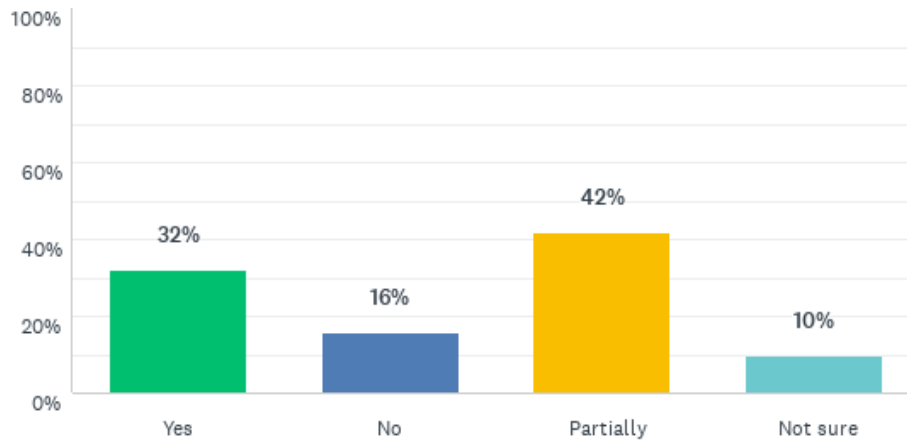


#### **4.1.13 External auditors rely on the work of internal auditors**

The respondents were asked whether external auditors rely on the work of internal Auditors. The results from the respondents in figure 13 below shows that 42% (n=21) of them indicated that the external auditors partially rely on the work of internal Auditors, 32% (n=16) agreed,

16% (n=8) of the respondents disagreed that the external auditors rely on the work of internal Auditors while the least 10% (n=5) were not sure.

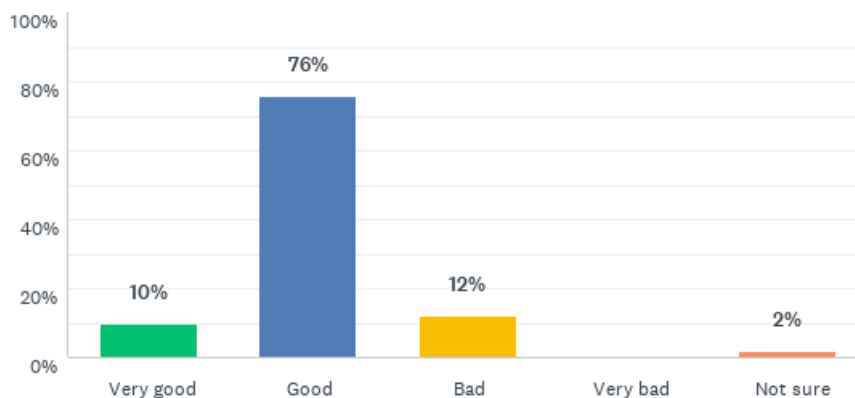
**Figure 13: External auditors rely on the work of internal Auditors**



**4.1.14 Objectivity levels among INTERNAL auditors at UNZA when executing their duties**

The figure 14 below shows the rate of the objectivity levels among INTERNAL auditors at UNZA when executing their duties. The results show that, majority 76% (n=38) of the respondents rated to be good, 10% (n=5) of them related to be very good, 12% (n=6) of the respondents rated to be bad while other 2% (n=1) of the respondents were not sure about the objectivity of the internal auditors at UNZA when executing their duties

**Figure 14: The rate of objectivity of the INTERNAL Auditors when executing their duties**

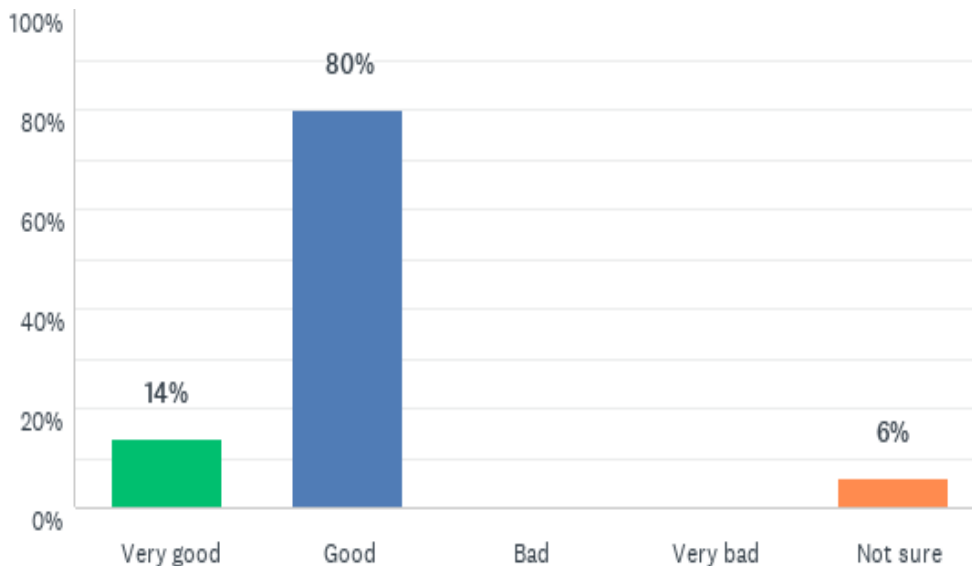


**4.1.15 Objectivity levels among EXTERNAL auditors at UNZA when executing their duties**

The figure 15 below shows the rate of the objectivity levels among EXTERNAL auditors at UNZA when executing their duties. The results indicate that, majority 80% (n=38) of the respondents rated the objectivity levels among External auditors at UNZA when executing their

duties to be good, 14% (n=7) of them related to be very good, whereas 6% (n=2) of the respondents were not sure about the objectivity of the external auditors at UNZA when executing their duties

