Assessment of Employee Perceptions on Internal Audit at the University of KwaZulu-Natal

by

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Year of submission
2015
DECLARATION

I, Thobile Japi, student number 213569764, declare that

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(ii) This dissertation has not been submitted for any degree or examination at any other university.

(iii) This dissertation does not contain other persons’ data, pictures, graphs or other information, unless specifically acknowledged as being sourced from other persons.

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   a) their words have been re-written but the general information attributed to them has been referenced:
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Signature: __________________________
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ABSTRACT

Internal audits play an important role in the organisational process; it serves as a strategic partner in the organisation and adds value by improving organisational processes and ensuring their effectiveness and efficiency. An internal audit is a fundamental part of the internal control system of an organisation and is at the heart of an organisation. This is evidenced by the fact that all other departments are linked to the internal audit function. This study seeks to assess employee perceptions on internal audit processes at the University of KwaZulu - Natal by utilising a qualitative method of data collection. In order to meet the research objectives of this study, data was collected through semi-structured interviews with Divisional Managers, Human Resources Managers, Finance Manager, the Directors of Professional Service and Deans of Schools.

It is apparent from the evidence emanating from the data analysis, that the perceptions of the internal audit are generally positive and there are no negative perceptions about the internal audit as most respondents’ views were positive. Furthermore, the results reflected that academics and support staff understand the role of an internal audit within UKZN, except the role of advisory assistance. In addition, internal audit processes are perceived as adding value in helping the University to accomplish its objectives. Worth nothing however, was that some of the respondents confused projects carried out by the Forensic unit with that of internal audits.

This study contributes to literature on internal audits and its practice in several ways. First, the results enhance the understanding of the role of internal audits in organisations. Second, it contributes to knowledge on what actions need to be taken to improve employee perceptions of the internal audit. Third, it contributes to understanding internal audit practices, particularly in its early stage of development; and lastly the results of this study could be useful for further research in the field of internal auditing.
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<td>UKZN</td>
<td>University of KwaZulu Natal</td>
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<td>IIA</td>
<td>Institute of Internal Auditors</td>
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<td>PWC</td>
<td>Price Waterhouse Coopers</td>
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CHAPTER ONE
Employee Perceptions about Internal Audits

1.1 Introduction

Internal audits (IA) have become an important part of an organisational structure as a value added service. Stakeholders also benefit from having a strong IA which will provide value to the other cornerstones of corporate governance (Smet and Mention, 2011). To ensure that an organisation achieves its objectives and is operating effectively, internal audits must put emphasis on good internal control and compliance towards policies and rules. Ideally, the internal audit function exists to assist in the improvement and performance of the activities of the members of an organisation (Ali et al., 2012). Internal Audit is a tool of managerial control and systematic verification of the effectiveness and efficiency of business activities in the company; it evaluates the company’s internal controls and its administrative and business processes, examining the failures and the risk involved and provides comprehensive constructed recommendations for remediation of irregularities (Pinto et al., 2014).

The internal audit is expected to add value to organisations by providing a wide range of services including assurance and operational audits as well as consulting management on a variety of issues. The importance of IA has been confirmed in a variety of legislation such as the King 3 and Public Finance Management Act (PFMA). However, in the higher education institutions, the audit function has not been fully tapped. This could be seen in the numerous cases of academic misconduct, unethical behaviour as well as other fraud and corruption cases. Discovering them as early as possible is one of the essential tasks of the internal audit function as it prevents the misuse of funds, waste of resources and more importantly protects an institution’s valuable reputation (Arulalan and Anojan, 2014).
1.2 Background to the research problem

The professional practice of IA commenced around 1941 in the USA. Before the 1950s, IA focused on financial audits and was heavily involved in the review of financial statements. Since 1941, IA has played an important role in developing and enhancing the professional stature of internal auditors. Although IA has become a crucial function within organisations, academic researchers have focused more on external audits as an organisational control function, while ignoring IA. More specifically, the perceptions of IA has not been extensively studied and, to date, there has been relatively little research conducted concerning the perceptions of IA. There is also relatively little in the literature regarding employee perceptions about IA in the higher education sector.

Internal audit is perceived as being a process of inspecting compliance with no responsibility to provide assurance on information stream, analytical tools, clarification of information or the influence of market procedures on the business model. Therefore, internal audit escaped liability for the financial disaster at the price of being characterised as being a “bit player”. Not being perceived as part of the problem in some ways, reduces the possibility that internal audits can be viewed as part of the resolution (Chambers and Odar, 2015). The appearance of internal auditors may be reverting to that of “police” as they detect adverse findings in their valuation and assessments of internal controls. This is a serious reputation issue that the internal audit function must address. Internal auditors must understand when this is happening and counteract or eradicate such negative perceptions if they are to be effective in their assurance and consulting undertakings, their relationship with fundamental stakeholders, and in their role as supporters of organisational success. Ignoring such perceptions can result in reduced effectiveness of the IAF in its assurance and consulting activities and with stakeholders (Hass et al., 2010). Therefore, this study is concerned with employee perceptions of the internal audit process at the University of KwaZulu – Natal.
1.3 Problem Statement

Historically, the internal audit function has been reflected as a monitoring function, the organisational policeman and watchdog, tolerated as a necessary component of organisational control but deemed compliant to the accomplishment of key corporate goals (Roussy, 2013). The internal audit function was designed to safeguard the firm’s assets and assist in the production of reliable accounting information for decision-making purposes. Recently, corporate failures such as Regal Treasury (Bank), Health and Racquet (Leisure Net), and Krion in South Africa; HIH in Australia; and Enron, World Com and Tyco in the United States of America (USA), has weakened confidence in not only the involved audit firms but in the accounting profession and financial markets as a whole. This has led to growing concern over corporate governance and the role and responsibility of different components of corporate governance instruments in recent years (Ebaid, 2011).

Most public universities have functional internal audit departments with well qualified staff, who are responsible to provide management with re-assurance that internal control systems are adequate and working as intended. However, there are a lot of negative perceptions and misconceptions about internal audits. According to (Arulalan and Anojan, 2014), these are caused by several factors:

a. Lack of knowledge about the function of internal audits;
b. Individuals who want to personally benefit from company resources; and
c. Individuals who feel audits will expose their secrets.

Consequently, they tend to cast criticisms and make efforts to put the internal audit unit in a poor light so that their audit reports are deemed unreliable (Obert and Munyunguma, 2014). These negative perceptions might be affecting other organisations with an internal audit function. Hence this study seeks to determine the factors causing negative perceptions about internal audit functions within UKZN by the academic and support staff.
1.4 Research Objectives

In addressing the issues raised in the previous section (1.2. and 1.3.), the objectives of this study are as follows:

a. To establish the perceptions of academics and support staff on internal audits;  
b. To determine the causes of perceptions about the internal audit function;  
c. To determine whether academics and support staff understand the role of an internal audit in UKZN;  
d. To determine whether internal audit activity is perceived as adding value in helping the University to accomplish its objectives.

1.5 Research Questions

This study seeks answers to the following questions:

a. How do academics and support staff perceive the internal audit?  
b. What are the causes of perceptions about internal audit function?  
c. Do UKZN employees understand the role and benefits of an internal audit?  
d. Is internal audit activity perceived as adding value in helping the University accomplish its objectives?

1.6 Significance of the Study

An internal audit function, that is recognized and accepted by the management of an organisation, is essential in supporting both management and the board in achieving their organisational objectives. This study will be particularly useful in:

a. Enhancing the understanding of the role of internal audits within UKZN  
b. Identifying gaps within the systems of internal audit function in UKZN.  
c. Inform management and the internal audit section on significant steps they must take to improve the perceptions of academics and support staff about internal audit function within the University of KwaZulu-Natal.
The findings from this study will be beneficial to the university and the internal audit section. In addition, the findings of this study may assist future researchers, particularly those researching in a similar area of internal audit system, to better understand and be aware of staff perceptions on the system.

1.7 Chapter Overview

This dissertation is divided into five chapters. The structured approach to presenting the thesis is shown in Figure 1.1

![Figure 1.1 Structure of the thesis](image)

**Figure 1.1 Structure of the thesis**

The current chapter introduces this study. It also presents the purpose of the study as well as the research questions and research objectives. It also presents the methods used to conduct the study. Chapter Two discusses and links the study's key concepts by examining and reviewing available literature. This chapter also presents and
examines various cases and approaches utilised across the world within the context of employee perceptions and internal audits. Chapter Three reviews and examines theories that are relevant to the study and the research methodology and data collection processes used. Chapter Four presents the results emanating from the data collection process and Chapter Five analyses and discusses these results. Chapter Six concludes the study with relevant recommendations for action.

