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INTERNAL AUDIT PRACTITIONERS' PERSPECTIVES ON CORPORATE GOVERNANCE COMPLIANCE: CASE OF NAMIBIAN REGIONAL COUNCILS

Job Dubihlela*, & Kavii Priesca Tjivau

ABSTRACT

Internal audit practices improve the quality and importance of the management system, thereby increasing the efficiency and efficiency of the organization. The evaluation of internal audit is self-motivating, especially in terms of increasing attention to the contribution of corporate governance. The compliance by Internal Audit practitioners in Namibia Regional Councils to Corporate Governance principles was evaluated. Qualitative data was collected using an interview guide. Purposive sampling was used to select internal auditors from Namibia Regional Councils and the officers of Ministry Urban and Rural Development (MURD). Content analysis was used to analyze qualitative data. Results showed that Namibia Regional Councils' Internal Audit practitioners have a negative impact on compliance with Corporate Governance principles because the internal audit department of RC is small compared to the amount of work involved. This issue may not result in corporate assurance, timely disclosure and accurate disclosure of performances of financial positions. The study fairly concluded that most Regional Councils in Namibia do not clearly comply with Corporate Governance principles by Internal Audit practitioners to enable them to efficiently and effectively.

KEY WORDS: *Corporate governances, internal audit, MURD, Namibia, Regional Councils.*

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1. INTRODUCTION

The governance process lays the foundation for maintaining and communicating values and goals that are not limited to accountability and monitoring such goals

(Institute of Internal Audit, 2011). For some internal audit functions, the implementation of 2110 governance standards is challenging and affects corporate governance. However, the most important thing is to realize that internal audit can ensure the quality governance of the organization through good corporate governance, to make a positive contribution to the organization.

Internal auditing practices can increase the quality and importance of the management systems, thereby increasing the effectiveness and efficiency of the organization (Weldu 2017). Internal audit evaluations are self-motivating, especially in terms of increasing attention to the contribution of corporate governance. The importance of internal audit can be attributed to the improvement of corporate asset control, the verification of business processes to reflect documented policies and procedures (Morris, 2017) and the key pillars of good governance (Kreston, 2020).

Namibia's internal audit is a typical representative of corporate governance under the audit committee (Kanduku, 2016). The committees make legislative directives based on King III report (Diloitte, 2016) which may lead to an increase in regulatory and guidance in improving Corporate Governance and reinforcing assurance of the investors in financial reporting (Kanduku, 2016). Internal auditors must perform organizational activities smoothly to achieve economic and efficient performance in internal audit activities (Clarke, 2019; Munro & Stewart, 2011). The internal audit can achieve this by foreseeing potential risks, find out and determine hazards impeding the entire institution by addressing their internal audit activities in terms of corporate governance. Organizations need to keep ongoing technology and its processes (Clarke, 2019; Munro & Stewart, 2011), having operational audits and performance audits (Clarke, 2019).

Namibia recognized Corporate Governance Code (NamCode) grounded on the King II report. The report directs enterprises in Namibia characterized by good cooperate governance practices. They guide the management in the right decision making for the enterprises, and NamCode guides corporate entities in Namibia (Deloitte, 2013).

The main aim of this paper is the evaluation of the corporate governance compliance by internal audit practitioners' perspectives at Namibia Regional Council. The Namibian organizations have become very keen to implement

sound corporate governance principles because of its positive impact on performance. However, due to the lack of an effective internal audit function, they still struggle to implement most of the important foundations of corporate governance successfully. Internal audit's value is in its ability to assist management in implementing these well-talked about good governance principles.

Although Corporate Governance seems to enjoy attention from the national government, there are reported incidence of large amounts of money at the Regional Council that is still unaccounted for. Management deficiencies such as weak leadership, poor accounting, reporting systems, lack of risk management, and control exist, allow cash to flow out in the organizations through corruption means. This renders a service delivery handicap because resources allocated for specific needs end up being used for personal gain. Due to the lack of proven, evidence-based Corporate Governance practices, ethics are eroded, resulting in fostering of corrupt behaviors.

On the one hand, the Namibian government invested much money in the Regional Councils in order to obtain a return on investment. At the same time, most of the Regional Councils claimed that they had suffered huge uninterrupted losses because they failed to properly account for the large amounts of funds allocated to them. This paper is motivated by the deafening silence of the Internal Audit practitioners' perspectives on corporate governance, while the Regional Councils are making serious deficiencies.

since exchange rate volatility is seen as a signal of future inflation volatility, wages and prices can rise even before the costs of imports does. Such phenomenon is on one hand a major concern to emerging economies in general (Taylor, 2000), and a special concern for the Tunisian economy in particular as it is a key factor in understanding inflation dynamics and therefor in conducting monetary policy.

