

FACTORS ENHANCING THE IMPLEMENTATION OF INTERNAL AUDIT STANDARDS TO IMPROVE THE FINANCIAL PERFORMANCE OF PUBLIC INSTITUTIONS IN RWANDA: THE CASE OF RWANDA SOCIAL SECURITY BOARD (2015 - 2017)

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Abstract: Financial performance requires appropriate internal audit practices to enhance efficiency. In the recent years many public institutions in Rwanda have been listed by general auditor for mismanagement of public funds. This study provided an analysis on enhancing the implementation of Internal Audit standards, to improve the financial performance of public institutions in Rwanda; with a case study of Rwanda Social Security Board. Internal audit standards will be looked at from the perspective of internal audit as a department, professional competency, internal controls and independence of internal audit. The researcher administered a survey questionnaire to each member of the target population since it is the most appropriate tool to gather information. Quantitative analysis and regression analysis were used as data analysis technique. Data presentation was done by use of tables for ease of understanding and interpretation. Internal audit standards, independence of internal audit, professional competency and internal control had a positive relationship with financial performance of public institutions, a unit increase in implementation of internal audit standards would lead to increase in financial performance of public institution, a unit increase in independence of internal audit would lead to increase in financial performance of public institutions, a unit increase in professional competency would lead to increase in financial performance of public institutions and further unit increase in internal control would lead to increase in financial performance of public institutions. The management of public institutions in Rwanda should adopt effective internal audit practices such as internal auditing standards, independence of internal audit, professional competency and internal controls to enhance financial performance.

Keywords: Internal Audit, Internal audit standards, financial performance, public institutions.

1. INTRODUCTION

1.1 Background of the study:

For most of its history internal audit has served as a simple administrative procedure comprised mainly of checking documents, counting assets, and reporting to Board of Directors, Management or External Auditors. In recent times, however, a combination of different forces has led to a quiet revolution of the profession. Organizations have to demonstrate accountability in the use of shareholders money and efficiency in the delivery of services. Organizations now

demand great competency and professionalism from internal audit, and scarce resources must be deployed more efficiently to minimize and manage risks. Technological advancement makes it possible to track and analyze data with continually increasing speed thus making it essential for organizations to be well advised by the internal audit department. Internal audit varies from one organization to another, and making change to modern internal audit can be a substantial undertaking. The transition from merely ensuring compliance with rules and regulations to truly delivering added value requires more than just organizational changes. In many public institution institutions staff is poorly paid and unmotivated, ethical standards are weak, and governance practices are ineffective leading to asset mismanagement (Ramamoorti, 2003).

1.1.1 Internal Audit and internal audit standards:

Internal Audit is an objective and independent appraisal service within an organization on risk management, control and governance by measuring and evaluating their effectiveness in achieving the organization's agreed objectives. In addition, internal audit's findings are beneficial to the Board of Directors and line management in the audited areas. The service applies the professional skills of internal audit through systematic and disciplined evaluation of the policies, procedures and operations that management put in place to ensure the achievement of the organization's objectives, and through recommendations for improvement (Dumitrescu, 2004).

The Board of Directors of the Institute of Internal Auditors in June 1999 described internal audit as an independent, material and consultancy activity, which adds value and improves the functioning of an organization. It helps the organization achieve its aims by means of a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and the management process.

The International Standards are authoritative guidance for the internal audit profession from the Global Institute of Internal Auditors. They are part of the International Professional Practices Framework.

Internal auditing is conducted in diverse legal and cultural environments; within organizations that vary in purpose, size, complexity, and structure; and by persons within or outside the organization. While differences may affect the practice of internal auditing in each environment, conformance with The IIA's International Standards for the Professional Practice of Internal Auditing (Standards) is essential in meeting the responsibilities of internal auditors and the internal audit activity. If internal auditors or the internal audit activity is prohibited by law or regulation from conformance with certain parts of the Standards, conformance with all other parts of the Standards and appropriate disclosures are needed. If the Standards are used in conjunction with standards issued by other authoritative bodies, internal audit communications may also cite the use of other standards, as appropriate. In such a case, if inconsistencies exist between the Standards and other standards, internal auditors and the internal audit activity must conform to the Standards, and may conform with the other standards if they are more restrictive.

According the Government of Rwanda Internal Audit Procedures Manual, Published by Ministry of Finance & Economic Planning July 2011; the purpose of the Standards is to:

1. Delineate basic principles that represent the practice of internal auditing.
2. Provide a framework for performing and promoting a broad range of value-added internal auditing.
3. Establish the basis for the evaluation of internal audit performance.
4. Foster improved organizational processes and operations.