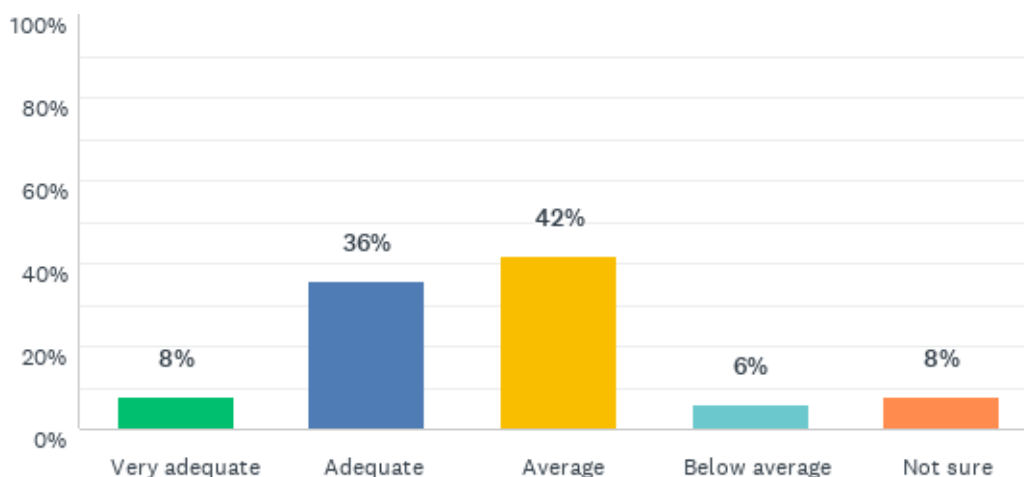
**Figure 15: The rate of objectivity of the EXTERNAL Auditors when executing their duties**



**4.1.16 The staffing levels under the Internal Audit Unit**

The figure 16 below shows that 42% (n=21) of the respondents that the staffing levels under the Internal Audit Unit was average, 36% (n=18) of the respondents indicated that the staffing levels under the Internal Audit Unit was adequate, while 8% (n=4) of the respondents indicated as very adequate. In addition, 6% (n=4) of the respondents indicated that the staffing levels under the Internal Audit Unit was below average whereas 8% (n=4) of the respondents were not sure about it.

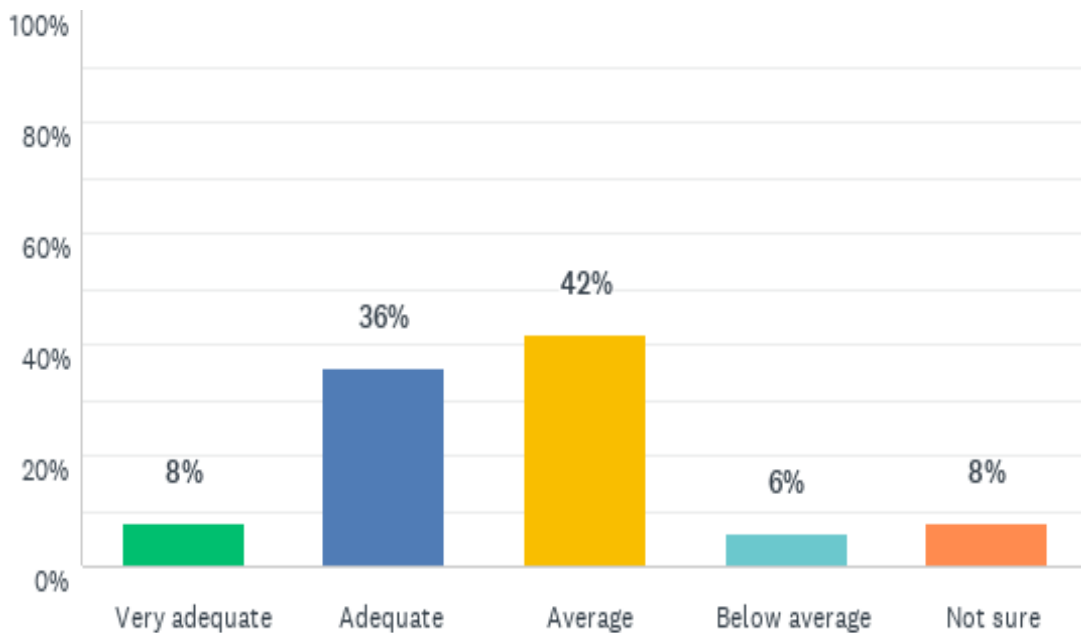
**Figure 166: How adequate are the staffing levels under the Internal Audit Unit**