1.8 Summary

Chapter One provides a framework for the study, presents an introduction and overview of internal audits as well as the objectives that underpin the study. The study will investigate employee perceptions of the internal audits with a view to establishing measures to improve the state of internal audit function within UKZN. The research methodology is qualitative in nature with an interview schedule used to obtain data from employees. Utilising the data from the various interviews, the researcher aims to identify and present practical measures to improving perceptions of employees of internal audits. The following chapter focuses on related and current literature relevant to this study.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter seeks to conduct a literature review on the subject of employee perceptions about internal audit function. This chapter therefore introduces the concept of internal audit. In addition, the role of internal audit and employee perceptions of it are also discussed. Factors affecting the internal audit function as well as its benefits are discussed.

2.2 The Concept of Internal Audit (IA)

The Institute of Internal Auditors (IIA) (2011c) defines internal auditing as:

an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

This definition highlights two important issues. The first one is that internal auditors must be independent and secondly, internal auditing is an appraisal function for the organisation’s activities to help staff and management in performing their duties and ensuring adequate internal control. According to this definition also, internal auditors must play a relevant role in evaluating and improving the effectiveness of the risk management process. The definition also presents both assurance and consulting activities as key components of the IA function (IIA, 2015a). Before the 1950s, IA activities focused on financial audits and, more specifically, were heavily involved in the review of financial audits. The development phases of the IA description as issued by the IIA are summarised in Figure 2.1.
1957
Within an organisation, IA is an independent appraisal activity for the evaluation of accounting, financial and other processes.

1971
Within an organisation, IA is an independent appraisal activity for the evaluation of processes as a service to management.

1974
For the most part, IA deals with accounting and financial issues, but it may also appropriately deal with issues that are operational in nature.

1981
Within an organisation, IA is an independent appraisal activity to inspect and assess activities as a service to the organisation.

1991
Within an organisation, IA is an independent appraisal activity to inspect and assess activities as a service to the organisation and the board.

1997
Within an organisation, IA is an independent appraisal activity to inspect and assess activities as a service to the organisation. The audit objective comprises upholding effective control at equitable cost.

1999
IA is an independent and objective assurance and consulting activity designed to add value and improve an organisation's operations.
A more detailed description by (Karagiorgos et al., 2011) state that internal auditing is an efficient, unbiased assessment by internal auditors, of the assorted processes and controls within an organisation, to regulate whether:

- a. Financial and operating data is accurate and reliable;
- b. Risks to the enterprise are acknowledged and reduced;
- c. Adequate internal policies and procedures and external principles are followed;
- d. Acceptable operational standards are met;
- e. Assets are used resourcefully and economically; and
- f. Objectives of the organisation are successfully accomplished – all for the resolution of assisting members of the organisation and consulting with management in the effective release of their authority accountabilities.

An auditor plays an independent role with regard to business practices, operating divisions and mutual roles. The auditor also reports directly to the board of directors. The auditor, according to (Protiviti, 2014):

- a. Has an ability to assess and test the strategy and operating effectiveness of the organisation’s governance, risk management and internal control procedures that address its serious risks. The auditor also generates value by making recommendations to reinforce those procedures and keeping the proper parties informed concerning exposed problems;
- b. Creates significance by understanding the organisation’s business goals and strategy and recognising risks that could hinder the organisation from achieving its goals and implementing its strategy effectively;
- c. Provides an assurance viewpoint that the board and executive management can appreciate by pronouncing the value that a risk-based audit plan can bring to the organisation;
- d. Practices a line of resistance viewpoint to ensure that risk management and internal controls are operating successfully;
e. Proactively exercises an ability to convey significant issues to executive management and the board for resolution on a timely basis; and

f. Exploits the practice of technology to attain competences in evaluating risk, automating critical internal controls, increasing audit coverage, following disputes, providing incomparable reports, and analysing information to draw significant perceptions concerning emerging risks, procedure and control performance.

Internal auditing has grown extraordinarily since the establishment of the Institute of Internal Auditors (IIA) in 1941. In 1999 there was an introduction of a new definition of internal auditing because of the changing role of Internal Audit Functions. This definition, which was revised in 2009, states that:

internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes (IIA, 2015a).

The internal audit, as a profession, has been redefined over the years and it has constantly complied with the changing needs of individuals or entities. So, if at the beginning it was focused on accounting issues, presently, internal audit has oriented to the detection of the main risks of the entity as well as to the evaluation of its activities. internal audit, over time, has showed trend in its development (Munteanu and Zaharia, 2014). This development is presented in Table 2.1 below.

<table>
<thead>
<tr>
<th>Activity</th>
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<tbody>
<tr>
<td>Checking the accounting records</td>
<td>1950</td>
</tr>
<tr>
<td>Evaluation of conformity</td>
<td>1960</td>
</tr>
<tr>
<td>Examination of procedures</td>
<td>1970</td>
</tr>
<tr>
<td>Evaluation of controls</td>
<td>1980</td>
</tr>
<tr>
<td>Report on the internal control system</td>
<td>1990</td>
</tr>
<tr>
<td>Evaluation of the risk management system</td>
<td>2000</td>
</tr>
<tr>
<td>Improvement of the risk management system</td>
<td>2001</td>
</tr>
<tr>
<td>Reporting the activity performed</td>
<td>2002</td>
</tr>
<tr>
<td>Adding a value plus</td>
<td>2003</td>
</tr>
<tr>
<td>Consolidation of the internal audit</td>
<td>2004/2009</td>
</tr>
<tr>
<td>Capacity of managing financial risk</td>
<td>2010/2013</td>
</tr>
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**Table: 2.1: Brief History of Internal Auditing** (Adapted from Munteanu, V. & Zaharia, D. L. (2014).)
It is essential to have the internal audit function within an economic entity because internal audit adds value and transparency; it helps the company to achieve its objectives and assists management to better manage their activities. One of the requirements for an effective strategy implementation is a proper understanding of the role and importance of the internal audit function (Botez, 2012). Regulators all over the world have emphasised the growing importance of internal audit in supporting management within companies to ensure the integrity and reliability of financial reporting, risks, and controls (Caratas and Spatariu, 2014).

In the public sector, it is important to have an effective internal audit unit as part of current governance systems. In corporate governance, the subject of internal audit (IA) has received increasing consideration in recent years, due to different reasons (Soh and Martinov-Bennie, 2011), including:

a. its links to the internal control-risk management system;

b. its ability to improve organisational efficiency and effectiveness by providing constructive information to reduce irregularities during decision making;

c. its criticisms and recommendations about the status of organisations; and

d. its role in serving as an important internal assurance in the business and financial reporting process of companies.

2.2.1 Internal Audit Function

In 1999, IIA issued a guideline for internal auditors in their execution of internal audit work through the Standards for the Professional Practice of Internal Auditing (SPPIA). These standards were categorised into three classes (Shamsuddin and Johari, 2014) namely:

a. Attribute standards, narrate the characteristics of individuals or internal auditing sections;

b. Performance standards, define internal audit activities and ethics for their quality; and

c. Implementation standards which deliberate detailed types of engagements, such as performance or compliance audits.
Internal auditing function is an important connection in the business and financial reporting processes of organisations. The strategic role of the internal audit function is monitoring corporation’s risk profile and recognizing areas for improving risk management. The aim of internal audit function is to advance organisational efficiency and effectiveness through positive reproach. Internal audit function has four main components as presented by (Arulalan and Anojan, 2014):

a. Confirmation of written records;
b. Examination of policy;
c. Assessment of the reasoning and comprehensiveness of processes; and
d. Reporting recommendations for developments to the organisation.