2. AIM AND OBJECTIVES OF THE STUDY

The main aim of this paper is to evaluate internal audit practitioners' perspectives on corporate governance compliance at Namibian Regional Councils.

- To determine the effectiveness of internal audit practitioners to Corporate Governance principles.

- To establish if Regional Council internal audit practitioners' practices comply with principles of Corporate Governance.
- Evaluate the regulations and regulations formulated to guide internal audit compliance and identify obstacles to the implementation of internal audit for the Namibia Regional Council. This can be determined by looking at key elements of corporate governance.

3. LITERATURE REVIEW

3.1. Corporate governance

Corporate governance is the collection of mechanism relations and the process by which corporations are monitored and controlled (Goergen, 2012). According to Mungunda (2012), Corporate Governance is about leadership, and it should not be seen as a "nice-to-have" but vital for the survival and future growth of any organization. Good governance is about effective leadership to achieving corporate success, sustainable economic growth, social and environmental performance" (Mungunda, 2012).

Qurashi and Manhood (2018) try to shed on corporate governance discourse, which emerged as a critical interest in the early 1990s, attracting a great deal of attention from practitioners, communities of managers, shareholders, investors, regulatory agencies, as well as in the academic research fraternity. The understanding of Corporate governances is interpreted as principles by which an organization is directed and managed (Mubwandarikwa, 2013). A conclusion has been drawn by the researchers that, corporates merely promote hygiene in management by influencing the manner in which objectives of the organization is set and achieved as well as providing guidance in terms of risks assessment and monitoring, and enhancement of the organizational performance.

3.2. The concept of internal auditing

An Internal Audit (IA) practices have a lasting history, but the discipline made tremendous changes over the years (Ali *et al.*, 2007). Geir, as cited in Ali *et al.* (2007) noted that internal auditing emerged from the Egypt state of the Greek ruler Ptolemy Philadelphus II with about 25000 years' record of Zenon-papyri. Fresher and Zarzeski (2012) indicate that earlier audits involved a review of the accuracy of the accounting records and the review of repeated evaluation activities in the accounts. The objective was the improvement of control of the management of an organization's activities. Even so, the situation changed

during the 19th and efforts were put on the detection of fraud during the first half of the 20th century. This idea explains the turning point of modern auditing where there is business management enhancement from the traditional auditing that was characterized by fraud detection.

Presently, most notably in public institutions, internal auditing promotes accountability while improving on the government's performance. Many governments have policies in place that fortify the functions of internal auditing while enhancing their capacities. This enhances internal auditing strategic objectives. King Report (2002 in Mubwandarikwa, 2013) show that Corporate Governance brings equilibrium on economic and social areas between separate and common objective. This decreases the gap between individuals' interests, organizations, and societies. The King Report's definition of Corporate Governance shows that it is a framework that encourages clever use of resources and equally reports accountability of these resources to the stewards.

Institute of Internal Audit -IIA (2011) indicates that internal auditing bears an important purpose and drives the setup of auditing practices. IIA reports independence in internal auditing, which uplifts the operation of the organization as it includes designed assurance objectives and activities for consultations (IAA, 2011). The mechanism of IA is designed to secure business accountability which has become a focus for government reforms (Omolaye & Jacob, 2018).

Mubwandarikwa (2013) points that if a country, especially a State-Owned Enterprise, has a weak accounting and reporting structure, capital will flow to other areas of the country, causing disastrous consequences. Worthington and Zeno (2017) viewed that it is the reason why most developing countries are struggling with money laundering due to lax accounting and reporting systems. Mubwandarikwa (2013) reported that poor documentation of internal control systems, limited, timely disclosure of financial performances, poor audit and risk committee weakened corporate governance in Namibia.

3.3. Role of internal auditing

The role of Internal Audit (IA) is to provide an assurance to the Accounting Officer on the adequacy of controls -in all financial and operating systems (Ministry of Finance, MoF, 2019). Assessment is found on the risks to which the Ministry may be exposed. The Internal Audit division provides four functions: (1)

Fulfil the Internal Audit functions within the Ministry, reports administratively to Accounting Officer (PS) and functionally to the Audit Committee. (2) Providing internal audit function as a service to the management by giving independent, management-orientated advice on the Ministry's internal control systems, operations and performance, with a view to improving accountability and performance. (3) Internal audit sets standards for the internal auditors of various ministries and commissions and monitors their compliance. These departments are also responsible for setting professional practices. (4) Undertake special investigations on behalf of Treasury and reports to the Permanent Secretary, Ministry of Finance (MoF, 2019).