#### 4.1.17 INTERNAL AUDIT being more responsible for detecting risks than the Organisational Operational Controls

The respondents were asked to rate the extent to which they agree that INTERNAL AUDIT is more responsible for detecting risks than the Organisational Operational Controls. The results in figure 17 below shows that 42% (n=21) of the respondents indicated as average that that INTERNAL AUDIT is more responsible for detecting risks than the Organisational Operational Controls, 36% (n=18) of the respondents indicated as adequate, 8% (n=4) of them also rated as very adequate. Further, 6% (n=3) of the respondents indicated as being below average on the statement that INTERNAL AUDIT is more responsible for detecting risks than the Organisational Operational Controls while 8% (n=4) of the respondents were not sure.

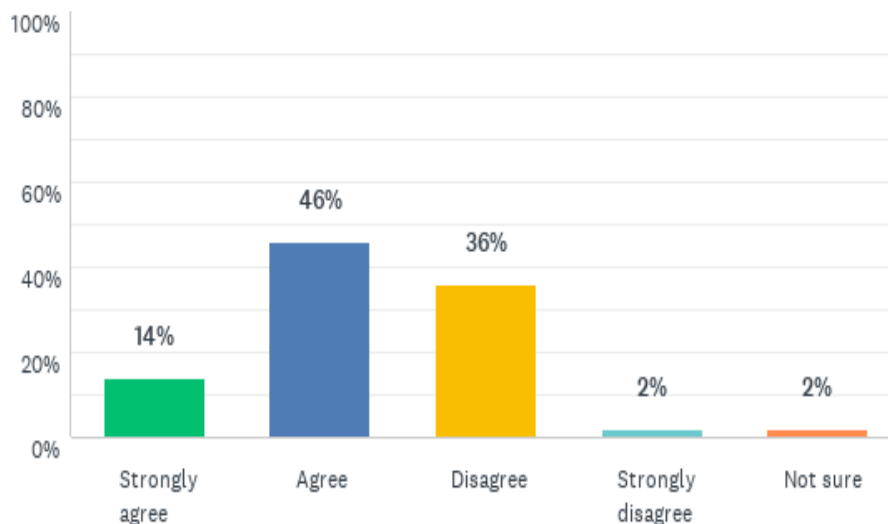
*Figure 17: The rate of INTERNAL AUDIT being more responsible for detecting risks than the Organisational Operational Controls*



#### 4.1.18 ORGANISATIONAL OPERATIONAL CONTROLS being more responsible for detecting risks than Internal Audit

The respondents were asked to rate the extent to which they agree that ORGANISATIONAL OPERATIONAL CONTROLS are more responsible for detecting risks than Internal Audit. The results in figure 18 below shows that most 46% (n=23) of the respondents agreed that ORGANISATIONAL OPERATIONAL CONTROLS are more responsible for detecting risks than Internal Audit, 14% (n=7) of the respondents strongly agreed, 36% (n=18) of them disagreed, 2% (n=1) of the respondents strongly disagreed while the other 2% (n=1) were not sure.

**Figure 178: The rate of ORGANISATIONAL OPERATIONAL CONTROLS being more responsible for detecting risks than Internal Audit**



## **SECTION D: EFFECTIVENESS IN IMPLEMENTING OPERATIONAL CONTROLS AT UNZA**

### **4.1.19 Assessing the effectiveness of UNZA’s Operational Controls, determining whether they have achieved planned objectives**

The respondents were provided with statements asked to indicate the extent to which they agree with those statements on whether they strongly agree, agree, have no opinion, disagree or strongly disagree with what they were asked. The scoring system used with respects to respondents’ responses was as follows: strongly agree 5, agree 4, not sure 3, disagree 2, strongly disagree 1.

The results in table 3 below shows that out of the 50 respondents that answered this question, most of the respondents strongly agreed or agreed (52%, n=26) that UNZA’s Operational Control objectives set have been achieved, 30% (n=15) strongly disagreed or disagreed while 18% (n=9) of the respondent were not sure on UNZA’s Operational Control objectives set have been achieved.

Forty-two percent (n=22) of the respondents strongly agreed or agreed that the extent of improvements in the areas of UNZA’s operational controls correspond with the planned financial targets and objectives, 28% (n= 14) of the respondents strongly disagreed or disagreed

whereas 30% (n=15) were not sure about the extent of improvements in the areas of UNZA's operational controls correspond with the planned financial targets and objectives.

The results further show that, majority 78% (n=39) of the respondents strongly agreed or agreed that financial monitoring controls within UNZA's organisational structure influence the achievement of external audit objectives, 12% (n=6) strongly disagreed or disagreed while 5% (n=5) of the respondents were not sure about it. On the other hand, most 52% (n=26) of the respondents strongly agreed or agreed that overall, capacity of UNZA's Operational Control structures to deliver on core institutional external audit objectives are adequate of the respondents, 28% (n=14) were strongly disagreed or disagreed while 20% (n=10) were not sure about whether the capacity of UNZA's Operational Control structures to deliver on core institutional external audit objectives are adequate.