The internal audit function is recognised throughout the organisation as a progressive transformation agent and provides a valued sounding panel to executive management and the board in protecting the appropriateness and efficiency of accomplishments that actually matters to the organisation’s success (Protiviti, 2014). Internal Audit Function (IAF) activities may include the following according to (Abuazza et al., 2015):

a. Checking and analysing internal control systems, and recommending developments thereto;
b. Inspecting financial and operating information;
c. Analysing the means used to recognise, measure, organise and report financial and operating information. Furthermore, it requires a detailed review into specific items including detailed examining of transactions, balances and processes;
d. Evaluating the economy, effectiveness and efficiency of operating activities, including non-financial activities of an entity; and
e. Assessment of compliance with management policies and instructions and other internal requirements, laws and regulations and other external requirements.

The scope of internal audit function should go beyond compliance with processes and the competence of the processes of governance, risk management and internal control. Internal audit has a responsibility to reflect the value of the inputs to, and the
outputs from these processes, and to recognise and report any undesirable ranks of risk (Chambers and Odar, 2015). Internal audit function is a critical part of improving risk management processes and motivating performance development within the organisation. For financial reporting to become strategic, enterprise wide activity that manages risk and ensures business processes and controls must be effective and efficient. In addition, internal audit function needs to be effective and must go beyond processes and controls. In this way, an internal audit can be an essential part of overall strategy to remain competitive and grow business (Bailly, 2015).

2.2.2 The Need for Internal Auditors

The need for modern day external and internal auditors, emerged out of the ordinary improvement of owner-managed industries into entities which were owned by individuals who did not manage the business. Managers were appointed to run the business and owners provided the finance. Managers would be required to report to the owners on a regular basis on the stewardship of the owner’s money. Many of the providers of finance who were not involved in managing the business, had neither the time nor the skill to conclude whether what they were being told by their managers, was a fair representation of the latter’s stewardship. The resolution was to appoint an independent person to assess the reports of managers and to provide an opinion on the accuracy, perfection or reasonable presentation of reports. As businesses grew and became more complex, so did the responsibilities on management to run the business efficiently and effectively and satisfy shareholders expectations. These complexities birthed Internal Audit, defined as an instrument to support management in meeting their obligation of organising their business efficiently and effectively (Jackson and Stent, 2010).

The Internal Audit is considered to be very significant in advancing a company’s most tactical initiatives by providing a practical perspective on risks and it is also considered to be a true business partner (PWC, 2015). The need for Internal Audits is apparent because of the inadequacies and defects of human nature and ethics. Misappropriations, deceptions and unprincipled doings are part of this environment. Since it is awkward to eradicate those weaknesses by whatever means used, the only effective approach is through Internal Audit in order to enclose them as much as possible (Dimitrios and Bigaki, 2014).
2.3 Perceptions about Internal Audit

The first and second objectives of this study was: to establish the perceptions of academics and support staff on internal audit and to determine the causes of negative perceptions about the internal audit function.

Perception is our physical knowledge of the world around us and involves both the gratitude of ecological motivations and actions in reaction to these motivations. Through the perceptual process, we obtain evidence about possessions and elements of the atmosphere that are essential to our existence. Perception not only generates our understanding of the world around us; it moves us to action within our atmosphere. Perception comprises of the five senses; touch, sight, taste, smell and taste. It also comprises a set of senses including the capacity to identify changes in body positions and movements and reasoning procedures required to process information, such as identifying the face of an associate or noticing a familiar aroma (Arulalan and Anojan, 2014).

What this definition has clearly highlighted is that the views an individual has about another person is influenced by the amount of information available to them, and the degree to which one is able to properly interpret the available information. In other words, an individual may be in possession of the same set of information that other individuals have on a specific condition, but they all still reach different conclusions due to differences in their ability to interpret the information they all have (Arulalan and Anojan, 2014).

Internal audit is perceived as being a process of inspecting compliance with no responsibility to provide assurance on information stream, analytical tools, clarification of information or the influence of market procedures on the business model. Therefore, internal audit escaped liability for the financial disaster at the price of being characterised as being a “bit player”. Not having been perceived as part of the problem in some ways reduces the possibility that internal audit can be viewed as part of the resolution (Chambers and Odar, 2015). The appearance of internal auditors may be reverting to that of “police” as they detect adverse findings in their valuation and assessments of internal controls. This is a serious reputation issue that the internal
audit function must address. Internal auditors must understand when this is happening and counteract or eradicate such negative perceptions if they are to be effective in their assurance and consulting undertakings, relationship with fundamental stakeholders, and in their role as supporters of organisational success. Ignoring such perceptions can result in reduced effectiveness of the IAF in its assurance and consulting activities and with stakeholders (Hass et al., 2010).

It is amazing how many views and misperceptions have emerged about the profession of internal audit in such a short period of time. This profession has been around for less than 100 years and the fact that misperceptions still exist might be an indicator that each internal audit function needs to take stock of how they are perceived in their own organisations. Does an internal audit function perform in a way that reinforces these misperceptions? Or do they promote their job by creating awareness of how the profession has changed? (Chambers, 2012). Richard Chambers (2012) has identified five misperceptions about internal audit, namely:

a. Internal auditors are perceived as accountants by training;

b. Auditors are perceived as fault-finders;

c. It’s best not to tell the auditors anything unless they specifically ask;

d. Internal auditors are perceived as following a cycle in selecting their audit objectives and use regular worksheets so they can audit the same things the same way each time;

e. Internal audits are perceived as a corporate “police function.”

Another reason for the negative perceptions of internal audit is the lack of independence and objectivity in the internal audit function. Perceived independence is one of the corner stones in the concept of auditing. The problem of lack of auditor independence exists in companies due to many reasons. The main reason is the poor structure of corporations being strictly apprehended (Mohamed and Habib, 2013). A research by (IKUTU, 2014) revealed that accounting officers in the public sector in
South Africa perceived recommendations by outsourced service providers as having greater importance than those made by in-house internal audit functions.

Senior management at many companies perceive internal audit functions as struggling to keep up. Furthermore, a global survey report (PWC, 2014) of the internal audit profession by PwC’s revealed that although 68% of board members said internal audit provides significant value, just 45% of respondents in senior management positions agreed. This means that out of 100 senior management, only 45% perceive that internal audits do not add value (PWC, 2014).

2.4 Role of the Internal Audit

The third objective was: to determine whether academics and support staff understand the role of an internal audit within UKZN.

The role of Internal Audit is achieved through various ways as articulated by scholars. Internal audit activities have different characteristics in order to meet their main objective, which is to add value to organisations through valuations and consultative support to management. Internal audits carry out more important roles since WorldCom’s whistle-blowing and other financial scandals that overwhelmed the stock markets in the last decade (Pinto et al., 2014). The role of internal audit is growing and it must constantly monitor and re-evaluate the risks related to compliance for it to be seen as a relevant and valuable contributor to the organisation. The focus must be on those risks as they affect the organisation’s strategies and objectives. These risks must be undertaken by the organisation at the right time. Identifying and improving deficiencies in the mandate, staffing, operations, and value measurement is essential if internal audit is to take its proper place at the organisation’s strategic table (Watts, 2014).

The role of internal auditing has extended to embrace services that add value not only to internal control processes, but to governance and risk management, in continuing determinations to meet the requirements of different stakeholders (IKUTU, 2014).

The role of Internal Audit function has transformed in recent years in reaction to the changes in global business practices with such changes creating opportunities for
internal audit to provide consulting services to management and support boards of directors to manage risk (Mihret et al., 2010). One of the important roles of internal auditors is to evaluate the effectiveness of internal control systems, and enhance it if necessary (AbuaZZa et al., 2015). The Internal auditor is also responsible for offering assistance on how to develop the control systems and corrective action if needed. It is also the role of an internal auditor to assess internal control systems, which involves the rules and standards regulated by management. The recommendations and suggestions given are normally based on the skill of the auditor to anticipate the future risks that may occur due to existing weaknesses in the system’s controls (Shamsuddin and Johari, 2014).

The area of internal audit activity cannot be limited to accounting and finance in this contemporary business atmosphere where change is continuous. As the capacity of a business advances to a level that involves the analysis of management work, it becomes expected for internal audit to extend to other functions within the company. This means that internal auditors do not only give assurance that the information contained in the books accurately reflect the facts, but they can also evaluate policy, procedures, guidelines, quality of management, effectiveness of methods, and other functions (Snezana Ljubisavljevic and Jovanovic, 2011). The Internal auditor also plays a significant role in supporting the audit committee in satisfying their duties. An internal auditor is anticipated to have good expertise in evaluating risk and developing an action plan on how to mitigate those risks (Shamsuddin and Johari, 2014).