From the regulatory point of view, internal auditing in Namibia is under the provisions of the Code of Commerce and the Code of Commercial Companies. For the auditing profession, external auditing is strictly controlled and regulated. However, the IA is indirectly regulated by laws and decrees that aim to strengthen internal control system such as the State Finance Act of 1991, Section 14 and 15 provide for the appointment of Internal Auditors and authorizes their access to accounts, documents and records to perform their audit duties.

3.4. Namibia regional councils

Namibia Regional Councils (NRC) were recently comparatively established in 1992 and given limited functions (Regional Councils Act, 1992 (ACT NO. 22 OF 1992). They have been allowed restricted responsibility for carrying out their own work and controlling their own resources, much of which has in the past been done by MRLGH under agency arrangements. Regional Councils (RCs) have, therefore been able to build only limited capacity. Their capacity must be maximized to cope both with their existing functions and the functions, which will be decentralized to them. According to the Namibia Constitution and Citizenship Law Book (2013), the tier of Regional Councils is made up of Regional Councils (RCs). Each RC only runs one region, and there are 14 regions including Harpdap, Omaheke, Otjozondjupa, Erongo, Kavango Zambezi, Oshikoto, Khomas, Karas, Kunene, Ohangwena, Omushati, Oshana.

In terms of management, every RC is led and chaired by an indirectly elected chairperson (Namibia Country Profile 2017-2018). The Regional Council Act of 1992 gives RCs powers for its own administration. It is also among others provide advice to the Office of the President, and the central government in

matters relating to the region. For the purpose of elections, Regional councils are divided into electoral constituencies. In terms of self-administration, RCs have powers and duties in administering their affairs by hold meetings (Section 11) remuneration and paying allowances to councilors (Section 15), selection of management committee by-elections (Section 18) and any other related committees [Section 28 (1)(h)], Regional officers and other officers and workers' appointment (Section 23), property acquisition [Section 28 (1)], income and expenditure preparation estimates (section 39). The RCs in Namibia based on section 28(1) have the power to do anything deemed valuable in exercising its powers.

Over the past two decades, the Namibia Regional Councils (NRC) have made many changes that have changed the way internal audit is operated and managed. Legislation has played an important role in these changes, but other factors such as the explosion of information technology and environmental awareness have also affected the development of internal auditing. With these changes, the expectations of stakeholders (citizens) in public funds are now more obvious. In addition, politicians are always looking for new ways to obtain public funds for their own interests. This paper studies these changes and their impact on internal audit methods and methods, from the perspective of their impact and response to the internal auditors of the Namibia Regional Council.

In Namibian Region Councils, the Internal Audit function and administrative, report to the Chief Regional Officer. In addition, internal audit function reporting to the executive is some few cases noticed, and this idea is common to top government sectors such as government entities. The IA functions are expected to report to the Ministry of Urban and Rural Development (MURD) where the Regional Councils fall. Nonetheless, the reporting exercise is not timely, showing the effectiveness of the IA functions.

Generally, the role of the internal audit function is to provide recommendations on risk management activities and assurance clauses. Hailemariam (2014) reports that in the key areas of internal audit, RC's assurance activities are completely or mostly consistent with RC's strategic goals. The Insurance Regulatory Commission ranks operational risk as to the highest risk, while the coverage of strategic risk guarantee is the smallest. In addition, the Internal auditing of the Regional Council in Namibia was challenged due to lack of support for internal auditors. Internal auditors are to have a close relationship

with organization's management and staff in their day-to-day activities. At the same time, they have to be independent of management. Good support and perception from their management enhances their effectiveness and contributes highly to the achievement of their audit objectives. According to Hailemariam (2014), management support supports the auditing process by providing the necessary resources, finance, transport if required, providing training, introducing auditors with new technology and procedures, budgeting funds for certification and other facilities that help the internal auditing works. The lack of such vital support normally leads to the ineffectiveness of the internal audit function. Mafale (2014) believes that if the internal audit function is not supported by the management, the internal audit function will not take effect. In order for the management to show support, the guidance of the internal auditor must be used. Mafale further stated that the allocation of sufficient resources to the internal audit function is also a sign of management support (Mafale, 2014).