The above said manual states that; There are three kinds of international standards for the professional practice of internal auditing (Internal audit standards), explained as follow:

1.1.1.1 Attribute standards:

Attribute Standards address the characteristics of organizations and parties performing internal audit activities.

1.1.1.2 Performance standards:

Performance Standards describe the nature if internal audit activities and provide quality criteria against which the performance of these services can be evaluated

1.1.1.3 Implementation standards:

Implementation standards expand upon the attribute and performance standards, by providing the requirements applicable to assurance or consulting activities.

1.1.2 Financial Performance:

Schiama (2003) mentioned accounting- based performance using three indicators: return on assets (ROA), the return on total equity (ROE) and Return on Investment (ROI). These are widely used to assess the performance of firms, including public institutions. Public institution regulators and analysts have used ROA and ROE to assess industry performance and forecast trends in market structure as statistical models to predict public institution failures and mergers and for a variety of other purposes where a measure of profitability is desired. The main purpose of this study will be to examine if internal audit can actually enhance public institutions in Rwanda financial performance.

1.1.3 Internal Audit standards and Financial Performance:

Most internal audit professionals argue that an effective internal audit function correlates with improved financial performance. Fadzil et al (2005) noted that internal auditors help run a company more efficiently and effectively to increase shareholders value. Finally Hermanson and Rittenberg (2005) argued that the existence of an effective internal audit function is associated with superior organizational performance.

At the empirical level, a survey conducted by KPMG (2015) found that the internal audit function in organizations where it exists, contributes substantially to performance improvement and assist in identifying profit evidence in corporate disasters, particularly financial fraud consistently documents an association between weak governance. Thus internal audit by acting as a watchdog could save the organization from malpractices and irregularities thus enabling the organization to achieve its objectives of ensuring high level of productivity and profit.

1.1.4 Public institutions in Rwanda:

Organic Law No 001/2016/OL of 20/04/2016 establishing general provisions governing public institutions in Rwanda defines public institution as Government-owned commercial or non- commercial institution which is endowed with legal personality and financial and administrative autonomy and established by a specific law.

Non-commercial public institution: Government-owned institution run under annual Government budget provided in order to provide services assigned to it for purposes of general interest and governed by the general legal provisions governing the functioning and management of public service.

Commercial public institution: Government-owned institution to which the State allocates the share capital to provide business-oriented services for purposes of general interest and which benefits from midterm period State budget allocations as determined in a specific law on its establishment and which is required to sustain its budget and feed the State Treasury upon expiry of that period.

1.2 Statement of the problem:

In the report of the auditor general of state finances for the year ended 30 June 2015 and report of the auditor general of state finances for the year ended 30 June 2016 many of the public institutions presented failures and mismanagement of public funds; RSSB included. For instance in 2015 report the auditor general found that various public entities continue to hold idle assets in which significant amounts of funds have been invested. Assets worth **Frw 7,920,352,340** were identified as idle. Examples include idle stock of electricity and water materials at EWSA worth **Frw 1,620,926,869**; Cassava factory involving **Frw 768,070,428** for Ngororero district; and Nkombo guest house for Rusizi District worth **Frw 285,667,659** and RSSB assets worth **Frw 978,506,025** not utilized yet all these public institutions have internal audit as a department which is supposed to reveal financial issues and recommend ways to solve them before the auditor general comes in.

Most of the studies talked about the relationship between internal audit as a department and financial performance of public institution but few of them studied how IAS are being implemented and how their effective implementation can improve financial performance of public institutions. Therefore this study aims at showing how effective implementation of International Standards for Professional Practice of Internal Audit, can lead to the improvement of the financial performance in public institutions of Rwanda.

1.3 Objectives:

The main aim of this study is to examine how financial performance of public institutions can be improved through enhancing the implementation of internal audit standards and the set specific objectives are as follows:

- i. To examine how IAS are currently being implemented in RSSB, (ii).To examine the relationship between IAS and financial performance of RSSB; (iii).To evaluate how implementation of IAS can be enhanced, in RSSB, in order to improve financial performance.

1.4 Research questions:

- i. How is IAS currently being implemented in RSSB?
- ii. What is the relationship between implementation of internal audit standards and financial performance of RSSB?
- iii. How can financial performance of RSSB be improved through enhancement of implementation of IAS?