The focus of internal audit function was on detection rather than prevention before the representation of the Sarbanes-Oxley Act (SOX) of 2002. However, after the issuance of the Act, the emphasis on internal audit included a compliance approach. In other words, the role of internal audit in corporate governance over its services to the board of directors has strengthened after the Sarbanes-Oxley Act (Mihret et al., 2010). Some of the major roles and responsibilities of internal audit functions are to assess and provide practical assurance that risk management, control, and governance systems are working as intended and will allow the organisation’s objectives and goals to be achieved. They also report directly to the audit committee on the inadequacies of risk management and identified internal controls and provide recommendations for
improving the efficiency and effectiveness of an organisation's operations. (Shamsuddin and Johari, 2014).

The primary role of Internal Audit should be to support the board and executive management in their efforts to safeguard the possessions, reputation and sustainability of the organisation. It does this by evaluating whether all substantial risks are recognised and properly reported by management to the board and executive management. It also assesses whether risks are effectively measured and challenges executive management to advance the efficiency of governance, risk management and internal controls. The role of Internal Audit should be expressed in an Internal Audit Charter, which should be openly accessible (CIIA, 2013). To ensure the relevance of their role, (Protiviti, 2014) notes that auditors must think more strategically when evaluating risk and formulating audit plans by:

a. Identifying and anticipating obstacles to effectively implement strategy. This can be achieved by concentrating on the risks that matter and determining whether there is an official within the organisation who is monitoring the vital internal and external signs that show if organisational expectations that are essential to the strategy remain effective;

b. Simplifying the risk appetite dialogue by ensuring that the risk appetite is working successfully, using actionable risk tolerances and limiting structures in critical areas;

c. Updating the company’s risk profile to reflect changing conditions by ensuring a quality enterprise-wide risk assessment process is in place along with appropriate action plans to manage the most significant risks;

d. Understanding how new technology trends are impacting the company by recognising that ignoring tomorrow’s technology while implementing today’s can position the organisation on the wrong side of the change curve.

e. Maintaining healthy tension between value and protection by paying attention to the organisation’s decision-making processes, particularly around risk acceptance and whether the right risks are accepted by the right individuals at acceptable levels.
2.4.1 The Role of Internal Audit in Corporate Governance

Corporate governance is the method approved by the board of directors, and its associated committees, on behalf of and for the advantage of the company’s stakeholders and the other shareholders, to deliver direction, authority, and oversight to management. Corporate governance means how to create stability between the board members and their benefits and the benefits of the shareholders and the other investors (Youssef, 2010). Internal audit function is described as an important part of corporate governance. An operational and competent internal audit function significantly improves the Board’s aptitude to meet their goals (Jackson and Stent, 2010).

Figure 2.2 below illustrates the role of internal audit function in supporting good corporate governance.

![Diagram showing the role of internal audit function in supporting good corporate governance](Adapted from (Viranata, 2014).

The internal audit plays an important role in organisational development, therefore it is not only required to perform ordinary assurance activities, but also to function as a strategic partner of the organisation. In addition, it is expected to add value to its undertakings by cultivating organisational processes and ensuring their success and competence. Therefore, organisations with operational and competent internal audit function are more than those that do not have such a function in detecting fraud within their organisations. Hence, an effective internal auditor is one who supports an organisation in meeting their objectives (Badara and Saidin, 2013).
Internal auditing plays a critical role in the governance and operation of an organisation. It is an important component in helping an organisation accomplish its objectives when effectively operated, managed and implemented. Organisations that successfully use internal auditing are well able to recognize business risks and system inadequacies, take suitable remedial action, and eventually support continuous development (IIA, 2010). The use of a risk based audit plan, existence of a quality assurance and advance program, and the input of an audit committee to the audit plan is expressively and undeniably connected with internal audit function ensuring an active role in corporate governance. There is a link between the internal audit function playing an active role in corporate governance and the control variables such as firm size, stock exchange listing, the existence of an internal control framework, and a Chief Audit Executive with an internal auditing qualification (Sarens et al., 2012).

If internal auditors are to proactively contribute to good corporate governance, they need to describe how, and in what method, this can be done in corporate governance developments. Matters surrounding internal control, risk assessment and management processes are considered as vital reasons for why internal audit can contribute to good corporate governance (Leung et al., 2011). To succeed, an organisation’s governance practice needs to rest on four interconnected pillars characterised by the board of directors, management, internal audit and external auditors. Each pillar must be operational and, most importantly, all pillars need to work well together to support the accomplishment of the organisational plan and goals with integrity and honesty (Rossiter, 2011).

The Internal Audit Standard 2110 (IIA, 2015c) reveals that internal audit function must measure and make suitable recommendations for the governance process in achieving the following goals:

a. Encourage suitable ethics and standards within the organisation;

b. Ensure operational organisational performance management and accountability;

c. Communicate risk and control information to appropriate areas of the organisation; and
d. Organise joint activities and encourage information sharing among the four pillars of the organisation’s governance framework, namely: the board, external and internal auditors, and management.

2.4.2 The Role of Internal Audit in Risk Management

Risk is described as the possibility that an incident or action may unfavourably disturb the organisation or action under audit. Internal Audit should definitely contribute in management’s entity-level Enterprise Risk Management valuation; but in addition the more specific purpose of a risk assessment from an audit perspective is to empower the organisation to (Broek, 2015):

a. Arrange audit projects by level of potential risk;

b. Regulate the nature, timing, and extent of internal audit processes in direct relation to the level of the risk; and

c. Develop a plan for execution internal audit projects in risk areas to reduce the risk of harm to the business;

Standard 2120 (IIA, 2015c) states that internal audit activity must assess risk experiences, when examining the organisation’s governance, operations, and information systems, which include the:

a. Accomplishment of the organisation’s strategic goals;

b. Consistency and reliability of financial and operational information;

c. Efficiency and competence of processes and programs;

d. Protection of assets; and

e. Compliance with regulations, policies, contracts, laws and procedures.

Internal Audit is a trained function that has the skill to evaluate risks and their possible effect on the organisation and assess controls that an organisation might have employed to moderate those risks. Risks can be in different forms – business risk,
financial reporting risk, compliance risk and information risk. These risks put together influence all characteristics of an organisation’s operations and are therefore called “enterprise risks”. In the past, internal auditors were concerned mostly with evaluating and reporting on financial risks, but with a better understanding of risk management and overview of the COSO framework, the field of internal auditing has matured to incorporate all parts of risk management, also known as, “Enterprise Risk Management” (Ravi, 2014).

The internal audit activity offers value to the organisation primarily through providing objectives assurance that risk management and control framework is operational and that crucial risks are appropriately managed. The role of internal audit in risk management is to provide the following core assurance roles (Gleim, 2015):

a. Provide assurance on risk management practices
b. Provide assurance that risks are appropriately assessed
c. Assess risk management practice
d. Assess the reporting of crucial risks
e. Evaluate the management of crucial risks

Internal audit adds value by examining the risks to which the organisation is exposed and by the recommendations in the internal audit report drawn up at the end of the assignment. The Assignment of internal audit cannot give a full assurance that there is no dysfunction or that the activities subject to audit are safe due to the distinct internal control, but, it can give reasonable assurance that the management risks are recognised and that they are retained under control (Zaharia et al., 2014). Figure 2.3 below, replicated from the Standards Australia and Institute of Internal Auditors handbook HB 158-2010 Delivering assurance based on ISO 31000:2009 Risk management, demonstrates a present interpretation of the roles of internal audit and risk management (Broadleaf, 2014).
Figure 2.3: The interpretation of the roles of internal audit and risk management. (Adapted from Broadleaf (2014)).

2.5 The Value-Adding Internal Audit Service

The fourth objective was: to determine whether internal audit activity is perceived as adding value in helping the University to accomplish its objectives.