Independence from the internal audit function is a challenge for NRC. Cohen and Sayag (2010) argue that Internal audit function is independent when it renders impartial and unbiased judgment in the conduct of its engagement. Independence requires integrity and objectivity approach to the audit engagement. The concept requires the auditor to carry out his or her work freely and in an objective manner. Internal audit staffs should feel free to conduct an investigation, express opinions and make recommendations without pressure from the top management (Mafale, 2014). Therefore, it is important not to intervene when performing and communicating the results of internal audit work.

The lack of a legal framework is a problem within RCs. Despite the existence of the internal audit function in the Namibian public sector since 1991, the function has been operating without a legal framework (Vilho, 2013). This legal framework is important in terms of internal audit function achieving its objectives and compliance with internal auditing standards (IIA, 2012). Internal audit legal framework is a broad system of rules that govern and regulate the internal audit function. It is a combination of auditing standards, guidelines and audit manual that are adhered to in the process of carrying out the internal audit work. The lack of a legal framework can result in the internal audit function not to carry out its duties in an effective and efficient manner (Mafale, 2014).

Since the inception, the internal audit function in the Namibia Regional Councils appears not to have adequate legal backing that governs the functions and the

reporting lines -in the public sector (Vilho, 2013). At the same time, the function is expected to add value to the internal controls of the entity. In support of Vilho (2013), Mafale (2014) argues that ministries have set up their own internal audit units with a separate establishment and a grading structure with the approval of the Office of the Prime Minister. The lack of uniformity in the setup of the internal audit functions in the office of the Ministry of Urban and Rural Development (MURD) as a custodian for internal auditing of the Regional Councils can lead to inconsistency in carrying out the internal audit engagements.

3.5. Corporate governance in internal auditing practices

Good corporate governance principles create value. Mubwandarikwa (2013) reports that good corporate governance principles in parastatals help to create value, be accountable and transparent and have control systems in place that mitigates risk effectively. Mubwandarikwa's (2013) study in Namibia found that internal control systems were ineffective (53%), which showed weak corporate governance. An internal control system in any organization is the ground for its performance and has a strong effect on Corporate Governance. In a similar study, findings showed a poorer measure of a company's performance (73.3%) which compromised the progress of the organization. However, the study shows that timely disclosure of financial status is above average (66.7%) and is insufficient to show the company's transparency (which may lead to corruption). Transparency is one of the foundations of corporate governance in an organization.

Corporate governance regulations are formulated while considering the private sector. Kukunda (2016) states that it is also important to consider the public sector. This idea has put emphasis on Namibia on audit committees. According to Ihuhua (2012), the Public Audit Committee of Namibia recommended all enterprises, both private and public, to set up audit committees that can encourage corporate governance within the organizations. Haunga and Thiruvadi (2014) found that organizations that work in poor Corporate Governance with limited corporate directors, and who are over-committed tend to fall in fraudulent activities. The percentage of internal audit practitioners and an average number of audit committees vehand a negative impact related to embezzlement of assets in public organizations (Haunga & Thiruvadi, 2014).

In order to appreciate the role and responsibilities of internal auditing, it is worth noting the changes in definitions to reflect the changing role, responsibilities,

and activities. Institute of Internal Audit (IIA) argues that internal auditing is a catalyst that is important in improving governance in organizations, risk management and management control thereby providing insights and recommendations based on analysis and data assessed and business processes (IIA, 2017). Internal audit means that the role of the internal auditor must be changed from an evaluation, monitoring and evaluating function to a provider of assurance, consulting, assistance and advice (Galloway, 2015).

Tysiac (2014) reports that the IA principles are fundamental to IA in achieving the anticipated objectives, as stated in the definition of Internal auditing. Institute of Chartered Accountants of India (ICAI) (2018) and IIA (2014) reported that the basic principles of IA are independence, integrity and objectivity, due professional care, confidentiality, skills and competence, risk-based audit, system and process focus, participation in decision making, sensitive to multiple stakeholder interests, finally quality and continuous improvement.

The internal control system is mainly implemented to prevent fraud and errors, Kaplan Knowledge Finance Bank-KKFB (2012) pointed out that the lack of internal control means that directors have failed to fulfil their obligations under corporate governance. This fact means that the risk management strategy of the business will be defective. Based on the Audit Practicing Board and COSO, internal control systems aim at ensuring the following: Orderly and efficient conduct of its business, including adherence to inter practices, safeguarding the assets of the business, provision and detection of fraud and errors, accuracy and completeness of the accounting records and the timely preparation of financial information (KKFB, 2012). KKFB further indicated that an internal control system is beneficial in the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations (KKFB, 2012).