The results show that the majority 80% (n=40) strongly agreed or agreed that non-existence of an audit committee leads to lack of good corporate governance, 16% (n=8) of the respondents strongly disagreed or disagreed while only 4% (n=2) of the respondents were not sure that whether non-existence of an audit committee leads to lack of good corporate governance.

Finally, the majority 98% (n=49) respondents strongly agreed or agreed that UNZA is able to improve on its operational controls to effectively achieve its external audit objectives whereas only 2% (n=1) of the respondents were not sure about it.

*Table 5: The rate of effectiveness of UNZA's Organisational Controls, determining whether they have achieved planned objectives*

<b>Statements</b>	<b>STRONGLY AGREE</b>	<b>AGREE</b>	<b>NOT SURE</b>	<b>DIS-AGREE</b>	<b>STRONGLY DISAGREE</b>	<b>TOTAL</b>
UNZA's Operational Control objectives set have been achieved.	4% 2	48% 24	18% 9	30% 15	0% 0	<b>50</b>
The extent of achieving the UNZA objectives has been high.	2% 1	42% 21	24% 12	32% 16	0% 0	<b>50</b>
The extent of improvements in the areas of UNZA's operational controls correspond with the planned financial targets and objectives.	6% 3	36% 18	30% 15	24% 12	4% 2	<b>50</b>
Targets in UNZA's Operational Controls influence the achievement of external audit objectives	6% 3	66% 33	20% 10	6% 3	2% 1	<b>50</b>
Financial monitoring controls within UNZA's organisational structure influence the achievement of external audit objectives	4% 2	74% 37	10% 5	10% 5	2% 1	<b>50</b>
Non-existence of an audit committee leads to lack of good corporate governance	40% 20	40% 20	4% 2	14% 7	2% 1	<b>50</b>

UNZA is able to improve on its operational controls to effectively achieve its external audit objectives	42% 21	56% 28	2% 1	0% 0	0% 0	<b>50</b>
Overall, capacity of UNZA's Operational Control structures to deliver on core institutional external audit objectives are adequate.	8% 4	44% 22	20% 10	24% 12	4% 2	<b>50</b>

## 4.2 Discussion/Interpretation Section

This section will discuss the findings according to the research objectives of the study. The findings were obtained through the interview schedule.

### 4.2.1 UNZA's Organisational Structure in promoting Good Corporate Governance

A question was asked to the respondents on how they rated UNZA's organisational structure in promoting good corporate governance. Most respondents rated UNZA's organisational structure in promoting good corporate governance on average as being good. The respondents said so in that all structures that were required to be in place starting with Council, Senior Management, Deans, Directors and Managers were in place. This is consistent with the findings obtained through the questionnaires which scored sixty six percent (66%) that UNZA's organisational structure is effective in promoting good corporate governance. The study, however, reviewed that the composition of Council and its Sub-Committees compromised the grounds for the tenets of good corporate governance. The law (i.e. Higher Education Act No. 4 of 2013) stipulates who the board will be and among them specify how many people will come from government, how many people will come from the private sector, the area Member of Parliament (MP), the Mayor and three (3) worker representatives including students who all have the voting rights. As such, the competences of some of the councillors are really not up to the skills required of a councillor. Their competence levels might not be appropriate at that level. The University of Zambia being the highest higher learning institution and the largest in the country, requires an organisation structure that is full of highly trained personnel with the right skills and placed in the right structures for good corporate governance. The study also reviewed that there was a weakness for the Bursar reporting to the Registrar as opposed to the Bursar reporting to the Vice Chancellor (VC) who is the Chief Executive Officer for the University. The status quo is in conflict with the principles of good corporate governance as the Bursar is supposed to be an independent Office which should report directly to the Vice Chancellor.

This is in line with Kapambwe (1998) who argued that where existing corporate governance arrangements are weak and inadequate, it is difficult to uphold the tenets of good corporate governance. To remedy the situation the scholar suggested an inclusion of compulsory requirement for effective internal audit departments, ethics training, ethical codes, ethical advocates, whistle blowing and the implementation of effective corporate governance systems to ensure financial discipline, transparency, accountability and to improve organisational performance.

#### **4.2.2 Competence levels among UNZA management, accounting and auditing staff in financial and auditing related functions**

In this regard a question was asked to the respondents on how competent they thought UNZA management, accounting and internal auditing staff are in financial and auditing related functions. The researcher got interesting responses. The study, generally, reviewed that the University of Zambia can boast of a highly qualified team of staff in their ranks in terms of qualifications. The revelation of the study shows a correlation between the responses of the interview schedule and the responses of the questionnaires. The responses rated the Bursar's Department at 80% (i.e. 18% very competent and 62% competent) and the Internal Audit Unit at 72% (i.e. 6% very competent and 66% competent) as being very competent and competent respectively. The study also, however, reviewed that UNZA Management comprises Deans who are basically academicians. As such they may not possess the rightful competences in understanding financial and auditing related functions. Though they are able to follow through supported by accounting personnel from the Bursar's Department.