The Institute of Internal Auditors define the concept of value added as detecting operational development, providing important opportunities to accomplish organisational objectives and to reduce risk exposure through both assurance and consulting services (Barac et al., 2010). With regard to the above-mentioned definition, it is essential to note that the idea of value added as described by the IIA involves four factors:

a. First, that the internal audit function offers significant opportunities to accomplish organisational goals. This indicates that the internal audit function should support the organisation in achieving its goals, including its strategic goals.

b. Second, the internal audit function should recognize operational development. This is resonated in the definition of internal auditing, which highlights that the
internal audit function’s activities must contribute to the development of the organisation’s processes (IIA, 2015a).

c. Third, the internal audit function must contribute to reducing risk exposure. In order to reduce the risks recognized, the internal audit function needs to define what difficulties may hinder the attainment of set goals, and also evaluate and determine whether controls that are in place are proper and acceptable in the light of the risks identified (Barac et al., 2010).

d. Fourth, the definition of value added highlights the element that the internal audit function adds value by executing both assurance and consulting facilities. The prior definition of internal auditing concentrated on the independent appraisal, examination or evaluation service rendered by the internal audit function, however the new definition places emphasis on the value to be added, the evaluation and improvement of processes by the internal audit facilities. While the previous definition supported assurance services; the new definition expands the role to include both assurance and consulting services (IIA, 2015a).

It is of absolute importance to describe what adding value is, so that an analysis of the contribution of Internal Audit to the management of entities can be made. The interpretation of value is not only limited to the financial aspects; as it includes human and physical aspects. Adding value in the internal audit theory is to connect all available resources, within and outside the company, which may be financial, material and human, with the purpose of reassuring improvements and fulfilling management objectives (Pinto et al., 2014). In the USA, internal audit function has shifted its direction to a value-adding function and the main focus of the literature on American internal audit is on how internal audit activities can create value in an organisation (Mihret et al., 2010).

The 21st century presents unique development prospects for the internal audit profession. Improvements in technology, the confluence of the Information and Internet Age, and the complete speed and growth of communication networks have expressively increased the spread of globalisation. Governance, risk, controls, and compliance processes within organisations have experienced important transformation to manage the increasing complication and complexity of global
business operations. All of these expansions offer a massive prospect for internal audit functions, whether in-sourced, co-sourced, or outsourced, including prospects to add even greater value to their individual organisations (Bolger, 2011). Internal Audit has develop a value-adding service to organisations by supporting organisations in the management of risk through using refined risk modelling, computer-assisted audit techniques, statistical sampling and concentrating on the entire quality management as part of the audit procedure (Abuazza et al., 2015).

There are few general rules that have to be respected by internal auditors in order to assure their contribution to the progress of the company (Cristina et al., 2012), namely:

a. Internal auditors must be attentive to their obligation to prove to the management and the audit committee how internal audit works;

b. Internal auditors have to discover resolutions for cultivating internal audit strategy, particularly if they are necessary, in order to reassure the top level of effectiveness, starting from the real level of performance determine;

c. The internal audit strategy has to be motivated by the conception of value added for the work atmosphere; and

d. Internal auditors also have to be committed to their obligation to find the most applicable procedures and methods in assessing their performance.

The solutions to adding value beyond controls assurance, is through individuals, process, communication, and relationships. An internal audit function considering adding more value should (Tysiac, 2014):

a. Execute a resource examination by finding answers to questions like what abilities does the internal audit function hold, and how can those abilities be used to create more value? What expertise is missing? Should new employees be recruited to fill those gaps, or co-source? To be able to continue to deliver value, accurate resources needs to be obtained, and this starts with individuals;

b. Make a plan by constructing a mission because the accomplishment of a strategy is what internal auditors are trying to achieve. This must be communicated to relevant internal audit customers;
c. Communicate once the value is added particularly because internal audit needs to make other divisions recognise the value that they add;

d. Build relationships with the business units which essentially benefits internal audit function more successfully because of the former’s enhanced understanding of their strategy and risks.

2.6 Summary

This chapter covers the core aspects of literature pertaining to Internal Audit. The review of existing literature shows that there are mixed views on the internal audit function, with some research providing positive views, while others provide negative perceptions of the effects of internal audit function to organisations. This chapter discussed the concept of internal audit and its role within the organisations. It has been recognised that internal audit has become a crucial function within organisations and that accurate consideration of the role of internal audit is one of the requirements for effective strategy execution and accomplishment of business objectives. This chapter also discusses the perceptions of internal audit stakeholders and key ways of how internal audit can add value within an organisation. The literature review ends on identifying factors affecting the internal audit function. Several factors impacting the success of the internal audit function has also been identified in this chapter. The following chapter focuses on research methodology and how the research was conducted.
3.1 Introduction

This chapter details the research methodology and data collection methods utilised in this study. The research design was selected on the basis that it could provide information on identifying measures to improve perceptions about the internal audit within UKZN. This chapter outlines and explains the methodology employed to address the research question formulated in Chapter One. The Chapter examines and discusses the research methods, research instrument, the target population, data collection, and data analysis, as well as a chapter summary. A qualitative research design approach has been chosen as the preferred methodology.

3.2 Research Design and Methodology

Data was collected through a qualitative approach using open ended questions because this methodology calls for extensive and in-depth responses. A qualitative approach generates and analyses descriptive data, such as the written or spoken words and individual's behaviour (Sekaran and Bougie, 2010). Qualitative research methods use a small number of respondents to deliver essential information on the thoughts, motivations and attitudes of members who comprise the sample group (Polonsky and Waller, 2011). The realistic method is based on observation, documentation and interviews. The qualitative method will allow the researcher to answer questions and obtain objective responses.

3.3 Research Methods

Research methods enable the researcher to collect data that is needed to answer research questions (ANSARI, 2012). Correct data needs to be obtained, to be able to fully answer the research problem. Data collection is an important step in successfully meeting the research requirements; and the type of methods elected to gather data will have a significant impact on how the research is undertaken (Polonsky and Waller, 2011). There are different methods in which to obtain data, with each method having
strengths and weaknesses. The objective of this research study is to select the research method that is best suited to the study at hand.

### 3.3.1 Primary versus Secondary Data

There are two main types of data, these are primary and secondary data. Primary data is aimed at addressing the research questions and it is specifically created for the purpose of the research problem. Primary data can be broken down into quantitative and qualitative data sources. Secondary data is information that has already been collected for some purpose other than the research problem at hand (Polonsky and Waller, 2011). For the purpose of this research, primary data was utilised to obtain recent information on the factors causing negative perceptions about the internal audit function at UKZN.

### 3.4 Research Instrument

The research instrument used was an interview schedule, with open ended questions. Respondents were contacted by phone, email and direct interviews. In this research, data was collected using a semi structured interview schedule. This means that questions were prepared in the format of an inquiry. The use of semi-structured interviews helps to define the problem more specifically and develop a theory explaining possible variables that might impact the problem (Sekaran and Bougie, 2010).

#### 3.4.1 The Target Population

Individuals who hold key positions in the IA function and who are in direct contact with the IA function were selected. In other words, these individuals were selected on the basis that they were either part of the audit process, in the financial function, or in administrative roles which brought them into direct contact with IA operations. The target population was Deputy Vice Chancellors; Executive Management; Deans of Schools; Directors of Professional Services; Divisional Directors; School Operations Managers, HR Managers and Finance Managers. These individuals were considered to be ideal respondents because they are involved in decision making, and could be responsible for all organisational activities. The target population is shown in Table 3.1 below:
<table>
<thead>
<tr>
<th>Description</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deputy Vice Chancellors</td>
<td>5</td>
</tr>
<tr>
<td>Executive Directors</td>
<td>5</td>
</tr>
<tr>
<td>Director Professional Services</td>
<td>4</td>
</tr>
<tr>
<td>Deans of Schools</td>
<td>23</td>
</tr>
<tr>
<td>Divisional Directors / Managers</td>
<td>25</td>
</tr>
<tr>
<td>School Operations Managers</td>
<td>23</td>
</tr>
<tr>
<td>Finance Managers</td>
<td>5</td>
</tr>
<tr>
<td>HR Managers</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>95</strong></td>
</tr>
</tbody>
</table>

Table 3.1: Target Population

### 3.4.2 Sampling Technique

The sampling technique that is appropriate for this population will be Stratified Purposeful Sampling (SPS). This will involve the process of stratification. Although Internal Audit affects all employees at UKZN, the level of authority differs hence the three groups which will form the strata, will be Executive Management, Senior Management and Divisional Managers.