The COSO framework identifies the five main elements of the internal control system. These elements are information and communication, risk assessment, control environment, monitoring and control activities these elements are based on the general ideology of the board of directors setting agency in the application of internal control to the details of internal control (COSO, 2013). These elements may result in effective implementation of corporate governance in internal control activities if effectively implemented.

The Internal Audit Standards Board (IASB) (2014) requires that internal audit activities must ensure the adequacy and effectiveness of risk management and control in the organization. It also requires an internal audit to help the organization understand systemic risks and provide guidance on determining appropriate internal controls to mitigate these risks.

Various organizations are striving to establish an internal audit function that reflects the IASB characteristics and functions. Ahlawat and Lowe (2014) pointed out that the two main factors causing this situation are lack of understanding of expected knowledge and lack of qualified skills. On the other hand, Nyamwaya (2016) reported that a number of organizations have however managed successfully to implement the guidelines of COSO and transformed their traditional internal audit departments to a department with a modern approach, adding value to a well-governed organization.

3.6. The effectiveness of internal audit

Well-defined effectiveness as the ability to obtain results consistent with strategic objectives. Dittenhofer (2001) as cited in Hailemariam (2014) points out that effectiveness is the attainment of IA goals by means of factor measures available for the determination of such factors. Mihret and Yismay (2007:46) said, "internal audit effectiveness is the extent to which an internal audit office meets its *raison d'être*, is arguably a result of the interplay among four factors: internal audit quality; management support; organizational setting; and attributes of the auditee". They further high that internal audits functions' ability to provide useful audit findings and recommendations would help raise management's interest in its recommendations. According to Mihret and Yismay (2007), the management support with resources and commitment to implement the Internal Audit recommendations is essential in obtaining audit effectiveness. The organizational environment in which the internal audit works is located, that is, the organizational state of the office, internal organization, and policies and procedures applicable to each auditee should enable the audit to proceed smoothly and obtain useful audit results. In addition, the ability, attitude and degree of cooperation of the auditee will also affect the effectiveness of the audit.

3.7. Undertaking theories

Risk-based audit theory. This argues that clients' specific experience maximizes an auditor's ability to assess client risks accurately. However, prior research in psychology suggests that people tend to overweight experience

when faced with current risk cues that conflict with experience. This design examines the consequences of prior, positive client-specific experience and efficiency pressure, represented by costly risk cues, on the ability to generate an effective risk assessment. The results indicate that person's bias toward prior experience. The efficiency results show that higher prompting costs will lead to sub-optimal risk prompt selection, but will not negatively affect the effectiveness of risk assessment. Risk audit theory believes that in the audit process, the use of client-specific experience will make the auditor's assessment more effective (Bell & Solomon 2012). In this papers, the risk-based internal audit of the theory is employed to the internal control system and risk management, requiring all Regional Councils to set up risk management awareness, identify the risk control points, risk take appropriate measures to control, and recorded a variety of risk control, creating a risk-based internal audit of the important sources of data (Doolin & Lawrence, 2017).

Stewardship Theory. The theory concerned with the identification of situations in which the interests of the principal and the steward are aligned. In fact, Ebimobowei and Binaebi (2013) noted that auditing exists as a result of the stewardship concept and stewardship accounting. Adoption of stewardship approaches within the government sectors will bring a number of changes within the sector because stewardship theory serves as accountability mechanisms for ensuring good monitoring, good audit and reporting in order to assists in objective achievement (Cribb, 2006).

Communication theory. The IIA as the professional body takes care of internal auditing, several studies such as by Golen (2008), confirm the importance of communication within the organization and the need for effective communication skills. For example, a study done by Smith (2015) suggests some ways to improve these communication skills. Studies by Hahn (2018) and Golen (2008) discussed communication barriers and how they can be overcoming. At the same time, several previous studies have dedicated their work to communication in organizations. These studies evidenced that, effective communication and interpersonal relationships between managers and staff have a strong contribution to improve profitability and productivity; and it leads to higher quality of services and products, and reduction in costs (Clampitt & Downs, 2013). The IIA standards report that effective communication must be carried out in internal audit. Therefore, this paper considers the realization of communication theory.

