



UNIVERSITY *of*  
RWANDA

COLLEGE OF  
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**Audit Standards ‘Compliance and Efficiency of Government Agencies in Rwanda: A  
Survey of Government Agencies**

**Thesis submitted to the University of Rwanda, College of Business and Economics  
in Partial Fulfillment of Requirements for the Award of the Degree of Master of  
Business Administration in Finance option.**

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## **Declaration**

I Nkurunziza Serge I declare this my work and where have based to different writers I gave credit through the reference.

**Nkurunziza Serge**

## **Approval**

I certify that this Research Proposal has been prepared under my guidance and is ready for further examination.

Signed ..... Date .....

Dr Samuel Mutarindwa, Senior Lecturer at UR

(Supervisor)

## **Acknowledgement**

The success of such work is a huge endeavor that one can never claim to own alone. Several other steps that were equally important preceded it. As such, many people deserve my sincere thanks, but only possible to mention few.

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## **Research Thesis**

### **Audit Standards ‘Compliance and Efficiency of Government Agencies in Rwanda: A Survey of Government Agencies**

## **Abstract**

This study assessed audit standards' compliance and efficiency in government agencies in Rwanda: The specific objectives of this study were to assess the level of compliance with the international audit standards government agencies, to assess the level of efficiency in government agencies of Rwanda, to determine the relationship between audit standards' compliance and government agencies efficiency. A Cross sectional research design was employed to analyze data collected from questionnaires administered to planners, accountants, and internal auditors of government agencies surveyed. Data was analyzed using the Statistical Package for Social Scientists (SPSS). Results show that government agencies comply with audit standards, but internal controls are not so strong to ensure compliance with the audit standards. In other results, findings show that the level of efficiency is still in government agencies. Finally, compliance with audit standards strongly and positively improve government agencies efficiency. A break-down of the effects of sub-components of compliance show that more efficiency is achieved through compliance and integrity and reliability of financial information provided.

Results from this study have Policy and academic implications. This study adds to the growing literature on audit standards by contextually assessing the level to which the audit standards affect the compliance and efficiency in government agencies.

**Keywords: Audit standards, compliance, efficiency, government agencies, Rwanda**

## **CHAPTER ONE: INTRODUCTION**

### **Introduction**

This chapter covers the background, problem statement, purpose, specific objectives, research questions, limitation, scope, and significance of the study. The study intends to study audit standards compliance and efficiency in government Agencies in Rwanda using a survey of Government agencies.

In Every country that is administered in a democratic policy needs to be accountable in its use of public money and in providing effective, efficient, and economical (3e's) service delivery. To achieve those government objectives applying Audit standards compliance and efficiency in government Agencies is the major mechanism for controlling and using of all scarce resources available in the corporate organization. Ever more larger and complex systems require greater competitiveness, thus Audit standards compliance and efficiency in government Agencies has had to be more available be in use government organization (Van Gansberghe, 2003).

In addition, the development of the audit profession brings change in the scope and functions of Auditors customers. Previously auditors were seen just as an assistant of accountant's and but recently Auditors is certainly considered as an independent profession, which is playing a significant role in the management of organizations. Besides, independence of auditors has always been a sensitive issue within organization since the employer feel that the auditor is watch dog that is ready to expose everything that does not portray a fair view of the company, (Rolandas 2012).

Major recent financial scandals in the United States and Europe highlighted that when governance does not act in the interest of the stakeholders and does not identify, evaluate, and respond to the company's risks-or, in any another way, companies are fated to failure and public confidence in capital markets and companies in general is put at risk (Stevens, 2013). One of the main aspects which contributes to the failures relate to the audit developed around the disclosure of information

to stakeholders. It appears that not achieving the objective of efficiency of the audit standard and compliance over financial reporting undermines the reputation of a company, even at the presence of any other control components, making it difficult or impossible for a company to be reliable on the market and to be able to collect financing resources, to be credible to stakeholders in general

Angus & Mohammed (2011) carried out a study called effectiveness of audit as Instrument of improving public sector management, a case study of Kano state districts of finance in Nigeria. In their research, they hypothesized the significant existence of auditing departments in public sector and the effectiveness of auditing in checking frauds in pursuance of constant complain that the auditors are understaffed in government agencies and under resource generally to be fully effective. They tested this hypothesis using Chi-Square method and found that auditors can effectively check fraud and fraudulent activities in the public sectors and those public sectors in kano state have significant numbers of auditor departments to function effectively. Hence, from the above findings, Angus and Mohammed did not assess the role of auditor's qualities on effectiveness and efficiency of operations in public Agencies and then they did not establish the contribution of auditor's qualities on effectiveness and efficiency of operations using correlation coefficient.

Odia (2014) carried out a study called Performance Auditing and public sector Accountability in Nigeria. The Roles of Supreme Audit Agencies (SAIs). Odia reviewed other studies carried out on audit and examined the roles of SAIs in promoting public accountability in Nigeria. It was discovered that the strengthening of the legislature oversight and institutional capacity building of SAIs, independence, audit governance, work quality and more emphasis on performance audit or value for money audit by the SAIs would promote foster public accountability in Nigeria.