1.5 Review of Empirical Studies:

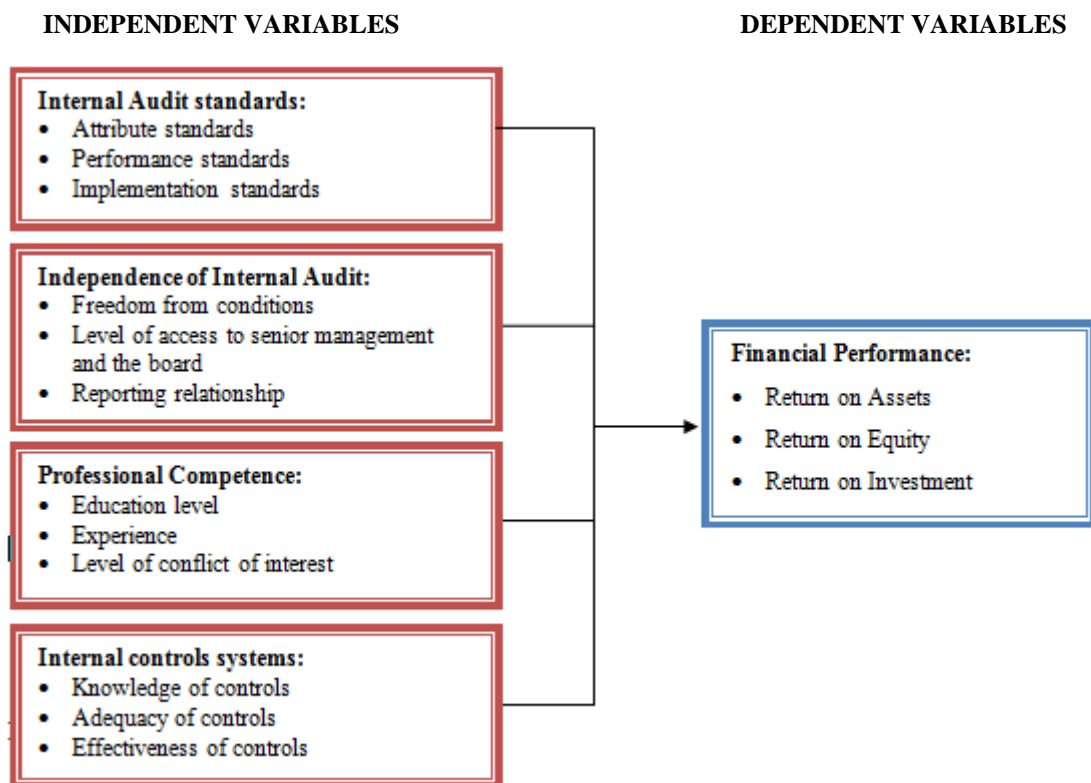
Only a few academic studies have examined the effectiveness of internal audit standards, and even fewer have dealt with the issue empirically. In one of the very few studies that examined the effect of internal auditing on organizational performance, Eden D, (1996) assigned 224 public institution branches to experimental conditions (audited or not audited) and monitored their performance for a year. Their findings showed that performance significantly improved during the half year following the audit in the experimental branches, while the control branches experienced a decline due to poor general business conditions. While that study offers a useful jumping-off point for understanding how good auditing can improve a company’s performance, it does not go far enough in explaining when and why internal audit works, and the conditions that facilitate or impede it. Helping to bridge this gap will be one of the main contributions of this study.

Mutua (2012) researched on impact of risk based audit on financial performance of public institutions in Rwanda. Although her study concentrated on risk based audit she acknowledged that financial performance requires appropriate effective and efficient internal audit. From the findings, the study concluded that risk based auditing through internal auditing standards and internal auditing staffing should be enhanced to enable firms to be able to detect risks on time and concentrate on high risk areas leading to increased transparency and accountability, hence enhancing financial performance. This showed that there is indeed a relationship between internal audit and financial performance.

2. CONCEPTUAL FRAMEWORK

The conceptual framework defines the mental stretch of the study in formulating the linkage between the independent variables and dependent variables. The independent variables are further dissected into their measurable indicators.

The independent variables are the internal audit standards, independence of internal audit, professional competency and internal control while the dependent variable is the financial performance of public institutions. The variables and their relationships are shown in the figure below:



Primary source: the researcher 2018

3. RESEARCH DESIGN

3.1 Research design:

According to Dooley (2007) notes that a research design is the structure of the research; it is the glue that holds all the elements in a research project together. The study adopted a descriptive cross-sectional research design, which according to Kothari (2004), is used when the problem has been defined specifically and where the researcher has certain issues to be described by the respondents about the problem.