4. RESEARCH METHODOLOGIES

4.1. Sample and sampling

Participants in this paper include the staff of MURD as the line ministry, Internal Auditor, Chief Regional Officers of the eight Regional Councils of Omaheke, Hardap, Khomas, Otjozondjupa, Erongo, Kavango East, Oshikoto and Zambezi. Regional Councils were selected based on the 2014-2019 audit report of the Office of the Auditor General (OAG) due to poor internal audit report as large sums of money were not accounted for. In each regional council, there is an internal auditor (IA), a chief internal auditor (CIA) and a chief regional officer (CRO) that participated in the study.

4.2. Data collection instruments and methods

Data from the eight RCs was collected via Interviews. The interviews were structured because all participants were asked the same questions in the same order. This reduced biased opinion of the potential participants. The researcher personally distributed the interview guide to selected participants at their offices upon making appointments. The interview guide had structured interview questions that were open-ended. Interview guides were given to the selected participants, and the researcher gave them enough time (3days) to read, understand and complete it. They were then collected for data analysis.

The collected data was analyzed using content analysis.

5. DATA ANALYSIS

This paper's results are based on qualitative analysis. The findings of the study are presented and discussed later.

5.1. Analysis of qualitative data

The data was collected from staff members of the Namibia Regional councils and the Ministry of Urban, Rural and Development in Namibia, which is the line Ministry of this study. Amongst the eight participants, three (3) of the targeted four (4) were Internal Auditors, one (1) was the Chief Internal Auditor, one (1) was Deputy Director IA and another one (1) was Executive Director.

Decision-making processes in Corporate Governance (CG)

All participants have knowledge of CG in RCs in Namibia. Participants indicated that CG is a mechanism, a relation and a process by which RCs are governed,

directed and involves many interests of their stakeholder. Two (2) of the participants further indicated that some managers tend to interfere in the decision-making process, thus making it challenging for some executives to interfere in the decision-making process. Three (3) participants mentioned that there are occurrences of councilor or politicians at regional level attempting to get involved in auditing decision matter that makes internal auditing practitioners not to be independent. One participant was quoted saying

"there are 14 Regional Councils in Namibia of which five of them have functioning audit committees implying that Corporate Governance (CG) is not well-practiced".

Structure of the Internal Audit sections in the Regional Councils.

The interviewees were requested to give their views on the structure, size and composition of the internal audit sections in the Namibia Regional Councils and whether they possess the right mix of capabilities, experiences, and skills to serve Regional Councils and its shareholders effectively. Three (3) interviewees mentioned that internal audit section at RC is very small compared to the amount of work involved as they have to audit Regional Councils, Constituencies, Settlements and Delegated Functions (other government agencies). Another three (3) interviewees stated that the internal audit of the RCs consisted of two staff members who were very small and had limited ability to serve the board effectively. These participants reached a consensus on the workload of too few staff; this may not lead to the company's guarantee of non-time disclosure, nor will it lead to incorrect disclosure of RC's financial status.

Independence of internal audit sections and audit committees

All participants (6) stated that the internal auditor is independent of the members of the audit committee and is not part of the RC management. Two (2) participants further noted that internal auditors are independent of the appointing authorities, depending on the nature of the auditing committee members. A further reason for independence of the internal auditors is that most audit committees are made up of non-executive members, they aim at advising management on governance, risk management and internal controls of the RCs, and of which most of them are from auditing firms. They do not participate in the day-to-day operations of RC, thus keeping internal auditors from the influence of management. The other two participants had the same idea, involving the current RC in Namibia. This idea is evidenced in the following narrative,

"the current setup of only three RCs internal audit sections makes them independent out of the 14 RCs in Namibia. Then I can say, there are mechanisms put in place to ensure that Namibia Regional Councils can independently act objectively".

The activeness of internal audit practitioners in Regional Councils

Three (3) interviewees indicated no when asked, "Do you think that internal audit practitioners in Regional Councils are active and make much contributing to the running of the government Councils and are actively appraising the adequacy in both administration and accounting that are applied in all the activities of the Councils?" On this issue, two of the three interviewees stated that internal audit practitioners report to the CRO, thereby compromising their independence, and therefore they do not receive the support they need to perform their duties effectively.

Unexpectedly, the other two (2) participants mentioned that most of the RCs in Namibia did not have an audit committee, thus making them inactive." This is evidenced by the following narrative;

"Oh, there are some of the RCs in Namibia that do not have audited committees in places, the failure to have such committees is a great challenge, this has a challenge in overseeing RC's financial reporting and disclosure.

Existing procedures for the selection of internal audit committee members

All participants (6) agreed that there are existing procedures in the selections and dismissal of the Internal Audit/or member of the audit committee, is appropriate and ensures the independence of such practice in the Regional Councils. One participant was quoted saying,

"The internal auditors are staff members of the organization and are employees like any other public servants in terms of Act 13 of 1995.... the public service has a right to deal with any irregularity in the service provision and replace with another employee".