Furthermore, the study through the interview schedules reviewed that the competence levels among accounting and auditing staff were average in that their work output did not substantiate the status of being competent as reviewed by the questionnaires. The indicators which gave doubts to the competence levels were the quality of internal audit reports, management accounts and other accounting/financial reports for day to day decision making. These findings are consistent with Al-Twajjry et al. (2003) who said that staff competency is an important key to the effectiveness of the internal audit activities and other organisation's operational activities. Further, this is in line with ISPPA which highlights the importance of internal audit team who possesses the knowledge, skills, and other competencies necessary to perform their responsibilities (ISPPA, Standard 1210). However, it was observed that this was attributable to historical standings due to the backlog in the preparation of financial statements.

### **4.2.3 Adequacy of staffing levels for accounting and internal auditing staff at UNZA**

The researcher asked the respondents a question on how adequate were the staffing levels for accounting and internal auditing staff at UNZA. The revelation of the study was that according to the current structure internal auditing staff are adequate whereas the accounting staff are inadequate. This is consistent with the study review through the *Survey Monkey* software questionnaires which rated accounting staffing levels at forty four percent (44%) as being average and eighteen percent (18%) as being adequate. Whereas internal auditing staffing levels stood at forty two percent (42%) as being average and thirty six percent (36%) as being adequate. The other school of thought was that the numbers were adequate provided the institution got proper systems, computerised designs and automating the process. The study reviewed that the system was too manual as such most tasks were done twice. The study further reviewed that, in particular the accounting staff, some units or sections were adequate whilst others were inadequate.

### **4.2.4 UNZA's organisational structure in providing segregation of duties among management, accounting and internal auditing staff in handling external audit matters**

The researcher wanted to appreciate UNZA's organisational structure in providing segregation of duties among management, accounting and internal auditing staff in handling external audit matters. Therefore, a question was asked on how the respondents viewed UNZA's organisational structure in providing segregation of duties among management, accounting and internal auditing staff in handling external audit matters. The responses were very diverse according to the respondents' experience, knowledge, skills and exposure.

This is consistent with the revelation of the study through the questionnaires which scored sixty eight percent (68%) that UNZA's organisational structure is good in providing segregation of duties among its members of staff. This study review, however, could not withstand the revelation by the interview schedules in that all activities at the institution ended up being financial transactions. The people that coordinated audits were on many occasions finance people. Thus, it was noted that basically, Bursar's Department were mostly on their own when it came to handling audit matters. Bursar's Department would not provide answers to everything. Often times poor responses from non-accounting staff, because traditionally they think auditing is all about financial records, could have an effect on the external audit report. As such non-finance people would need to come on board in providing responses to audit matters. For instance, the validation of student registration should be validated by academic personnel.

The study reviewed that there was a problem with certain units in that the accounting personnel were the ‘alpha’ and the ‘omega’ as they literally did everything on their own. It was discovered that in some units the accounting personnel would post the transactions and reconcile them. In such instances, UNZA’s organisational structure would not meet the objective of providing segregation of duties among accounting staff. This, therefore, left room in the process if someone wanted to conceal something, they may not post that transaction.

#### **4.2.5 Adherence by external auditors in their role of providing a professional opinion on the financial statements**

A paragraph on the external auditors’ report is such a critical section on their report. Consequently, the researcher wanted to know whether there was adherence by the external auditors in their role of providing a professional opinion on the financial statements. As such, a question was asked to the respondents if the external auditors adhered to their role of providing a professional opinion on the financial statements at The University of Zambia. Largely, most respondents were in agreement that external auditors adhere to their role of providing a professional opinion on the financial statements. This is in line with Nwaobia et al. (2016) who believes that the role of the external auditor is limited to expressing an opinion while it is the role of the management to keep proper records and maintain appropriate levels of internal control procedures to achieve best practices for the organisation.

Nonetheless, there was a concern on the set materiality levels and to some extent the lack of failure to resolve the outstanding issues by the concerned parties. When the materiality levels are set so low, on aggregate, such small amounts would be picked because the materiality level is low and you find that the chances of the accounts being qualified are high.

#### **4.2.6 Other factors that contribute to qualified external audit reports at UNZA**

The scholar has the passion about this subject and thus, wanted to know further if there could be other factors contributing to qualified external audit reports that may not have been within the reach of the researcher. Therefore, the respondents were asked what other factors they thought contributed to qualified external audit reports at UNZA. The researcher got another interesting set of responses based on knowledge and exposure. The study reviewed that the prominent possible factor could be attributed to being historical. At one point the university was not preparing financial statements in accordance with the International Accounting Standards (IASs). They were just balances here and there without proper records. Certainly, the historical background coupled with the backlog has got an effect on the qualification of the external audit reports for the institution.

This is line with Kinney and Martin (1994) who showed from an exploratory study of 1500 audit cases related to errors and irregularities detected and corrected by auditors that the intervention of an independent auditor in the control of the accounts significantly reduces biases in the financial information disclosed to the shareholders. Hence, in an event that you do not involve independent auditors to review your books of accounts, you would not expect to have perfect financial information for the stakeholders.