Hence, he used documentary review and he did not focus on the analysis of primary data. He did not assess the role of auditor's qualities on effectiveness and efficiency of operations in public, the gap in the effectiveness of efficiency in government agencies will be addressed through continuous learning and having as much as possible professional public accountant.

**Problem Statement**

The government of Rwanda established the Office of the Auditor General (OAG) which has contributed to the proper management of public funds since 2005, OAG reports to the Parliament. Since 2003, OAG became the Supreme Audit Institution (SAI) of Rwanda and OAG became the Member of International Organization of Supreme Audit Institutions

major steps have been taken to adhere to the Audit standards compliance and efficiency in government agencies, this include installation of the budgetary and accounting system and training accountants from all government agencies to be professional public accountant and auditors through institute of certified public accountant of Rwanda (ICPAR). Similarly, training in MTEF techniques was provided to all auditors of the government agencies.

Although Rwanda tried to normalize Audit standards compliance and efficiency appropriate in government agencies in Rwanda there are limitations of human capita for the knowledge to apply the Audit standards compliance, and corporate governance (MFI country report, 2016). Many Agencies have audit unit. Although an effective audit hand out a reasonable assurance in respect to Audit standards compliance and efficiency in government agencies and the performance public fund management and the assurance keeping safe assets with tackling the cashflow issues, in many public Agencies in Rwanda, lack of adherence of the Audit standards compliance and efficiency (Office of the Auditor General, 2019).

These problems cited above coupled with the gap identified in the literature have motivated the researcher to test if there is any effect of the audit standards and efficiency in government institution of Rwanda a case study of Government agencies.

## **Research Questions**

- i. What is the level of compliance with the International Audit Standards (ISA) by government agencies in Rwanda?
- ii. What is the level of efficiency in government agencies in Rwanda?
- iii. What is the relationship between audit standards compliance and efficiency of government agencies?

## **3. Objectives of the Study**

### **3.1 General Objective**

The broad objective of this study is to assess the role of audit standards compliance on government agencies' efficiency in Rwanda

### **3.2 Specific Objectives**

- i) To assess the level of compliance with the international audit standards government agencies
- ii) To assess the level of efficiency in government agencies of Rwanda
- iii) To determine the relationship between audit standards compliance and government agencies efficiency.

### **3.3 Significance of the study**

The main stakeholders of this research study are Government Agencies, OAG, future researcher Government Agencies will automatically benefit from this study since the data and findings extracted will highlight the strengths and weaknesses of the Kigali city Auditor thus will adapt and take correct measures as per recommendations and mostly advantage is the OAG task process.

### **3.4 Limitation of the Study**

In pursuing the study, will encounter various challenges, some staffs may not provide vital information they consider confidentiality as priority to them or having other briefings from high authorities not to provide all information. I had to request the information through other negotiations such as my network of CPAS, and other professionals.

### **3.5 Scope of the Study**

This study focused on audit standard, compliance and efficiency in Rwanda's Government agencies Geographically the study will be conducted in Rwanda, especially in Government Agencies and will cover the period 2019-2020

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

The Literature review is constructed basing on the purpose and the conceptual framework of the study. The Literature review talks about the adoption of audit standard and compliance. The indicators of this variable include independence of the agencies, mandate of the international audit standard, access to information, compliance to the in-place laws, timely reporting.

### **2.1 Conceptual review**

#### **2.1.1 Audit Standards**

Audit is a track checking for the books of accounts whether they portray a true and fair view thus the audit standard assist the audit to examine whether the audit is being conducted according to the agreed principal.

The audit standard according to the Institute of certified public accountant of Rwanda describes Audit standard as tool and guideline that help organization to plan and adopt methods and procedures that will achieve management objective to conduct or run the agencies orderly and efficiently including tie up on. Management policies, hold up properly of asset, avoid fraud and error, accuracy of accounting information, timely record and reporting thus the audit standard cross check the function of activities and how the internal system operates, the audit standard also check the fundamental principal of accounting such as accuracy, completeness, reliability, comparability, the audit standard also provide the guideline on how the aims and goals of the agencies will be achieved.

#### **Theoretical Framework**

Theories of Demand for Audit

The theory is back borned by the principals of auditors detailed below:

#### **Compliance with audit standard Principle, Reliability and integrity of information, equity, input, and output**

Principles of audit are required during the audit process to be more professional, accurate, to be within the laws for the objective of having an audit opinion that has supporting evidence. Principles of auditors are the support that auditors uses as guidance, substantially auditors get them with experience and forms the governance of auditing, The Principles are not only rules, they have a broader relationship with audit procedure and they make sure the independence of the auditors are not compromised

## **1. Auditor's Principles**

The Auditor's principle will increase more confidence the auditors and will guide the auditors to the achievement of the set goals by avoiding any disorientation of the activities and have a well sequentially structured audit procedure.