Survey designs were found to be accurate in descriptive studies and generalizations of results (Ngechu, 2004). The study involved the evaluating the effect of Internal Audit standards on the financial performance of public institutions in Rwanda.

3.2 Target Population and Sample Size:

Bailey says that «the population is universal objects over which research is to be carried out». The ideal practice in research was to gather information from the entire population; this was ensuring maximum coverage of the population concerned in the research. But due to limited time and funds the entire population of the research cannot be covered and the sample defined as a sub set of population used. Duttolph et al (1986) argue that if the sample is selected properly, the information collected about the sample may be used to make statements about the whole population. Target population encompassed Finance Units, Accounting Division staff, Internal Auditing Division Staff and other staff relating to Financial Performance issues of the case study, and then target population is 1599. (Official Gazette no Special of 25/02/2015)

3.2.1 Sample Size:

The researcher to collect reliable information was used Yamane formula as modified to date to calculate sample size (Quora.com, 2015):

$$n = \frac{N}{1 + N(e)^2}$$

Where: n: is the sample size N: Number of population. The number of population was 1599. e: margin of error, Sample size was:

$$n = \frac{1599}{1 + 1599(0.1)^2} = 94.11 = 95$$

n was founded to be equal to 95 as sample size

Therefore, the sample size of the study is represented as indicated in the table below;

Table 3.1: Subdivision of Sample Size

Category	Total
Finance and Accounting Unit staff	22
ICT Unit	9
Procurement Unit	8
Investment Analyst Unit	5
Internal Audit Unit	13
Contract Management Unit	5
Human Resource and Administration Unit	11
Planning and Monitoring Unit	9
Pension and pre-retirement Unit	11
Senior Management	2
Total	95

3.3 Data processing and analysis:

Data will be analyzed using Statistical Package for Social Sciences (SPSS Version 20.0) program. Both quantitative analysis and regression analysis will be used as data analysis technique. The data collection instruments applied in this study were as follows;

1. Questionnaires,
2. Interviews,
3. Observation

4. DATA ANALYSIS, PRESENTATION AND INTERPRETATION OF RESULTS

4.1 Systematic Presentation of Data:

At the first time, the researcher distributed questionnaires to the respondents at their operating departments of RSSB. The researcher had distributed questionnaires to 95 respondents and lifting alone the respondents to answer on your own and the researcher came back for collecting them after three days.

During collection, the researcher had gone to each operating department of respondents in other to collect questionnaires properly after checking if they were filled in good way. The exactly 95 answered questionnaires were collected and there was no missing. This indicated that the participation rate of respondents was 100.0%.

4.2 Identification of Respondents:

This subsection was made by the profile of respondents identified by their gender, age group, education level, marital status, occupation and experience. The following tables give full information on identification of respondents.

Table 4.1: Distribution of Respondents by Gender

	Frequency	Percent	Cumulative Percent
Male	53	55.8	55.8
Female	42	44.2	100.0
Total	95	100.0	

Source: Primary data, 2018

The table 4.1 shows that out of 95 respondents, 53 (i.e. 55.8%) were male while 42 (i.e. 44.2%) were female. It is seen that the number of female was almost the same as the number of male. This explains that there is gender equality in RSSB. The importance of this is that all staff share ideas which may have a positive impact on decision making on factors enhancing the implementation of internal audit standards .Concerning age groups of the respondents table 4.2 is presenting data as follows.

Table 4.2: Distribution of Respondents by Age

	Frequency	Percent	Cumulative Percent
Below 21 years old	0	-	-
Between 21-30 years	16	16.8	16.8
Between 31-40 years	32	33.7	50.5
Between 41-50 years	35	36.8	87.4
Between 51-60 years	9	9.5	96.8
61 years and above	3	3.2	100.0
Total	95	100.0	

Source: Primary data, 2018

The age of all respondents is between 41 and 50 years and it is quite greater than range of ages. The employees' respondents from RSSB were mature enough in regard to their ages of between 41 and 50 years old which is relevant for taking the decision and they know what RSSB needs to reach their Performance. The table below is included into consideration among the tables of respondents' profile.