The findings from the study were that the main contributing factors which contributed to UNZA's financial statements being qualified were among them:

- Poor vouching, poor filing, poor record keeping for both financial and non-financial records. For example, where we cannot provide records when auditors ask for certain information and the auditors using that as a reason for qualifying the accounts.
- Resistance to change; most members of staff who have been in the Institution for a long time are not adaptive to new ideas and technological advancements which enhance work efficiency.
- Lack of user friendly accounting packages to enable effective, efficient and timely reporting.
- Poor staff work attitude.
- Where you have to do a lot of work manually, it exposes the integrity of accounts to error.
- Internal auditors not being conversant with auditing IT or systems.
- Human Resource (HR) challenges such as staff motivation.

### **4.3 Summary**

The chapter discussion of the study was based on the findings of the researcher and those of other researchers. Some findings from other studies are in line with the findings of this study while others are not. Though, a clear picture of what was obtaining on the ground was investigated thoroughly to ensure that the objectives of the study were addressed.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.0 Introduction

This chapter consists of three main sections which conclude the entire research report. These are the summary, the research conclusion and the recommendations. The conclusion is based on the scope of the study delimited by the specific study objectives and it sets out the recommendations based on the findings.

#### 5.1 Summary

The study set out to investigate the factors that contribute to qualified external audit reports at The University of Zambia. A purposive sampling technique was used to arrive at the sample size. A sample of 50 employees from across UNZA management, accountants and internal auditors was drawn. Thematic analysis was done to assess the relationship among the purported factors that could have led to qualified external audit reports at UNZA. The methodology used was descriptive survey. The study was basically prompted by UNZA's continuous recording of qualified external audit reports over the years. The researcher never found it easy to undertake the study in that it involved sensitive information of an institution. As such, some employees were sceptical in divulging information. Other challenges faced by the researcher were time limitation, lack of financial and material resources and physical access restrictions to offices and staff due covid-19 pandemic guidelines.

In spite of all these limitations, interesting findings were recorded.

#### 5.2 Conclusion

The research reviewed that UNZA's organisational structure in promoting good corporate governance on average is good. This was so in that all the necessary structures are in place in their respective hierarchical order with UNZA Council being at the top, followed by Senior Management, then Deans and Directors. The study, though, reviewed that the composition of Council and its Sub-Committees compromised the grounds for the principles of good corporate governance. The competences of some of the councillors were not matching to the skills required for a councillor.

The study noted, from the organisational structure, that the Bursar reports to the Registrar as opposed to reporting to the Vice Chancellor (VC) who is the Chief Executive Officer for the University. This situation is in conflict with the tenets of good corporate governance as the

Bursar is supposed to be an independent Office which should report directly to the Vice Chancellor.

It was further reviewed that The University of Zambia boasts of a highly qualified team of staff in their ranks in terms of qualifications. Despite this, UNZA Management comprises Deans who are basically academicians. These lack managerial skills or competences for effective understanding of financial and auditing related functions which enhance effective institutional management.

Through the interview schedules, the study reviewed that the competence levels among accounting and internal auditing staff were average in that their work output did not substantiate the status of being competent. The indicators which gave doubts to the competence levels of the affected staff were factors such as the backlog of the preparation and presentation of the financial statements, the quality of internal audit reports, management accounts as well as other accounting/financial reports required for day to day decision making. However, it was observed that these factors arose due to lack of financial statement preparations in the past financial years which gave pressure to the accounting staff to be up-to-date within a short period of time. The negative outputs are attributed to lack of staff motivation among the subordinates who feel their efforts are never appreciated by management.

The study also reviewed that the coordination of the external audits was left to the Bursar's Department only. This posed a challenge to the Department as not all audit queries could be answered by the accounting staff as some queries are non-financial related. The lack of adequate staff in the Bursar's Department has posed great pressure on the available few as they end up doing all the roles by themselves without segregation thereby making them overwhelmed.

Other factors that were reviewed by the study which lead to qualified external audit reports at UNZA were as highlighted below:

- Poor vouching, poor filing and poor record keeping both financial and non-financial records.
- Resistance to change; most members of staff who have been in the Institution for a long time are not adaptive to new ideas and technological advancements which enhance work efficiency.
- Poor staff work attitude.

- Lack of user friendly accounting packages to enable effective, efficient and timely reporting.
- Internal auditors not being conversant with auditing IT or systems.
- Human Resource (HR) challenges such as staff motivation.

### **5.3 Recommendations**

Based on the findings and conclusions of the study above, the following recommendations must be implemented by UNZA in order to mitigate the occurrence of external audit reports:

- To adopt ICT system and an accounting package that will be able to produce all the necessary accounting and financial reports.
- To improve on vouching, filing and record keeping for both financial and non-financial records.
- Continuous training and mentoring of both accounting and non-accounting staff.
- Management to improve staff welfare by ensuring adequate staffing levels as well as introducing incentives to keep staff motivated.