### **1.1. Competence due Care and Skepticism' Principle**

The auditor will need to possess knowledge of accounting transactions and auditing, these attributes need skills competence and expertise to make own or independent judgement, The attributes on audit and accounting does not require technical information only, experiences to make own judgement. additionally, the occupational competence, the auditor will trace transactions to the audit with focused purpose and care within the framework of due care. Auditor will plan the audit as per with the guidelines for the due care, search the evidence that are appropriate to form an audit opinion based on audit standard.

### **1.2. Independency's Principle**

The auditors must be free from any pressure whether from the auditee and whom the audit is executed on behalf, the audit to have independence will enable them to have a more clear vision and have time to understand the institution this will help the audit to know how to use the audit standard and whether the agencies are complying with the set regulations, furthermore the audit will know on their own understanding without any compromise that the agencies are efficient.

### **1.3. Objectivity's Principle**

The auditor must not work under any pressure, the auditor objective must be free from his feelings to ascertain the audit opinion that has evidence, Objectivity need to be independent in virtual and appearance, the auditor should be distant from conflicts of interest and having one side moral during the audit.

### **1.4. Honesty's Principle**

Honest during audit has a great importance, the auditor must distance from interest and be neutral, the auditor will be required to be honest, reliable with the quality of consciences during the audit. The auditor's honesty will make him show who he is, whether he deserve to conduct the audit.

## **Empirical Literature**

Angus & Mohammed (2011) did a study named enhancing audit performance as a tool of public sector management of public fund effectiveness of audit as Instrument of improving public sector

management, The result of the research, they found out the there is existence audit department in public sector whereas they are understaffed I government agencies while resources are required to be fully utilized, the researcher's test the hypothesis using Chi-Square method and realized out that auditors check misappropriation and fraud activities in government agencies, the research recommended that to tackle the issues of misappropriation of public fund the auditor need to use more audit standard, compliance and check the efficiency of public funds.

Omaru (2014) did out research named audit performance and accountability in public sector Performance Auditing and public sector Accountability in India. omaru assessed research done on audit and assessed the roles of AIS in enhancing the accountability in public sector, omaru found out that empowering the oversight and institutional capacity of SIAS, governance of audit and have more emphasis on audit performance will increase the value for money in public.

Zondiwe (2013) found out that the financial audit is to appraise the accounting systems and controls of financials are efficient and properly operate, the transactions related are well captured, approved, and accounted as per IFRS.

The researcher found a missing point, Thought the above researchers made audit research, they did not appraise the role of Auditors qualities and effectiveness and efficiency of operations in public Agencies. And then, the above studies did not use correlational research design to establish the relationship between the variables under study, such as Auditors qualities and effectiveness and efficiency of operations.

An efficient auditors help reduce misappropriation of public funds, identify ways to all possible ways to eradicate the losses from unproper safeguarded company assets which has a significant effect of the health of the agencies.

Fadzi (2010), Auditors are key personnel to help the agencies be more efficient to increase owners value. There is other argument that Audit standards, compliance, and efficiency in government Agencies is associated with superior organizational performance.

The Audit standards, compliance, and efficiency in government Agencies in organizations improve and help issues in corporate governance in the agencies, basically where there is fund misappropriation and weak corporate governance (Abottet al 2010). Auditors by applying audit standard, compliance and efficiency will arrange agencies to be relieved from bad practices and noncompliance and achieve the goals, mission set to the required productivity.

Auditors must never lose focus on auditing procedures through the audit standard, compliance and efficient in government agencies thus will help formation of constructive audit opinion.

### **2.12 Research Gap**

Although there is so much attention to the Auditor's role in corporate governance, few researches have assessed the impact of efficiency, effectiveness in public agencies only limited researchers have been examined the impact of Auditors qualities on effectiveness and efficiency of operations in public Agencies

Additionally, the ways of finding out these huge characteristics differ from one organization to another these advantages is determined by different organizational characteristics (horam et al, 2008). As Hohen & Sayag (2010) The management vividly support and continuously of the audit dimensions such as quality of the audit, evaluations of the auditee, then other attributions added. Therefore, a well-structured charter of auditors will give hand auditors to be more efficient and be more independent to achieve the set goals and objective.