Table 4.3: Distribution of Respondents by Occupation

Category	Frequency	Percent	Cumulative %
Finance and Accounting Unit staff	22	23.2	23.2
ICT Unit	9	9.5	32.6
Procurement Unit	8	8.4	41.1
Investment Analyst Unit	5	5.3	46.3
Internal Audit Unit	13	13.7	60.0
Contract Management Unit	5	5.3	65.3
Human Resource and Administration Unit	11	11.6	76.8
Planning and Monitoring Unit	9	9.5	86.3
Pension and pre-retirement Unit	11	11.6	97.9
Senior Management	2	2.1	100.0
Total	95	100.0	

Source: Primary data, 2018

Referring to this table above and the responses elaborated by respondents from these different departments, the majorities of respondents in this research are from Management Committee Members which are very concerned by management of organization and look its development a day to day. This is better because it is in that the operation decision of IAS is very concerned for controlling errors and frauds in order an organization reach its performance management. As for experience table 4.4 summaries data as follows:

Table 4.4: Distribution of Respondents by Experience

	Frequency	Percent	Cumulative Percent
Less than 1 years	0	-	-
1 – 3 years	10	10.5	10.5
3 – 5 years	16	16.8	27.4
5 – 7 years	20	21.1	48.4
7 – 9 years	19	20.0	68.4
9 years and above	30	31.6	100.0
Total	95	100.0	

Source: Primary data, 2018

The majority respondents' employees questioned in this research at RSSB were aligned as follows from the ones between 1-3 years, 3 – 5 years, 5 – 7 years, 7 – 9 years, and the last was the ones who had above 9 years of working experiences at RSSB. These give us a picture that the employees were very experienced on what the institution wants to attain in its future.

4.3 Analysis and interpretations of Research objectives:

4.3.1 Perception on factors enhancing the implementation of internal audit standards of RSSB:

Most of the respondents state that Internal auditors are not responsible for the execution of company activities; they advise management and the Board of Directors regarding how to better execute their responsibilities.

As a result of their broad scope of involvement, internal auditors may have a variety of higher educational and professional backgrounds.

4.3.2 Objective one: To examine how IAS are currently being implemented in RSSB:

Table 4.5: Opinions from respondents about Risk Assessment for RSSB

	Frequency	Percent	Cumulative Percent
Strongly Disagree	0	-	-
Disagree	7	7.4	7.4
Neutral	3	3.2	10.5
Agree	48	50.5	61.1
Strongly Agree	37	38.9	100.0
Total	95	100.0	

Source: Primary data, 2018

According to the answers and ideas provided from respondents about the effective elements of internal control adopted by this institution, the risk assessment is adopted by RSSB and it is included on the effective elements of internal control used by RSSB.

Table 4.6: Opinions of Respondents about Control activities

	Frequency	Percent	Cumulative Percent
Strongly Disagree	0	-	-
Disagree	6	6.3	6.3
Neutral	0	-	6.3
Agree	46	48.4	54.7
Strongly Agree	43	45.3	100.0
Total	95	100.0	

Source: Primary data, 2018

According to the majority respondent's control activity confirmation about the effective elements of Internal Control adopted by this institution, the Control activities is adopted by RSSB and it is included on the effective elements of internal control used.

Table 4.7: Opinions of respondents about Information and communication

	Frequency	Percent	Cumulative Percent
Strongly Disagree	0	-	-
Disagree	5	5.3	5.3
Neutral	8	8.4	13.7
Agree	38	40.0	53.7
Strongly Agree	44	46.3	100.0
Total	95	100.0	

Source: Primary data, 2018

Generally, all respondent's confirmation about the effective elements of internal control adopted by this institution shows us also to confirm that the Information and communication is accepted by RSSB as effective elements of internal control used by this institution.

Table 4.8: Opinions of respondents about monitoring activities

	Frequency	Percent	Cumulative Percent
Strongly Disagree	0	-	-
Disagree	0	-	-
Neutral	8	8.4	8.4
Agree	50	52.6	61.1
Strongly Agree	37	38.9	100.0
Total	95	100.0	

Source: Primary data, 2018

The majority respondent's opinion about the effective elements of internal control adopted by this institution confirm that the Monitoring activities was adopted by RSSB as effective elements of internal control used by this institution.

Table 4.9: Opinions of respondents about Control Environment

	Frequency	Percent	Cumulative Percent
Strongly Disagree	0	-	-
Disagree	0	-	-
Neutral	0	-	-
Agree	41	43	43
Strongly Agree	54	57	100
Total	95	100	

Source: Primary data, 2018

The table 4.9 above presents one of the opinions of respondents from RSSB about the effective elements of internal control adopted on this institution. The 95 respondents provided the ideas about adoption of Control environment at RSSB. The 57% of respondents were in range of strongly agree. The 43% of respondents were in agreeing range of Control environment in RSSB.

