

**EVALUATING THE PERFORMANCE OF THE INTERNAL AUDIT FUNCTION OF
LOCAL GOVERNMENTS: A CASE STUDY OF MBARARA DISTRICT**

BY

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ABSTRACT

The study sought to evaluate the performance of the internal audit function of Local Government. The study was guided by three objectives namely; to examine the effectiveness of internal audit function at Mbarara district LG, to assess the factors that influence internal audit effectiveness at Mbarara district LG and to suggest possible interventions for improvement of internal audit performance at Mbarara district.

The study design used was descriptive and case study design. Data was collected using self administered questionnaires where the sample of respondents was 56 employees of Mbarara District. The questionnaires were designed in a way that reflects the objectives of the study so as to enable the researcher gather relevant data relating to the topic. Primary data was obtained directly from the field by use of data collection instruments. Data was analyzed using Statistical Package Social scientists (SPSS) Version 20 and was presented in frequency tables, percentages, means as well as standard deviations.

The findings indicated that there is some fraud, waste, extravagance and mal-administration, limited transparency and accountability in all activities. There is some review and monitoring of performance and accountability in some of the activities and the internal audit faces challenges in its operations and these include high level of corruption, lack of independence, lack of career development and growth, understaffing, lack of necessary resources.

The study recommended that; District politicians should be sensitized to limit their interference in the daily running of the District LG operations and the auditors should be not be deprived of their independence if effective internal audit functioning is to be achieved, the district management should ensure that audit reports are always reviewed; that communication between the internal auditors and senior management is effective, identify areas of risk within the organization and that activities also be implemented as planned in the work plan, adoption of an Intergraded Financial Management System (IFMS) coupled with staff training and better remuneration to solve some of the district LG financial problems. The system of allocating tenders should be reviewed; the district LG administration can organize workshops for District Tender Board Committee members through which officials from the PPDA would train them on handling government tenders.