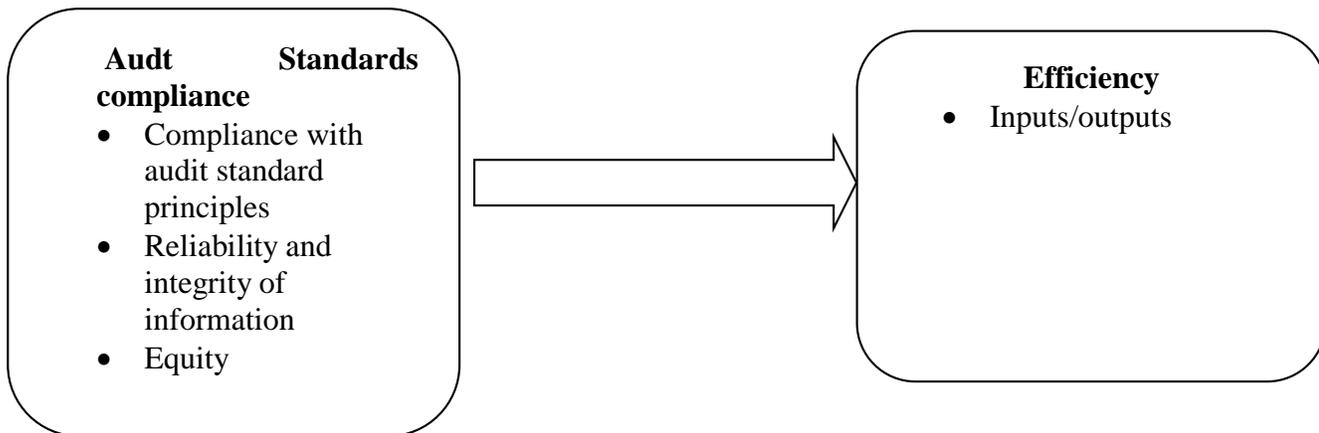
There is no empirical research to study real cause of this inefficiency and ineffectiveness of Audit standard, Compliance and Efficiency in government agencies, Thus, I found out deemed and very interesting to conduct this research of audit standard, compliance and efficiency in government agencies.

### **2.10 Conceptual framework**

The study of the framework for the conceptual is based on three variables. The variables that are independent is the audit standards and compliance, the variables that are dependents are the efficiencies in government agencies of Rwanda. A structured demonstration is the below figure:

Independent Variable

Dependent Variable



The conceptual framework demonstrates the correlation of the variable that are independent and the variable that dependent. The conceptual framework shows: Auditors standards and compliance are the variables that are independent whereas efficiency is the variable that are dependent variables. Thus, effectiveness and efficiency are perceived to be dependent on Auditors standards. The conceptual framework was collected by the researcher. Indictors shows the relationship between variable that are independent and the variable that dependent; the audit standard, compliance and efficient lead to the proper conclusion and input, output during the audit also the result intend is achieved.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.0 Introduction**

This chapter enumerates the process chosen to carry out the study the study is carried out. This chapter have design of the research, targeted population, techniques of sampling, size's sample, collection of data method, reliability and validity of the research, processing of data, analysis of data then the consideration of the ethics.

### **3.1 Design of the Research**

This study is cross-sectional using a survey. The study is an appraisal due to the fact that I will pick data from the questionnaire that the population will use. The research Is correlation design' research due to the fact that I will demonstrate the relations of audit standard, compliance and efficiency in government agencies in Rwanda.

### **3.2 Targeted population, size of the sample, and Procedure of sampling**

The total population under this study are 48 government agencies; the sample calculated from the population is 42 government institution following krejcie and morgan 1970, the questionnaire will be given to three officials (internal auditor, Finance, Planning) they will be selected purposively because the knowledge and skills they possess in the field of audit.

### **3.4 Collection of Data**

I will use the primary and secondary data where I will go on the field to collect raw data from employees of government agencies that will be selected, I will provide the letter from the university of Rwanda (College of business and Economics) that gave me the green light to begin the collection. I will be introducing myself to the government agencies personnel whenever I research their premises to indicate that I there for the solely purpose for the data collection of my research thesis.

#### **3.4.1 Data collection instruments**

I will use the primary data through the technique of questionnaire to collect primary data, the researcher will use the questionnaire. This technique will help the me to have to collect primary data using well structure structured questions with clear, simple, and short questions that will be structured to a sample of the staff in Government Agencies.

### **3.4.2 Data collection methods**

I will center the intention on evidence documentation, questionnaire, as techniques of data collection. This technique will help me the researcher in collecting secondary data from various researchers and other documents related to the research topic. Basically, the questionnaire is structured in such a manner to gather maximum information about the impact of Audit standard compliance and efficiency in Government Agencies and how it contributes to its effectiveness and efficiency of activities. The questionnaire will be provided for data as per the sample size.

### **3.5 Data analysis Procedure**

The information will be collected from filling the questionnaire and edited, categorized, coded and finally data will be studied using SPSS version 21. Quantitatively the researcher will summarize data using descriptive statistics like graphs, percentages and frequencies that will help me to describe the distribution of scores and measurements. Using these techniques, the presentation, analysis, and interpretation of the findings will be compiled for conclusion and recommendations.

### **3.6 Ethical Consideration**

I will ensure that the respondents that my research so for the academy purpose not for trade also the confidentiality must be disclosed.