While supporting the mentioned statement, another participant said

"In the dismissal of an internal auditor or the audit committee members, go through council for scrutiny and endorsement to ensure transparency".

Access to information needed by an internal auditor

All six (6) interviewees stated that the internal audit was unable to obtain the information they needed to perform their functions effectively and efficiently. Anyhow, the appointing authority (CRO and Council) by their legal position, power and duties are legally empowered to have and commend information on all the affairs of the RC.

Implementation of strategies and action plans of Regional Councils

All interviewed participants indicated that, legally, the ministry is not supposed to be involved in the day to day operations of the RCs; however, they get involved in the development of strategic plans where consultations are held between the ministry and the RCs. Three (3) interviewees further indicated that the ministry provides funds, oversights for RCs activities, monitoring of implementation strategies, improving on service delivery at all levels of RCs, synchronize and manage decentralization in RCs. One participant was quoted saying,

"RCs fall under and report to the Line Ministry and their budget is motivated and is part of the budget of the Ministry under Vote 17 that makes RCs be in a position of submitting their development plans and budget to the Ministry for considerations."

Transparency was seen to be important in IA, Namibia Regional Councils,

"The periodic accountability reports, monitoring and enforcement of compliance and good Corporate Governance by the ministry is also via periodic visits as well as routine and special audit investigations in RCs. This improves on Corporate Governance in RCs as they expect to be investigated and are supposed to report to the line ministry hence encouraging transparency".

Ensuring RCs effective execution of assigned mandates

The researcher asked the interviewees to explain how the Ministry (MURD) ensures that the RCs effectively perform their assigned tasks. Two (2)

participants indicated that other than powers, duties, functions rights and obligations of RCs, the RCs Act, 1992 provides the powers of the ministry in for example appointing the CROs, the preparation and submission of development plans, RCs' budget approvals and preparation and submission of accounting records as well as financial statements for auditing and accountability purposes.

The interview narrated,

"the ministry invests in building the capacity of the RCs through training and technical support. The ministry carries out monitoring and evaluation, budget hearing in which the RCs present how they execute their budgets and through the management of reports".

Effectiveness of monitoring and oversight role on Regional Councils

On the aspect of effectiveness of Line Ministry is monitoring and oversight role on Regional Councils, all interviewees were in agreement that the line Ministry monitors Regional Councils' performance with its comparative data. However, an interview indicated that more surveillance activities should be conducted and inspections should be conducted in terms of infrastructure development. The ministry should emphasize that RC submits quarterly management reports to determine quarterly performance. Another participant said;

"The Ministry is not fully effective as the functions of the RCs are monitored by different divisions in the Ministry, some people in the Ministry are competent, and others are incompetent as they do not know what is expected from them in their monitoring and oversight role on Regional Councils".

One other participant viewed that due to limited resources in terms of finance and human capital, the oversight role by the Ministry is not effective. Whereas the Ministry appears to do well in monitoring as well as investigating and uncovering instances of violation or noncompliance, the Ministry faces challenges in enforcing compliances or holding RCs accountability effectively.

Regional Councils' performance with its comparative data

Six (6) participants agreed that the line Ministry monitors Regional Councils' performance with its comparative data. One participant further mentioned that

the RCs submit management reports to the Ministry, which are then analyzed against the approved budget. One participant in the interview reported how information from budget execution and accountability reports was investigated.

"information from the budget execution and accountability reports, budget submissions, financial statements, annual and strategic plans submitted by the RCs are investigated in a manner that the line Ministry monitors the Regional Councils' performance with its comparative data."

4.3. Discussion of results

This previous section presented the results of the study. This section gives a discussion of major study findings in literacy and empirical manner.

The study shows that in some regional representative committees, there is no audit committee, and at the regional level, some managers, councilors or politicians interfere with the decision-making process of the internal audit function. Also, the structure of the auditor is very small compared to the amount of work involved. Contrary to Deloitte (2013), internal audit requires the existence of sufficient audit committees to help supervise and guide to improve corporate governance. Cohen and Sayag (2010) believe that auditors need to be independent of the auditee and its management in order to perform their duties effectively. In this case, where there are interferences, there may be deliberate ambiguity in the NRC, which may lead to unfettered power and leads to ineffective decision-making by the NRC.