### 3.4.3 Population and Sample Size

The entire population was 95; however, the sample size was 30 and from this 30 only 15 participants responded and agreed to be interviewed. There are many factors that can regulate sample sizes in qualitative studies, many researchers are cautious in suggesting what establishes a satisfactory sample size. A journal article by (Mason, 2010) indicated few researchers who have recommended some kind of guidelines for qualitative sample sizes, like:

- Charmaz (2006) recommends that 25 participants are suitable for smaller projects;
- Ritchie et al. (2003) state that qualitative samples often lie under 50;
- Fifteen is the smallest acceptable sample according to Guest et al., (2006).
- Green & Thorogood (2009) state that the experience of most qualitative researchers revealed that no new data emerges after 20 or so individuals have been interviewed.
While these numbers are presented as estimates, the authors do not tend to present accurate arguments as to why they chose these specific numbers and not others. The Journal of Computer Information Systems states that the qualitative researcher does not work with sample sizes as are needed for quantitative studies. It is stated that interviews can be affected by a number of factors which can in turn affect the achievement of saturation needed (Marshall et al., 2013). (Sarah and Rosalind, 2012) suggest that a very small sample can produce significance and depth to a study depending on the initial research questions and how the researcher conducted the study and constructed the analysis. In research it may be a difficult issue to select an appropriate sample size; however various factors can guide researchers on how to select a sample size. How large a sample size should be, is reliant on the following elements according to (Sekaran and Bougie, 2010):

a. Research objective  
b. Required scope of accuracy  
c. Risk involved  
d. Level of inconsistency in the population  
e. Cost and time limitations  
f. Population size

3.5 Qualitative Data Collection

Data collection ordinarily comprises one or more of the following data gathering methods (Jamshed, 2014):

a. Interviews  
b. Questionnaires  
c. Observation  
d. Documentary analysis

The type of data needed for this study cannot be obtained with questionnaires and observation, thus both methods are not sufficient forms of data collection for this study.
In addition, this study requires comprehensive data and questionnaires and observation do not create opportunities for further exploration of questions or issues that might emerge as data is collected. Also the aim of this study is to discover and understand the views of respondents regarding Internal Audit, therefore interviews were considered to be the best method to obtain the necessary information. Therefore, personal interviews and documentary data are employed in the present study.

3.5.1 Personal Interviews

Personal interviews and documentary analysis are employed to obtain data concerning negative perceptions about Internal Audit. An interview is a data collection method in which an interviewer asks respondents questions. In other words this is a method where a respondent willingly gives data to the interviewer (Sekaran and Bougie, 2010). The advantages of interviews are that more information can be obtained when necessary and enquiries can be clarified (Jamshed, 2014). Using interviews in a research has three advantages (AbuAzza, 2012), which are:

a. They can vary from being extremely structured to unstructured, depending on the research problem under examination.
b. Particulars and complete information can be obtained from them.
c. They are flexible; allowing researchers to expand on and simplify concepts which may arise during the interview process. It allows researchers to bring in new concepts and questions that were not included when the original research proposal was perceived.

There are many types of interviews, namely: structured interview; unstructured interview; survey interview; counselling interview; diary interview; life history interview; ethnographic interview; and conversations. However, from the literature review, researchers have classified interviews into three main types, namely, structured; semi-structured; and unstructured interviews. The qualitative data collection technique in this research was semi-structured interviews (AbuAzza, 2012). Semi-structured interviews are one of the key qualitative research tools used in the examination of new and difficult subjects. It offers respondents an opportunity to honestly express their honest and real opinions. It also delivers flexibility, thus, improving the consistency of the study. In addition, it permits the use of additional questions to discover and explain
precise matters other than those directly related to the negative perceptions of Internal Audit. Semi-structured interviews have the potential to discover matters that have not been deliberated before (Morris, 2015).

For the purposes of this study face-to-face interviews were undertaken. The structure of the interview was formal and it had an agenda to direct the interview process. An interview schedule divided according to themes was used to ensure easier analysis of the responses. A representative sample was selected from the population. The entire population ranged from 95 however 30 employees representing four colleges and support departments, were identified for the interviews. The interview was based on employee perceptions of the Internal Audit. Please refer to Appendix 1 for a copy of the Interview schedule.

The initial plan was to interview 30 individuals, however, a total of 15 interviews were conducted because out of 30, only 15 agreed to be interviewed. The number of respondents who were interviewed and their roles are shown in Table 3.2. The profiles of respondents are summarized in Appendix 2.

<table>
<thead>
<tr>
<th>Position in the organisation</th>
<th>Total number of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director Professional Services</td>
<td>1</td>
</tr>
<tr>
<td>Deans of Schools</td>
<td>4</td>
</tr>
<tr>
<td>Divisional Director / Manager</td>
<td>1</td>
</tr>
<tr>
<td>Finance Manager</td>
<td>1</td>
</tr>
<tr>
<td>HR Managers</td>
<td>3</td>
</tr>
<tr>
<td>Managers</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15</strong></td>
</tr>
</tbody>
</table>

Table 3.2: Number and Details of Respondents
3.5.2 Data Collection Instruments

An interview schedule (Appendix 1) was established which includes administrative questions, while being adequately flexible to explore issues that arise during the course of each interview. Nineteen (19) questions were employed in order to collect the necessary data for this study. In the interview schedule the interviewer decided when to ask questions and how to phrase them. It reminded the interviewer what to ask the respondents and how to phrase the questions. An interview schedule was useful because it gave respondents a sense of what was going to be essentially covered (Morris, 2015). The interview schedule was established based upon the primary research objectives and previous literature on the perceptions of Internal Audit. The interview schedule was communicated in the English language.

The nineteen (19) questions were grouped as follows:

a. Research questions establishing the perceptions of academics and support staff on internal audit function were categorised in questions 1, 2, 3, 4, 5, 10, 12, and 17.

b. Research questions to determine the causes of negative perceptions about internal audit function were categorised in questions 2, 3, 4, 5, 6, 10, 12, 14, and 17.

c. Research questions to determine whether academics and support staff understand the role of an internal audit within UKZN were categorised in questions 7, 8, 9, 11, 12, 13, 14, 16, 17, and 18.

d. Research questions to determine whether internal audit activity is perceived as adding value in helping the University accomplish its objectives were categorised in questions 1, 4, 6, 7, 8, 9, 11, 12, 13, 14, 15, 17, 18 and 19.

3.5.3 Conducting the Interviews

The interviews were conducted over a period of 4 weeks. The main objective of conducting these interviews was to evaluate the individuals involved and obtain their opinions concerning their perceptions of Internal Audit at UKZN. Appointments to visit respondents were scheduled through emails. The consent form including the research ethics requirement were emailed to the prospective respondents inviting them to participate in an interview. Responses and non-responses were used to conclude
whether or not individuals were willing and available to be interviewed. Then, the interviews were planned in consultation with the interested individuals.

The following approaches were used to improve the validity and reliability of the interview:

a. All interviews were conducted in person.
b. Adequate time was spent in face-to-face communication with the respondents to create data reliability.
c. Respondents were informed about the purpose of the interview. The processes to be followed were explained; and the research ethics requirements of UKZN that mandated adherence to respondent’s privileges were defined.
d. Appointments were scheduled for the interviews, at a time convenient for respondents and they were also provided with a copy of the questions.

To ensure that all respondents equally understood the study, its purpose was explained to each one, thus improving data reliability. By providing a copy of the interview schedule to respondents, it helped them in organising and delivering well-thought out responses to some of the questions. This practice saved time for both the respondents and the interviewer. Respondents were accommodating, engaging and responsive during the interviews and were optimistic in their responses to the questions. They also gave relevant information and significant recommendations. Very importantly, there were no major difficulties throughout the interviews.

In order to encourage respondents to speak freely and willingly before and throughout the interviews, the following was kept in mind (AbuAzza, 2012):

a. The interview is not the podium for the interviewer ‘private experience and views. It was important for the interviewer to listen more than speak;
b. Questions must be frank, clear and non-threatening. If respondents are confused or protective, it will become more difficult to obtain the information the interviewer requires;
c. Limit signals which propel respondents to respond in a particular manner. Respondents sometimes want to satisfy the interviewer by providing specific answers;
d. Interviewers should not look bored or scared and should enjoy the interview or at least show that they are interested through their verbal and facial expressions.

Interviews lasted approximately 30 to 60 minutes and took place in the respondents’ offices. Although some respondents asked their secretaries not to be disturbed, there were instances when the interviews were interrupted by telephone calls or knocks on the door. This was unavoidable. The interviewer recited the questions as offered in the interview schedule. The interviewer prudently escaped providing a view on the matters deliberated on and attention was always taken to track the structure of questions defined in the interview schedule.