### **3.7 Data quality**

**Data quality was ensured through validity and reliability as flows:**

#### **3.7.1 Validity**

Kothari (2005) defines validity as the ability of the instrument to measure what it is purported to measure. The researcher also subjected this work to elements of validity and reliability. The study applied to face and content validity due to its main advantage- it is easy to apply. Face and content validity is the judgment that an instrument is measuring what it is supposed to base on the logical link between the objectives and questions of the study (Kumar, 2011). The researcher consulted experts on appropriate questions and questionnaires were used for expert judgment.

**Table : Data Reliability**

<b>Variable</b>	<b>Cronbach Value</b>	<b>Alpha</b>
Audit standards compliance		0.803
Efficiency		0.732

Results in the table indicated that the questionnaire was reliable as observed from the Cronbach Alpha Values which were above 0.5 in either case respectively. The Alpha values meet acceptance standards for the research and reflecting a similarity in the research as sighted by Sekaran (2000).

## CHAPTER FOUR: ANALYSIS AND DISCUSSION OF RESULTS

### 4.1 Introduction

This chapter analysis results obtained from the survey instrument. The instrument was administered to 126 respondents in public agencies. Three respondents were selected from each government. 48 filled questionnaires were collected which constitutes 39 percent respondent rate. The chapter proceeds by first analyzing demographic characteristics of respondents of respondents; followed by descriptive analysis, correlation analysis, and finally, regression analysis.

### 4.2 Demographic characteristics

Table 4.1 below reports results on the demographic characteristics of respondents namely, age, gender, education, experience, and department of work.

**Table 4.1 Demographic characteristics of respondents**

Age	Frequency	Percentage
25-34	17	35,42
35-44	13	27,08
45-54	16	33,33
55 +	2	4,17
Sub Total	48	100
Gender		
Female	18	37,50
Male	30	62,50
Sub Total	48	
Education		
Bachelor's degree	48	100
Bachelor's degree +Certificate (CPA, ACCA)	4	8,33
Bachelor's degree Without Certificate (CPA, ACCA)	44	91,67
Master's Degree	6	12,50
Masters without Certificate (CPA, ACCA)	3	6,25
Master's degree + Certificate (CPA, ACCA)	3	6,25
Department		
Finance	28	58,33
Internal audit	18	37,50
Planning	2	4,166
	48	

### **Working experience**

Less than 1 year	3	6,25
1-5 Years	25	52,08
5-10 years	15	31,25
More than 10 years	5	10,416667
	48	

Table 4.1 reports demographic characteristics of respondents. Results show that majority of respondents are aged between 25 and 34 years and also those aged between 45-54. Very few of the respondents are over 55 years of age. Table 4.1 also reports gender as another demographic characteristic of the respondents. More respondents are male (62%) compared to females (38%). In terms of education, majority of the respondents have bachelor's degrees and few of these are certified with professional accounting certifications (CPA, ACCA). Results also show that few of the respondents (6.25%) have masters. 50% of those with masters have professional qualifications. In summary, majority of the respondents have bachelors as the required minimum qualification by the Rwanda Ministry of Public Service and Labor.

Finally, Table 4.1 reports demographic characteristics of respondents. Results show that majority of the respondents have been within their organizations for the period 1-5 years (52%), followed by those with 5-10 years of experience. Few of the respondents have less than 1 year of experience and those with more than 10 years.

### **4.3 Descriptive analysis**

This section pertains to the descriptive analysis of the variables used in the study. For analysis of this section, measures of central tendency (means) and dispersion/variations (standard deviations ) are used. Higher means implies strong agreements with the statements used. The first part of this section deals with descriptive analysis of the subconstructs for Audit compliance including audit standards compliance, reliability of information; equity and efficiency). Table 4.2 reports descriptive results for audit standards compliance as follows:

**Table 4.3 Descriptive analysis of audit standards' compliance**

<b>Audit Standard Compliance</b>			
Compliance with audit standard principles	TOTAL =48	Mean	SD
The level of compliance with auditing standard in the government agencies is high	48	1,73	0,82
During the audit process, international auditing standards are complied with	48	2,46	1,05
Our internal control systems are strong enough to ensure compliance with audit standard principles	48	2,10	0,99
The audit procedure complies with the audit standard	48	2,06	1,04
<b>Reliability and integrity of information</b>			
The audit team always has a written mandate showing the determined tasks to be accomplished	48	3,29	0,68
The auditor's team has a total access to all information they need to report on compliance	48	1,96	0,99
The tasks in the formal auditors mandate are understandable	48	2,98	0,86
The auditors team knows the specific person to give audit reports	48	2,90	0,75
Audit Information are kept for intended users only	48	2,06	0,70
<b>Equity</b>			
Our auditor is treated fairly during the audit process	48	2,83	0,93
Due professional care in our institution is adhered to	48	3,00	0,95
The audit opinion and provided based on evidence	48	1,96	0,99
Auditors always provide an assurance opinion	48	3,15	0,85
There is equity and inclusion in our institution	48	2,90	0,75