### **5.4 Future Research**

This study recommends that further research be conducted on Information Communication and Technology (ICT) that will have a system which incorporates student registration and payments, Human Resource (HR), procurement, stores and accounting. This will enable the institution operate effectively, efficiently and timely.

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APPENDICES

Appendix I: Questionnaires for Respondents



UNIVERSITY OF ZAMBIA IN PARTNERSHIP WITH  
ZIMBABWE OPEN UNIVERSITY  
INSTITUTE OF DISTANCE EDUCATION

Dear Respondent,

I am a student at the University of Zambia/Zimbabwe Open University under the Institute of Distance Education pursuing Master of Business Administration. I would like to inform you that you have been selected to participate in an academic research. Be assured that the information obtained shall be purely for academic purpose and as such it will be highly treated confidential. The title of my research study is: **An Investigation on the Factors that contribute to Qualified External Audit Reports at The University of Zambia**. You have the right and liberty to accept or deny participating in this study. However, your participation in this study will be highly appreciated. **Click** on the link below to access the questionnaire. It will take you approximately between 5 and 10 minutes to complete the questionnaire.

[Paste link here](#)

Attached is the letter of introduction and the ethical clearance from The University of Zambia.

Thank you.

**Instructions**

1. You shall not indicate your name on this questionnaire.
2. You are advised to provide answers by ticking against the brackets/selecting your preferred answer.

Questionnaire number .....

Date.....

## **SECTION A: BACKGROUND INFORMATION**

1. What is your gender?

Male

Female

2. What is your age group?

20-30 years

31-40 years

41-50 years

51 years and above

3. What is your marital status?

Single

Married

Widowed

Divorced

4. How many years have you worked in your current position?

(a) Below 1 year

(b) 1 - 5 years

(c) 5 - 10 years

(d) Above 10 years

## **SECTION B: UNZA'S FINANCIAL ORGANISATIONAL STRUCTURE**

5. How is the flow of financial information across UNZA's organisational structure?

(a) Very good

(b) Good

(c) Bad

(d) Very bad

(e) Not sure

6. Does the financial organisational structure provide segregation of duties among the members of staff?

- (a) It does [ ] (b) It doesn't [ ] (c) Partially [ ]  
(d) Not sure [ ]

7. How would you rate the competences of the Accounting Department at UNZA?

- (a) Very competent [ ] (b) Competent [ ] (c) Average [ ]  
(d) Below average [ ] (e) Not sure [ ]

8. How adequate are the staffing levels at Bursar's Department?

- (a) Very adequate [ ] (b) Adequate [ ] (c) Average [ ]  
(d) Below average [ ] (e) Not sure [ ]

9. How effective is UNZA's organisational structure in promoting good corporate governance?

- (a) Very effective [ ] (b) Effective [ ] (c) Ineffective [ ]  
(d) Very ineffective [ ] (e) Not sure [ ]

10. To what extent do you agree that UNZA's organisational structures can influence the achievement of external audit objectives?

- (a) Strongly agree [ ] (b) Agree [ ] (c) Disagree [ ]  
(d) Strongly disagree [ ] (e) Not sure [ ]

### **SECTION C: INTERNAL AUDIT UNIT'S ROLE IN EXTERNAL AUDIT PROCESS**

11. How would you rate the competences of the Internal Audit Unit at UNZA?

- (a) Very competent [ ] (b) Competent [ ] (c) Average [ ]  
(d) Below average [ ] (e) Not sure

12. How would you rate the relationship between External Auditors and Internal Auditors?

- (a) Very good [ ] (b) Good [ ] (c) Bad [ ]  
(d) Very bad [ ] (e) Not sure [ ]

13. Do External Auditors rely on the work of Internal Auditors?

- (a) Yes [ ] (b) Partially [ ] (c) No [ ]  
(d) Not sure [ ]

14. How would you rate the objectivity levels among INTERNAL Auditors at UNZA when executing their duties?

- (a) Very good [ ] (b) Good [ ] (c) Bad [ ]  
(d) Very bad [ ] (e) Not sure [ ]

15. How would you rate the objectivity levels among EXTERNAL Auditors at UNZA when executing their duties?

- (a) Very good [ ] (b) Good [ ] (c) Bad [ ]  
(d) Very bad [ ] (e) Not sure [ ]

16. How adequate are the staffing levels under the Internal Audit Unit?

- (a) Very adequate [ ] (b) Adequate [ ] (c) Average [ ]  
(d) Below average [ ] (e) Not sure [ ]

17. To what extent do you agree that INTERNAL AUDIT is more responsible for detecting risks than the Organisational Operational Controls?

- (a) Strongly agree [ ] (b) Agree [ ] (c) Disagree [ ]  
 (d) Strongly disagree [ ] (e) Not sure [ ]

18. To what extent do you agree that ORGANISATIONAL OPERATIONAL CONTROLS are more responsible for detecting risks than Internal Audit?