The interview notes were captured by hand and digitally recorded. To avoid missing pertinent information, particularly when the respondents spoke too fast, a tape recorder was very useful in capturing these. Before starting the interviews, all respondents were informed that the interviewer’s preference was to tape record the interviews. However, some preferred not to have the interview recorded, therefore digital recording was not used. It was important to respect the wishes of respondents because if they were unhappy with an interview being recorded they would not have provided genuine responses to some questions. Therefore, before each interview, permission to be recorded was obtained from each respondent in order to ensure that they were comfortable with the use of a tape recorder. After interviews were concluded at the end of the day, the researcher studied the interview notes and listened to the tapes to process the data collected.

3.5.4 Preliminary test

Pre-testing to ensure validity and completeness of the data collected was performed (AbuAzza, 2012). The interviews were pre-tested with the first three respondents in order to assess the overall interview process, improve on the length of the interview, and increase the validity and reliability of the study. As a result of this procedure, there was no need to make any changes to the interview schedule. More importantly, much of the information in the early interviews set the platform for the remaining interviews.
3.6 Validity and Reliability

In this study, broad consideration was given to the issues of internal and external validity. In this research, triangulation in terms of theory, data sourcing and investigation is employed to fulfil the validity of the research approach. Validity in qualitative research relates to whether the findings of a study are true and certain. “True” in terms of whether the research findings accurately reflects the real situation; and “Certain” in terms of whether the findings are backed by evidence. This served to enrich the data obtained through the interviews and helped consolidate the major themes that emerged. Theory triangulation is used in this research incorporating individuals from different departments and different positions (Executive Management; Deans of Schools; Directors of Professional Services; Divisional Directors; School Operations Managers, HR Managers and Finance Managers). By targeting individuals from various departments, a high level of accuracy and extensive data was sought by means of triangulation. Using purposive sampling, these 15 individuals were not randomly selected but were specifically targeted because of their positions and various departments.

Reliability refers to the consistency of data collection procedures so they can be repeated to produce similar findings. Therefore, in order to enhance the reliability in this study, a clear research design was built and adopted an appropriate methodology that gives high reliability. In collecting the data, and in order to enhance the reliability, interviews were conducted, which was explained in Section 3.5.3.

3.7 Qualitative Data Analysis

This section presents the information gathered from the interviews in order to answer the research questions. Qualitative data analysis is an exploration for common testimonials about associations and essential subjects. The main phase in a qualitative study is examining data, which assist to manage the overflow of information that emerges from field work (Daniel et al., 2014). Data analysis is a challenging phase of qualitative research as data is communicated to others. It is not easy because there are many rules and procedures that need to be applied when analysing qualitative data (Sekaran and Bougie, 2010). Analysing qualitative data is particularly challenging because the approaches and methods have not been well-defined. It has been
debated that a qualitative approach can generate difficulties of treatment and analysing information. This is because it does not only produce a large amount of information but produces it in a disorganised and unusual layout (Daniel et al., 2014). There are common systematic methods for analysing qualitative data which can be achieved as follows (AbuAzza, 2012):

a. Clarifications and assumption should be separated from accurate field records and any irregular field records should be translated into some form of written record.

b. Any material collected from interviews and documents or any other instrument is properly referenced. It must be properly referenced indicating who was involved, the date and time, the background, the conditions leading to the information collection and the possible implication of the research.

c. Coding the data must be done as early as possible ensuring that specific codes are allocated to each variable, concept or theme.

d. Theoretical framework can be used by grouping the codes into smaller categories according to patterns or themes which occur.

e. Reviews of results should be written at relevant stages.

f. Use reviews to create simplifications which can challenge current theories or be used to create a new theory.

g. Continue the processes until one is content that the simplifications arising from the information are adequately enough to stand the analysis of current theories or the creation of a new theory.

3.7.1 Conduction Qualitative Data Analysis

The following steps were conducted to enable the researcher analyse the data collected during the semi-structured interviews:

a. **Step 1**: This entailed organising the data and preparing for analysis. In this step, an analysis of the questions in the interview schedule was carried out, and answers from different respondents were grouped according to questions from the interview schedule. Responses from each respondent were highlighted and codes were allocated to appropriate sentences on the left hand side of each page.
b. **Step 2:** This step focused on the interpretation of data. This step advanced the overall logic of the data and revealed its general significance. Data was collected by listening to tapes, reading transcripts and studying the researcher's notes. This process focused on collating all the vital matters, perceptions, and subjects emerging from the data. These were inspected, referenced, reorganised and applied in line with the thematic framework to which they are associated with, linked to key themes and provided clarification to the answers. All the interview drafts were reviewed numerous times so that the researcher became conversant with the answers and obtained a profound understanding of the information provided by respondents.

c. **Step 3:** This entailed coding the data. The records were read carefully starting with the most interesting and shortest interviews. The objective of the coding method is to create logic of the data collected; separate it into text or sections; tag the sections with codes; inspect codes for similarity and redundancy; and breakdown these codes into comprehensive subjects. During data analysis it was not anticipated that the respondents would use similar terms when expressing their opinions. The responses from the interviews were documented using Excel spreadsheets. These spreadsheets were used, so that the data was easily presented and the points of agreements and disagreements between the respondents were understood. Tables, frequencies and percentages were used to examine frequently used words and statements. Responses were then related and matched.

### 3.8 Summary

This chapter has presented and discussed the detailed research methodology utilised in this study. It answers the question of why a qualitative approach was used. It also discussed the population sample and data collection methods. In addition, the methods and steps in which the data was collated, coded and analysed was discussed. Furthermore, it defined the processes involved in qualitative data analysis. The next chapter presents the results of the data analysis exercise.
CHAPTER FOUR
Presentation of Results

4.1 Introduction

This study assesses employee perceptions regarding Internal Audit at UKZN. The previous chapter explained the methodology utilised to address the research questions formulated in Chapter One. This chapter presents the findings of the interviews conducted with Executive Management, Deans of Schools, Directors of Professional Services, Divisional Directors, School Operations Managers, HR Managers and Finance Managers. The results presented in this chapter is in a table format, a comprehensive analysis and discussion of responses received is detailed in chapter 5.

The data obtained from respondents were evaluated using the general data analysis approach detailed in the previous chapter. As noted in Chapter Three, nineteen (19) questions were employed and detailed in an interview schedule in order to obtain the data for this study. These questions are related to the four objectives that underpin this study.

4.2 Response Rate

Out of the 30 planned interviews, only 15 interviews were conducted. This indicated a response rate of 50%. The response rate was as a result of prior allocation of interviews using stratified purposive sampling in the selection of each participant. This meant that interviews conducted were in line with the number of staff targeted for the data collection process. In this study “Yes” or “No” responses were used and for this category of responses, the results are presented in a table. The respondents had the opportunity to select their response and elaborate and explain the basis for their selection.
4.3 Bio-data of Respondents

Table 4.1 shows the bio-data of the respondents interviewed. A to O have been used as names of the respondents; they include Deans of Schools; Directors of Professional Services; Divisional Directors; School Operations Managers, HR Managers and Finance Managers.