<b>Efficiency</b>			
The funds allocated to the audit is efficiently managed in our institution	48	2,46	1,05
The audit report is always provided on time	48	2,52	1,03
The funds needed during audit is provided on time in our institution	48	2,06	1,00
The level of efficiency in government agencies is very high	48	1,81	0,96
The management of funds provided is always efficient	48	3,27	0,82
<b>Audit Standards compliance and efficiency</b>			
The auditors team employed are qualified people(CPA,ACCA) to ensure that audit standards are adhered to	48	1,40	0,57
The auditor's team have a culture of accountability and compliance spirit	48	1,71	0,80
Economy, efficiency, and effectiveness are achieved	48	2,17	1,06
Efficiency is always achieved when we adhere to audit standards	48	1,98	1,04
The auditors are able to give unbiased reports based on audit standards	48	2,29	1,09
The relationship between audit standards compliance and efficiency of government agencies is sufficient	48	3,27	0,82

Table 4.2 reports descriptive results for audit standards compliance construct. On average majority of the respondents disagree with the statement that the level of compliance with audit standards is still low (Mean =1.73) but moderately agree that during the audit process, they comply with international auditing standards (Mean = 2.46). Respondents also moderately agree that internal control systems are strong enough to ensure compliance with audit standard principles (Mean =2.10) and also moderately agree that audit standards procedure are complied with during the standards (Mean = 2,06).

Table 4.2 reports results on reliability and integrity of information. On average, respondents agree that audit teams have written mandates that show how tasks have to be accomplished (Mean = 3,29). Respondents, however, argue that they don't have total access to all information they need to respond on compliance (Mean = 1.96). Table 4.2 also show that auditors understand well the tasks that are formally mandated to them (Mean = 2,98). They also show that they know who know who to submit the report to (Mean = 2,90). Lastly, respondents agree that audit information are kept for intended users (Mean = 2,06).

Table 4.2 reports results on equity. On average, respondents agree that auditors are well treated during the audit process (Mean =2.83). They also express that due professional care is adhered here (Mean =3.00). Respondents disagree with the statement that audit opinions are evidence-based (Mean =1.95). They (respondents) however agree that they provide assurance opinion and that there is equity and inclusion in their institutions.

Table 4.2 reports results on efficiency. Respondents moderately agree with the statement that funds allocated to the audit is efficiently managed in their institutions (Mean =2.46) and that audit reports are always provided submitted in time (Mean =2.52). They also moderately agree that audit funds are provided on time (Mean = 2.06). They however argue that the level of government efficiency is very low (Mean = 1.81). They agree that funds are efficiently management (3.27).

Finally, Table 4.2 reports results on statements related to the effect of audit compliance and efficiency. Respondents argue that most people employed for the audit tasks are not professionally qualified (Mean = 1.40) and that auditors have a low culture of accountability and compliance

spirit (Mean = 1.71). Respondents express a modest opinion on the achievement of the E3 namely efficiency, economy, and effectiveness (2.17). They also opine that it is not always the case that efficiency is achieved when audit standards are adhered to (Mean = 1.98). They also moderately express that auditors are able to give unbiased reports based on audit standards (Mean = 2.29). Finally, respondents express that the relationship between audit standards compliance and efficiency of government is sufficient (Mean = 3.27).

#### 4.4. Analytical results

The third objective of this study is to determine the relationship between audit standards compliance and government agencies efficiency. In achieving this objective, some analytical tests are performed namely correlation and regression models.

The correlation test measures the extent to which variables are correlated. Higher correlation implies possibilities of multicollinearity of results. That is, if variables are highly correlated, they might mean the same. This might affect our regression results since results are biased from using variables meaning the same thing in the regression models. Table 4.6 reports correlation results of the study.

Table 4.3: Correlation matrix

		Audit standards compliance	Efficiency
Spearman's Rho	Correlation coefficient	1.000	.654
	Sig. (2tailed)		.000
	Coefficient of determination		0.45 or 45%
	N	48	48

**Source: Survey data, 2022**

Results reported in Table 4.6 show that overall, the Spearman's Rho correlation coefficient is 0.654 implying that the variables used in subsequent regression modelling are not similar and thus, there are no multicollinearities.

#### 4.5. Regression modelling and results:

This study assesses the effects of compliance to auditing standards and efficiency in government agencies. Compliance to auditing standards is the independent variable and efficiency is the

dependent variable. Compliance to auditing standards is measured by compliance, reliability and integrity of financial information, and equity.