Table 4.10: Effectiveness and efficiency of operations control in RSSB

	Frequency	Percent	Cumulative Percent
High	43	45.3	45.3
Medium	35	36.8	82.1
Lower	17	17.9	100.0
Total	95	100	

Source: Primary data, 2018

Referring to the majority and observation on the Effectiveness and efficiency of operations control is applicable on high level at RSSB.

Table 4.11: Reliability of reporting Control at RSSB

	Frequency	Percent	Cumulative Percent
High	68	71.6	71.6
Medium	21	22.1	93.7
Lower	6	6.3	100.0
Total	95	100.0	

Source: Primary data, 2018

As it is being stipulated in the table above, the answers show that Reliability of reporting Control in RSSB is adopted in high level as category of internal control.

Table 4.12: Compliance with applicable laws and regulations

	Frequency	Percent	Cumulative Percent
High	46	48.4	48.4
Medium	44	46.3	94.7
Lower	5	5.3	100.0
Total	95	100	

Source: Primary data, 2018

As table 4.12 above illustrates the opinions from respondents about categories and level of adoption of internal control. 95 Out of 95 respondents provided different ideas on Compliance with applicable laws and regulations. The 48.4% respondents said that Compliance with applicable laws and regulations is used in high level. The 46.3% of respondents said that Compliance with applicable laws and regulations are adopted on medium level. While, 5.3% respondents confirmed that Compliance with applicable laws and regulations in lower level and, consequently, referring to the above ideas from respondents, Compliance with applicable laws and regulations is adopted on high level in RSSB.

4.3.3 Objective two: To examine the relationship between IAS and financial performance of RSSB:

In this subpart, the all responses related to the questions on functions of internal audit standards were summed up to generate a representative independent variable while all responses related to the performance of RSSB were totaled to give the dependent variable.

Table 4.13: Correlation of internal audit standards and the performance of RSSB

		internal audit standards	Performance
Spearman's Correlation	Internal Control System	Correlation Coefficient	1.000
		Sig. (2-tailed)	.
		Sample Size	95
	Performance	Correlation Coefficient	.725*
		Sig. (2-tailed)	.000
		Simple Size	95

Correlation is significant at the 0.01 level (2-tailed).

Source: Primary data, 2018

Legend:

- [-1.00 <= 0.00[: Negative correlation;
- [0.00 < = 0.25[: Very Low Positive correlation;
- [0.25 < = 0.50[: Low Positive correlation
- [0.5 < = 0.75[: High Positive Correlation
- [0.75 <= 1.0] : Strong Positive Correlation

: Strong Positive Correlation

After analyzing the performance, the correlation of 0.725 (72.5%) is located in the interval [0.5 <= 0.75] classified as “High Positive correlation”. The significant level is at 0.01 (1%), the p-value of 0.000 (i.e. 0.0%) is less than 1%. This allows confirming that there is significant relationship between internal Auditing Standards and performance of RSSB.

4.3.4 Objective three: To evaluate how implementation of IAS can be enhanced, in RSSB, in order to improve financial performance:

Table 4.14: RSSB achieves its Effectiveness and efficiency of selected goals

	Frequency	Percent	Cumulative Percent
Strongly Disagree	0	-	-
Disagree	4	4.2	4.2
Neutral	10	10.5	14.7
Agree	35	36.8	51.6
Strongly Agree	46	48.4	100.0
Total	95	100.0	

Source: Primary data, 2018

The table 4.14 above presents the perception of respondents about RSSB has the achievement on its Effectiveness and efficiency of selected goals. 81 or 85.2% (including 36.8% + 48.4) out of 95 respondents, the 36.8.5% of respondents were agreed that RSSB has achievement its Effectiveness and efficiency of selected goals. The 48.4% respondents were strongly agreed. The 4.2% respondents were disagreeing that RSSB has achievement to its Effectiveness and efficiency of selected goals, while 10.5% respondents were neutral that RSSB achievement on its Effectiveness and efficiency of selected goals.

Table 4.15: Decreased the Fraud and Errors.

	Frequency	Percent	Cumulative Percent
Strongly Disagree	1	1.1	1.1
Disagree	3	3.2	4.2
Neutral	1	1.1	5.3
Agree	35	36.8	42.1
Strongly Agree	55	57.9	100.0
Total	95	100.0	

Source: Primary data, 2018

The table 4.15 above presents the perception of respondents about decreases of Fraud and errors in RSSB. 90 or 94.7 % (including 36.8% + 57.9%) out of 95 respondents, 57.9% of respondents were strongly agreed that RSSB decreases of Fraud and errors. The 36.8% respondents were agreeing that RSSB decreases of Fraud and errors. The 3.2% respondents were disagree, 1.1% of respondents were neutral while 1.1% respondents were strongly disagreed that RSSB decreases of Fraud and errors inside organization.