The IIA (2011) pointed out that internal audit must be independent in promoting the establishment of audit practices that can improve the operation of the organization. The independence of internal auditors enables them to make fair and impartial judgments when engaging in audit work. Moraa (2012) added that Internal auditors need to maintain a fair and impartial attitude to avoid conflicts of interest, which will help them impair their ability to perform their duties objectively. The results of this paper also showed that internal auditors are independent and are objective in performing their work.

It was confirmed that internal audit practitioners of the Regional Councils are not active. As opposed to Eke (2018), they have not contributed much to the operation of the government council and are not actively evaluating the

appropriateness of administrative management and accounting. In internal audit, the positive linear relationship between internal audit and corporate governance is a means of internal audit, which has a significant impact on the effectiveness of the board of directors and audit committees. In support of this claim, the South African Institute of Directors (2016) pointed out one of the four important elements to support the implementation of a compliance system, with a focus on legal and regulatory obligations as management and control measures.

O'Riordan (2013) identified procedures in recruitment committees. The auditee committees are recruited while following procedures to ensure organizational transparency. Goodson *et al.* (2012) added that when a member of the audit committee violates organizational policy, he will be fired and replaced by a competent member. The results of this paper also showed that there are existing procedures for the selection and removal of internal auditors and audit committee members, which are appropriate and ensure the independence of this practice by the regional committees.

Landers (2018) regarded a need for the management of RCs to evaluate the accuracy of the information they receive. Similarly, Hahn (2018) believes that internal auditors must be provided with the relevant information they need. Kaplan Knowledge Finance Bank (2012) pointed out that improper disclosure of internal audit information can breed corruption and undermine accountability. Obtaining information from the above-mentioned literature, the provision of information is very important for establishing corporate governance in the practice of internal auditing to perform its functions effectively. Unfortunately, the results of this paper show that internal auditors cannot obtain the information they need to perform their functions effectively and efficiently.

Taking into account the leadership skills of the internal audit practitioners of the Namibia Regional Council, the results showed good leadership skills. The good leadership of internal audit practitioners results in a commitment of corporate discipline thus improved performance. Consistent with the King III report on corporate governance, corporate discipline and several characteristics and elements of good corporate governance is in the core determinants of corporate governance and have a profound impact on the performance of any company. De Waal (2007) suggests that trust relationship with people at all levels is maintained and strengthened because loyalty is valued and smart people are

regarded as smart people. Respecting others, cultivating a learning attitude, establishing and maintaining personal relationships between managers and employees, encourage trust and trust in others, and treat others fairly. Magrane and Malthius (2010) argue that good leadership lives with honesty and integrity, take integrity as an example, and show commitment, enthusiasm and respect.

6. CONCLUSION

This paper placed much emphasis on the evaluation of internal audit practitioners' perspectives on corporate governance compliance at Namibian Regional Councils. Conferring the literature reviewed, it is clear that corporate governance is an issue for internal audit practitioners. This was supported by the present result obtained in the survey as presented and discussed in the previous section. It is apparent that most RCs in Namibia do not clearly abide by the corporate governance principles of internal audit practitioners and cannot be effectively implemented. Contemporaneous literature suggested that the compliance by internal audit practitioners to corporate governance principles of any organization can be dependent on its architectural arrangement or capability such as good corporate governance, good leadership, good performance assessment of internal auditors, sufficient staff and of audit and risk competence and committal, and sound business strategies. Whereas, a bit of evidence of possession of such principles of compliance by internal audit practitioners in Namibia Regional Councils to Corporate Governance principles is seen, there are serious mismatches in terms of the architectural arrangement of these important institutional capabilities in support of performance efforts.

7. IMPLICATIONS

The lack of professional standards in Namibia has resulted in these organizations setting up their guidelines on how to engage with IAF. As a result of the paucity of research on IA in Namibia, this study will contribute to enhancing practitioner's understanding of the function and possibly, the establishment of a local chapter of the IIA to promote their activities and also sensitize the public and private sector organizations about their profession. In addition, while the country is trying to change this sector, this paper reminds policymakers that the goal of RC reform is the ultimate success of the public sector accountability system. The paper, therefore, suggests policies directed towards the development of the RC infrastructure, including the promotion of IAF to salvage public sector accountability and governance that has been badly mishandled. Accountability and transparency in the management of NRCs is a

great performance challenge. Thus, a need to conduct a study on it. This will help identify governance elements that affect accountability and transparency in the performance of the Namibia Regional Council.

DISCLOSURE OF CONFLICT

The authors declare that they have no conflicts of interest.

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