The following equations are used for this study:

$$\text{Efficiency}_i = \alpha + \beta x_{1i} + \beta x_{2i} + \beta x_{3i} + \epsilon_i \text{ -----Equation (4.1)}$$

Where:

Efficiency<sub>i</sub> is efficiency for public agency i, α is the constant, β is the slope, X<sub>1i</sub> compliance with audit standards for agency i; , X<sub>2i</sub> is integrity and reliability of audit information for agency i; , X<sub>3i</sub> is equity in the audit process for agency, and ε<sub>i</sub> is the error term. The estimation technique used in this study is a simple Ordinary Least Squares (OLS) technique that produces the following regression results:

In a more summarized way, Table 4.4 reports OLS results for study Equation 4.1 as follows:

Table 4.4: Regression results

Model		Unstandardized coefficients		Standardized coefficients	t-values	Sign.
		B	Standard errors	Beta		
1	(Constant)	0.531	0.287		1.432	0.003
	Compliance with auditing standards	0.864	0.672	0.683	3.365	0.0029
<b>a. Dependent variable: Efficiency</b>						

Source: Survey results, 2021

Results shows that overall, compliance with auditing standards positively increases efficiency in government agencies. The coefficients are positive (0.864) and significance levels are less than 0.05 (P-value = 0.0029). This implies that government agencies that comply with audit standards will always be very efficient in their operations. improve the growth efficiency in the sample studied. A more breakdown of the regression results is shown in Table 4.5 below:

Table 4.5: Breakdown of Regression results

<b>DV<sup>1</sup>: Efficiency</b>	<b>Coef.</b>	<b>Std. Err.</b>	<b>T</b>	<b>P&gt; t </b>
Compliance	2.083	0.576	-1.91	0.02***
Reliability and integrity	1.503	0.632	3.96	0.045***
Equity	.396	0.464	-0.831	0.030*
Constant	1.431	1.759	1.440	0.0048**

**Source: Survey data, 2022**

*\* 1%=99, \*\* 5%=95 and \* \*\* 10%=90 levels of significance*

Table 4.5 reports regression results for the Equation 4.1. It reports the coefficients, standard errors, t-test, and the statistical significance levels (P-values) of the OLS model.

Results show that government agencies' efficiency are affected differently by audit Standards compliance. Specifically, results show that compliance significantly (P-values =  $0.02 < 0.05$ ) and positively improves government efficiency (Coeff= 2.083). In addition, the reliability and integrity of financial information positively (Coeff = 1.503) and significantly (P-values =  $0.045 < 0.05$ ) affects government agencies' efficiency. Finally, equity positively (Coeff.= 0.396) and also significantly (P-values =  $0.030 < 0.05$ ) affects government agencies efficiency. Overall, individual compliance measures strongly affect the efficiency of government agencies.

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<sup>1</sup> DV Means dependent variable

## **CHAPTER 5: SUMMARY OF RESULTS, CONCLUSION, AND RECOMMENDATIONS**

### **5.1. Introduction**

This chapter presents the discussions on the findings in chapter four. This is followed by conclusions and recommendations as well as the suggestion for further research base. The presentation of the discussion is in line with the objectives of the study, the first part was to assess the level of compliance with the international audit standards government agencies, to assess the level of efficiency in government agencies of Rwanda, to determine the relationship between audit standards compliance and government agencies efficiency.

### **5.2. Discussion**

Findings from this study are in the same line with research objectives.

#### **5.2.1. To assess the level of compliance with the international audit standards government agencies**

Results in Table 4.2 in chapter four show that most government agencies comply with audit standards. Results also show that international audit standards are adhered to during the audit process in government agencies. Results however reveal that internal control systems are not strong enough to ensure compliance with audit standards procedures. Other results show that auditors understand their mandate, have written mandates but do not access full financial information during the audit process. Finally, results reveal that auditors are well treated during the audit process and due professional care is adhered to. However, most respondents reveal that audit opinions are not evidence-based.

Finally, Table 4.2 reports results on statements related to the effect of audit compliance and efficiency. Respondents argue that most people employed for the audit tasks are not professionally qualified (Mean = 1.40) and that auditors have a low culture of accountability and compliance

spirit (Mean = 1.71). Respondents express a modest opinion on the achievement of the E3 namely efficiency, economy, and effectiveness (2.17). They also opine that it is not always the case that efficiency is achieved when audit standards are adhered to (Mean = 1.98). They also moderately express that auditors are able to give unbiased reports based on audit standards (Mean = 2.29). Finally, respondents express that the relationship between audit standards compliance and efficiency of government is sufficient (Mean = 3.27).

### **5.2.2. To assess the level of efficiency in government agencies of Rwanda.**

The second objective of this study is to assess the level of efficiency in government agencies of Rwanda. Table 4.2 in chapter 4 reports results on efficiency. Results show moderate efficiency in the management of funds allocated to audit and that audit reports are not always on time. Overall, results show that of efficiency in government agencies is still low.

### **5.2.3. To determine the relationship between audit standards compliance and government agencies' efficiency.**

The third objective of this study is to determine the relationship between audit standards compliance and government agencies efficiency. Results show that compliance with audit standards strongly and positively improve government agencies efficiency. A break-down of the effects of sub-components of compliance show that more efficiency is achieved through compliance and integrity and reliability of financial information provided.

### **5.3. Conclusion**

The study assessed audit standards 'compliance and efficiency in government agencies in Rwanda. the specific objectives were to assess the level of compliance with the international audit standards government agencies; To assess the level of efficiency in government agencies of Rwanda; To determine the relationship between audit standards compliance and government agencies efficiency.