Table 4.16: RSSB delivers the motivation to its employees

	Frequency	Percent	Cumulative Percent
Strongly Disagree	0	-	-
Disagree	0	-	-
Neutral	0	-	-
Agree	52	54.7	54.7
Strongly Agree	43	45.3	100.0
Total	95	100.0	

Source: Primary data, 2018

The table 4.16 above presents the perception of respondents about RSSB delivers the motivation to its employees. Out of 95 or 100% respondents, the 45.3% of respondents were strongly agreed that internal control allows RSSB to delivers the motivation to its employees.

The 54.7% respondents were agreeing that employee's motivation is delivered in RSSB.

Table 4.17: Increase in Investments

	Frequency	Percent	Cumulative Percent
Strongly Disagree	0	-	-
Disagree	0	-	-
Neutral	0	-	-
Agree	47	49.5	49.5
Strongly Agree	48	50.5	100.0
Total	95	100.0	

Source: Primary data, 2018

Internal control can be judged effective if the entity's operations objectives are being achieved; published financial statements are being prepared, reliable and applicable laws and regulations are being complied with. The internal control is a process; its effectiveness is a state or condition of the process at a point in time. Accordingly, the effective functioning of components of internal control provides a reasonable assurance regarding achievement of one or more of the stated categories of objectives to ensure high levels of organizational performance.

Table 4.18: Verification of accuracy and completeness of accounts

	Frequency	Percent	Cumulative Percent
Strongly Disagree	5	5.3	5.3
Disagree	4	4.2	9.5
Neutral	2	2.1	11.6
Agree	34	35.8	47.4
Strongly Agree	50	52.6	100.0
Total	95	100.0	

Source: Primary data, 2018

The majority confirmed that factors enhancing the implementation of internal audit standards must be improved through verification of the accuracy and completeness of accounts, the researcher supported idea of the majority by saying that accuracy and completeness of accounts must be verified a day to day.

Table 4.19: Security of revenue and receipts brought to account under proper head

	Frequency	Percent	Cumulative Percent
Strongly Disagree	0	-	-
Disagree	0	-	-
Neutral	0	-	-
Agree	32	33.7	33.7
Strongly Agree	63	66.3	100.0
Total	95	100.0	

Source: Primary data, 2018

Referring to majority respondents confirmed by agreeing that to secure that all revenue and receipts collected are brought to account under the proper head of RSSB.

Table 4.20: To know that all expenditure & disbursement are authorized

	Frequency	Percent	Cumulative Percent
Strongly Disagree	0	-	-
Disagree	1	1.1	1.1
Neutral	0	-	1.1
Agree	39	41.1	42.1
Strongly Agree	55	57.8	100.0
Total	95	100.0	

Source: Primary data, 2018

The researcher referred to majority respondents that confirmed by agreeing on to know that all expenditure & disbursement are authorized by RSSB.

Table 4.21: To check the vouchers if they are correctly classified

	Frequency	Percent	Cumulative Percent
Strongly Disagree	9	9.5	9.5
Disagree	13	13.7	23.2
Neutral	0	-	23.2
Agree	33	34.7	57.9
Strongly Agree	40	42.1	100.0
Total	95	100.0	

Source: Primary data, 2018

The table 4.21 presents the opinions of respondents about to check the vouchers if they are correctly classified and if the final accounts represent a complete and true statement. 73 or 76.8% (34.7%+42.1%) out of 95 or 100% of total respondents, 34.7% respondents were agreed on check the vouchers if they are correctly classified and if the final accounts represent a complete and true statement. The 42.1% respondents were strongly agreed on to check the vouchers if they are correctly classified and if the final accounts represent a complete and true statement. The 13.8% respondents were disagreeing on check the vouchers if they are correctly classified and if the final accounts represent a complete and true statement in RSSB and The 9.3% were strongly disagree on check the voucher if they are correctly classified and if final accounts represent a complete and true statement in RSSB.

5. SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

This study summarizes, concludes and recommends referring to the findings that are analyzed through the above chapters.

5.1 Summary of Major Findings:

This research study focused on assessing the effect of factors enhancing the implementation of internal audit standards on Public Institution Performance. It has a case study of RSSB, with its current situation in period of three years from 2015 to 2017.