- (a) Strongly agree [ ] (b) Agree [ ] (c) Disagree [ ]  
 (d) Strongly disagree [ ] (e) Not sure [ ]

**SECTION D: EFFECTIVENESS IN IMPLEMENTING OPERATIONAL CONTROLS**

**AT UNZA**

19. The following is a list of attributes and characteristics that relate to the assessment criterion of ‘effectiveness’. The criterion assesses the effectiveness of UNZA’s Operational Controls, determining whether the controls have achieved intended objectives. To what extent do you agree with the statements shown by the Scale in the table below. [5-Strongly Agree; 4-Agree; 3-Not Sure; 2-DisAgree; 1-Strongly Dis-Agree] assess

<b>Assess the effectiveness of UNZA’s Operational Controls, determining whether they have achieved planned objectives</b>	Strongly Agree	Agree	Not Sure	Dis-Agree	Strongly Disagree
UNZA’s Operational Control objectives set have been achieved.					
The extent of achieving UNZA objectives has been high.					
The extent of improvements in the areas of UNZA’s operational controls correspond with the planned financial targets and objectives.					

Targets in UNZA's Operational Controls influence the achievement of external audit objectives					
Financial monitoring controls within UNZA's organisational structure influence the achievement of external audit objectives					
Non-existence of an audit committee leads to lack of good corporate governance					
UNZA is able to improve on its operational controls to effectively achieve its external audit objectives					
Overall, capacity of UNZA's Operational Control structures to deliver on core institutional external audit objectives are adequate.					

**Thank you for completing the survey!**

## Appendix II: Interview Schedule



**UNIVERSITY OF ZAMBIA IN PARTNERSHIP WITH  
ZIMBABWE OPEN UNIVERSITY  
INSTITUTE OF DISTANCE EDUCATION**

**TITLE: AN INVESTIGATION ON THE FACTORS THAT CONTRIBUTE TO  
QUALIFIED EXTERNAL AUDIT REPORTS AT UNZA**

<b>NO.</b>	<b>QUESTION</b>
1.	How would you rate UNZA's organisational structure in promoting good corporate governance?
2.	How competent do you think UNZA management, accounting and internal auditing staff are in financial and auditing related functions?
3.	How adequate are the staffing levels for accounting and internal auditing staff at UNZA?
4.	How do you view UNZA's organisational structure in providing segregation of duties among management, accounting and internal auditing staff in handling external audit matters?
5.	Do you think the external auditors adhere to their role of providing a professional opinion on the financial statements?
6.	What other factors do you think contribute to qualified external audit reports at UNZA?

**Thank you for completing the survey!**

**Appendix III: Confirmation of Study**



**UNIVERSITY OF ZAMBIA - ZIMBABWE OPEN UNIVERSITY  
(UNZA-ZOU)**

Telephone: 26021-1-291777-78 Ext. 3500/ 0978/772249  
Telegrams: UNZA LUSAKA  
Fax: 26021-1-253952  
Email: [director-ide@unza.zm](mailto:director-ide@unza.zm)

P.O. Box 32379  
LUSAKA, ZAMBIA

DATE: 03-12-2020

GEOFFREY SIBALWA

Dear Sir/Madam

**RE: CONFIRMATION OF STUDY**

Reference is made to the above subject.

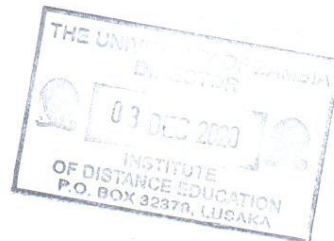
This serves as a confirmation that the above mentioned person of NRC No: 207238/711 and computer number 717822734 is a bonafide student of the University of Zambia in collaboration with Zimbabwe Open University (UNZA-ZOU).

The student is pursuing a Master of Business Administration programme and that he/she will be doing internship/carrying out a research on AN INVESTIGATION OF FACIORS THAT CONTRIBUTE TO QUALIFIED EXIERNAL AUDIT REPORTS AT UNZA

Any assistance rendered to him/her will be greatly appreciated.

Yours faithfully

Prof. Boniface Namangala (PhD)  
**DIRECTOR**  
**INSTITUTE OF DISTANCE EDUCATION**



## Appendix IV: Ethical Clearance



### THE UNIVERSITY OF ZAMBIA OFFICE OF THE REGISTRAR

Great East Road | P.O Box 32379 | Lusaka, 10101 | Tel: +260-211-251 593  
Fax: +260 -1-253 952 | Email: registrar@unza.zm | Website: www.unza.zm

5<sup>th</sup> March, 2021

Geoffrey Sibalwa  
C/o School of Medicine  
University of Zambia  
P.O Box 32379  
**LUSAKA**

Dear Mr. Sibalwa


**RE: REQUEST FOR APPROVAL TO INTERVIEW UNZA STAFF MEMBERS**

Reference is made to your letter dated 5<sup>th</sup> March, 2021 regarding the above mentioned subject.

Approval is granted for you to collect research data from members of staff at the University of Zambia through a questionnaire and interview, for your research entitled "**An Investigation of Factors that Contribute to Qualified External Audit Reports at UNZA**" on condition that information obtained is purely for academic purposes.

Be guided accordingly.

Yours sincerely

  
Rodgers G. Phiri (Mr.)  
**ACTING REGISTRAR**

cc. Vice-Chancellor  
Deputy Vice-Chancellor