Results show that the government agencies are aware of the audit standard however the compliance part about the audit standard is still in process to know the applicable and use of them in efficient way, the government agencies are efficiently using the public fund and are available on time. Finally, the results shows that compliance to audit standards strongly and positively lead to increase in efficiency of government agencies.

Results from this study have both academic and policy implications. This study adds to the growing literature on audit standards by contextually assessing the extent to which the compliance of government agencies affects the efficiency of government agencies in Rwanda. From a policy point of view, this study recommends that government officials should recommend to practitioners to understand more about the audit standard and its compliance that could help them managing efficiently public funds.

#### 5.4. Recommendations

In light of the set study objectives, findings, and conclusions thereof the current study suggest the following recommendations:

- Strengthen Internal controls to ensure they comply with audit standards principles
  - Improve the access to information for auditors during the audit process
  - There is a need for evidence-based opinion
  - Increase the number of professional qualifications for those involved in public financial
- 5.5. Suggestion for further research base.

Results show that the predictors to the research model better explain it by 65.4 percent which does not explain 100% of Audit standards' compliance and efficiency in government agencies in Rwanda. A further study therefore is needed on other factors that explain the remaining portion. More specifically, further research is needed to.

- Nationwide study to cover the variables that have been studied in the present study.

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## Appendix 1: Questionnaire

### Section A: Demographic Characteristics of the Respondents

Please tick the appropriate answer

1. Your age:

25 - 34 years	35 - 44 years	45 - 54 years	55 and above years

2. Gender:

Female	Male

3. Marital status:

Single	Married	Widowed

4. Your education level:

Certificate (CPA, ACCA)	Bachelor's degree	Master's degree	PhD

5. In which Department are you working?

Audit Department	Finance unit	Planning Department

6. You're working experiences

Less than 1 year	1 – 5 years	5 – 10 years	More than 10 years

**Section B: Audit Standard**

Please, choose the number which corresponds to your answer with objectivity.

5: Strongly High (H), 4: Moderate(M) ,3: low(L)

<b>Audit Standard, Compliance and Efficiency</b>	<b>H</b>	<b>M</b>	<b>L</b>
<b>Audit standard and Compliance</b>			
The level of compliance audit complies with auditing standard			
The Level of efficiency in government agencies			
The relationship between audit standards and compliance and efficiency of government agencies			
<b>A formal mandate</b>			
The audit team has a written mandate showing the determined task			
The tasks in the formal mandate are understandable			
The auditors team knows the specific person to give report			
There are standards for measuring illegality, inefficiency, irregularity, and ineffectiveness in order to take corrective action, hold violators accountable			
<b>Unrestricted access</b>			
Your government facilitates the audit committee to get the needed information related to compliance of the audit standard			
The auditor's team has a total access to all information they need to report on compliance			
<b>Sufficient funding</b>			

Your government institution provides sufficient funds for audit activities			
The fund is provided on time needed			
The management of funds provided is clear			
<b>Competent staff</b>			
The auditors team employed are qualified people(CPA,ACCA)			
The auditor's team have a culture of accountability			
The auditors are able to give unbiased reports			

**Section C: EFFICENCY**

Please, choose the number which corresponds to your answer with objectivity:

4. All the time      3. Often    2. Sometimes      1.Never

<b>Effectiveness of government agencies</b>	All the time	Often	Sometimes	Never
<b>Compliance with policies</b>				
All operations are prepared by a specific and competent person before they are executed.				
All operations are approved by a competent person before they are executed				
Before undertaking any operation, the objectives and policy of your institution are consulted				
All operations are done in line with the objectives and policy of your institution				
<b>Reliability and integrity of information</b>				
I attest that the operations are executed reflecting the reality				
I attest that the operations are executed with support documents				
I attest those operations are executed without bias				

I attest that the operations are executed considering the priority.				
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<b>Efficiency of operations</b>				
<b>Equity</b>				
In your institution, there is fairness in both the distribution of economic rewards and the administration of employment policies.				
In your institution there is unbiased decision-making.				
In your institution the decisions taken are supported by objective evidence				
Transactions and operations are taken using transparency				
<b>Cost relative to their intended benefit</b>				
I attest that the operations executed are done considering the cost				
I attest that the operations are executed with cost minimizing				
I attest that the value of cost of operations executed is less than the value of the benefit received				

**Appendix 2: Research Budget**

<b>S/N</b>	<b>ACTIVITY/ITEM</b>	<b>COST PER ITEM</b>	<b>TOTAL COST</b>
1	Research proposal printing	500*25	12,500
3	Data Collection	20,000	20,000
4	Transport and allowances	100,000	100,000
5	Airtime	50,000	50,000
		<b>GRAND TOTAL</b>	<b>182,500</b>

25%

SIMILARITY INDEX

19%

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2%

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