The satisfactory performance could be attributed to the strong factors enhancing the implementation of internal audit standards used by RSSB. Then, it's upon this, that the researcher wanted to find out what could be the contribution of factors enhancing the implementation of internal audit standards on performance of RSSB?

This research had as its specific objectives such as:

- i. To examine how IAS are currently being implemented in RSSB
- ii. To examine the relationship between IAS and financial performance of RSSB;
- iii. To evaluate how implementation of IAS can be enhanced, in RSSB, in order to improve financial performance.

The techniques used are questionnaire, unstructured interview techniques, direct observation and Documentation. But apart for that, the researcher selected the target population of 1599 employees of RSSB who were used as sample size of 95 respondents. The method used to analyze the data was Descriptive Method, where the researcher described the techniques used by RSSB in their control strategies to prevent, detect and minimize errors and frauds. It was in that case descriptive statistical was used such as frequency, percentages, and cumulative percentage were well presented.

The findings of this research are presented according to its objectives.

In respect to the first objective consisting “by identifying the techniques used by RSSB in their control systems to prevent, detect and minimize errors and fraud and as well as any related losses”. The study came up with the following major findings: to conduct internal control at RSSB different techniques are taken into consideration where the information provided by respondents of RSSB stated that this institution used in general the Control environment on the level of 100%; Risk assessment on 89.4%; Control activities on 93.7%; Information and communication on 86.3%; and Monitoring activities on 93.5%. Contrary 10.6 % and 13.7 % of respondents respectively Risk assessment and Information and Communication caused by some respondents from procurement units and Contract Management Unit staff because they have not any ideas about the issues under study.

For the second objective which is to find out the relationship between improvement of factors enhancing the implementation of internal audit standards and RSSB performance, the findings indicated that: by using the Spearman Coefficient correlation which was found between -1 and 1. It found the correlation of 0.725 (72.5%) is located in the interval [0. 50- 0.75]which is categorized as high positive correlation. The significant level is at 0.01 (1%), the p-value of 0.000 (i.e. 0.0%) is less than 1%. This intends to confirm that there is significant relationship between internal control and performance of RSSB. For these reasons, the researcher can support the ideas of different respondents from RSSB who agreed the contribution played by internal control on performance of RSSB, by saying that: “to use of factors enhancing the implementation of internal audit standards has positive effect to the RSSB performance”.

For the third objective of “evaluation how implementation of IAS can be enhanced in RSSB in order to improve financial performance ”, the findings indicate that increase in investment were on the level of 100%; effectiveness and efficiency of selected goals, 85.2%; customer care, 92.6%; decrease of errors and frauds, 94.7%; motivation of employees, 100%; to verify the accuracy and completeness of accounts is on the level of 88.4%; to secure that all revenues and receipts collected are brought to account under the proper head is on 100%; to know that all expenditures and disbursements are authorized is on the level of 98.9% and to check the vouchers and final accounts on 76.8% and the remained percentage of 23.2% caused by some respondents from ICT unit; investments unit; contact management; planning and monitoring units and pension and pre retirement unit staff who have not any ideas about the issues under study.

5.2 Conclusions:

General, by referring to the findings, internal auditing is a process; its effectiveness is a state or condition of the process at a point in time. Accordingly, the effective implementation of internal auditing standards provides a reasonable assurance regarding achievement of one or more of the stated categories of objectives to ensure high levels of institutional performance.

Therefore, the company’s criteria for effective internal control and success of the entire institution, and Efficiency and effectiveness of operations have been taken to mean efficiencies and effective use of its resources including personnel, accurate information for decision making and safeguarding of assets and record keeping inside organization especially in public institution like RSSB.

5.3 Recommendations to the RSSB:

As the majority of respondents interviewed said that RSSB had some areas of improvement such as:

- i. To verify the accuracy and completeness of accounts.
- ii. To secure that all revenues and receipts collected are brought to account under the proper head.
- iii. To know that all expenditures and disbursements are authorized.
- iv. To check the vouchers and final accounts.

The researcher recommends to RSSB to put into consideration these four areas for improvement stated above by implementing some regulations and laws guiding the factors enhancing the implementation of internal audit standards.

5.4 Recommendations to the Future Researchers:

This research was very important because it helps the researcher to put theoretical knowledge applied in classroom into practical by using one factor in several which give RSSB to be performed and gain profitability.

It is in that case researcher open the door to other future researchers on related topic to take it as reference book by considering other elements to show the results of performance of RSSB and accomplish what the researcher did not achieve.

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