<table>
<thead>
<tr>
<th>Name.</th>
<th>Current Position</th>
<th>Staff Category</th>
<th>Gender</th>
<th>Age</th>
<th>Years of service in UKZN</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Manager</td>
<td>Support</td>
<td>Male</td>
<td>36 - 50</td>
<td>Between 6 – 10 years</td>
</tr>
<tr>
<td>B</td>
<td>Manager</td>
<td>Support</td>
<td>Female</td>
<td>20 - 35</td>
<td>Between 3 – 5 years</td>
</tr>
<tr>
<td>C</td>
<td>Manager</td>
<td>Support</td>
<td>Male</td>
<td>20 - 35</td>
<td>Between 1 – 2 years</td>
</tr>
<tr>
<td>D</td>
<td>HR Manager</td>
<td>Support</td>
<td>Female</td>
<td>36 -50</td>
<td>Between 3 – 5 years</td>
</tr>
<tr>
<td>E</td>
<td>HR Manager</td>
<td>Support</td>
<td>Female</td>
<td>36 -50</td>
<td>Between 3 – 5 years</td>
</tr>
<tr>
<td>F</td>
<td>Director Professional Services</td>
<td>Academic</td>
<td>Female</td>
<td>51 - 65</td>
<td>Over 10 years</td>
</tr>
<tr>
<td>G</td>
<td>HR Manager</td>
<td>Support</td>
<td>Female</td>
<td>51 - 65</td>
<td>Over 10 years</td>
</tr>
<tr>
<td>H</td>
<td>Finance Manager</td>
<td>Support</td>
<td>Female</td>
<td>36 -50</td>
<td>Between 6 – 10 years</td>
</tr>
<tr>
<td>I</td>
<td>Dean of school</td>
<td>Academic</td>
<td>Male</td>
<td>36 -50</td>
<td>Less than 1 year</td>
</tr>
<tr>
<td>J</td>
<td>Dean of school</td>
<td>Support</td>
<td>Female</td>
<td>36 -50</td>
<td>Over 10 years</td>
</tr>
<tr>
<td>K</td>
<td>Manager</td>
<td>Support</td>
<td>Male</td>
<td>36 -50</td>
<td>Less than 1 year</td>
</tr>
<tr>
<td>L</td>
<td>Divisional Manager</td>
<td>Support</td>
<td>Male</td>
<td>51 - 65</td>
<td>Between 6 – 10 years</td>
</tr>
<tr>
<td>M</td>
<td>Dean of school</td>
<td>Academic</td>
<td>Male</td>
<td>51 - 65</td>
<td>Between 3 – 5 years</td>
</tr>
<tr>
<td>N</td>
<td>Dean of school</td>
<td>Academics</td>
<td>Male</td>
<td>51 - 65</td>
<td>Between 3 – 5 years</td>
</tr>
<tr>
<td>O</td>
<td>Manager</td>
<td>Support</td>
<td>Male</td>
<td>36 -50</td>
<td>Between 1 – 2 years</td>
</tr>
</tbody>
</table>

Table 4.1: Respondent’s Bio-data

Table 4.1 above presents the respondents’ age, gender, number of years worked for the University, current position and staff category. Out of 15 respondents, 53% were males and 47% were females, hence there were more male than female respondents. 13% of the respondents worked for the University for less than 1 year, 13% between 1-2 years, 33% between 3 -5 years, 20% between 6 – 10 years and 20% over 10 years. Most of the respondents have worked for the University for 3 -5 years. 100% of the respondents were in middle management positions. Most respondents fell under the ages of 36 – 50 (54%) and the others under the age interval of 51 – 65 (33%) and 20 – 35 (13%). Unfortunately there were no respondents below 20 and above 65 years. Majority of respondents are support staff at 73% and 27% represent academic staff.
4.4 Respondent Responses

This section unpacks and presents responses to the nineteen questions employed in this study. This section analyses respondent’s views regarding the perceptions of internal audit.

4.4.1 Question 1

This question aimed to unpack respondents’ views on whether the internal audit activity was a critical function and a necessity.

<table>
<thead>
<tr>
<th>Internal Audit as a Critical Function</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>13</td>
<td>87%</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td>13%</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 4.2: Summary of results regarding internal audit as a critical function

Table 4.2 shows that 13 respondents (87%) viewed internal audit as a critical and necessary function whilst 2 respondents (13%) thought it useful to have but not critical. The majority of respondents’ considered internal audit function to be a critical function to improve and support their work.

4.4.2 Question 2

This question aimed to determine whether internal auditors maintain satisfactory relationships with other employees in the organisation.

<table>
<thead>
<tr>
<th>Satisfactory Relationships</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>12</td>
<td>80%</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Don’t Know</td>
<td>3</td>
<td>20%</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 4.3: Summary of results regarding satisfactory relationships

Table 4.3 indicates that 80% of respondents were of the view that internal auditors maintain satisfactory relationships with other employees and 20% did not know
whether internal auditors maintained these satisfactory relationships. According to the majority of respondents’, internal audit function is able to manage its relationship with auditees without difficulty.

4.4.3 Question 3

This question aimed to ascertain whether management found any difficulties when dealing with the internal auditors.

<table>
<thead>
<tr>
<th>Difficulties when dealing with Internal Audit</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>1</td>
<td>7%</td>
</tr>
<tr>
<td>No</td>
<td>11</td>
<td>73%</td>
</tr>
<tr>
<td>Both Yes and No</td>
<td>1</td>
<td>7%</td>
</tr>
<tr>
<td>Not Sure</td>
<td>2</td>
<td>13%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Table 4.4: Summary of results regarding difficulties when dealing with Internal Audit

Table 4.4 indicates that 73% of the respondents stated that there were no difficulties when dealing with internal auditors while 7% indicated that there are difficulties. While 13% of the respondents were not sure, another 7% indicated that sometimes they do and at other times they don’t have difficulties when dealing with the internal auditors. Most respondents indicated that internal audit function manage their relationship with management without any difficulty.
4.4.4 Question 4

This question focused on whether internal audit have adequate knowledge and understanding of key technologies in use at UKZN.

<table>
<thead>
<tr>
<th>Adequate knowledge and understanding of key technologies</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>9</td>
<td>60%</td>
</tr>
<tr>
<td>No</td>
<td>4</td>
<td>26%</td>
</tr>
<tr>
<td>Don’t Know</td>
<td>1</td>
<td>7%</td>
</tr>
<tr>
<td>Both Yes and No</td>
<td>1</td>
<td>7%</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 4.5: Summary of results regarding adequate knowledge and understanding of key technologies

According to Table 4.5, respondents had varying responses to this question with 26% stating that internal audit does not have adequate knowledge and understanding of key technologies in use at UKZN. While 60% agreed that internal audit do have adequate knowledge, 7% said they sometimes do and at other times don’t and another 7% responded by saying that they don’t know whether internal audit have adequate knowledge and understanding of key technologies. Based on the results above, majority of the respondents believed that internal audit have adequate knowledge and understanding of key technologies in use at UKZN.

4.4.5 Question 5

This question aimed to find out whether internal auditors works well with others and inspires trust.

<table>
<thead>
<tr>
<th>Internal Audit working well with others</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>13</td>
<td>86%</td>
</tr>
<tr>
<td>No</td>
<td>1</td>
<td>7%</td>
</tr>
<tr>
<td>Don’t Know</td>
<td>1</td>
<td>7%</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 4.6: Summary of results regarding internal audit working well with others
Table 4.6 shows that most of the respondent's views were somewhat similar as 86% agreed that internal auditors work well with others and inspire trust. However, 7% felt that internal auditors do not work well with others or inspire trust and another 7% did not know whether internal auditors work well with others and inspire trust. It is apparent from the above that the majority of respondents are of the opinion that internal auditors work well with others and inspire trust.

4.4.6 Question 6
This question wanted to determine whether respondents considered internal audit activity as a staffing resource for their departments.

<table>
<thead>
<tr>
<th>Internal Audit activity as a staffing resource</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>10</td>
<td>67%</td>
</tr>
<tr>
<td>No</td>
<td>3</td>
<td>20%</td>
</tr>
<tr>
<td>Don't Know</td>
<td>2</td>
<td>13%</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 4.7: Summary of results regarding internal audit activity as a staffing resource

Table 4.7 shows that respondents' had varying responses to this question. 67% viewed internal audit activity as a staffing resource for their departments, 20% did not see it as a staffing resource and 13% said they don’t know.

4.4.7 Question 7
The aim of question seven (7) was to find out whether internal audit activities or consulting engagements assisted in addressing risks and other concerns in the departments of various respondents.
Table 4.8: Summary of results regarding internal audit’s activities audits / consulting engagements

<table>
<thead>
<tr>
<th>Internal audit’s activities audits / consulting engagements</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>11</td>
<td>73%</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td>13%</td>
</tr>
<tr>
<td>Don’t Know</td>
<td>1</td>
<td>7%</td>
</tr>
<tr>
<td>Both Yes and No</td>
<td>1</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Table 4.8 indicates that the respondents’ answers to this question were different. 73% agreed that consulting or auditing engagements assisted in addressing risks and other concerns while 13% did not agree. While 7% said they were not sure if audits are addressing risks another 7% said they address risks sometimes. Based on the results above, it appears that the majority of the respondents are of a view that internal audits and consulting engagements assist in addressing risks and other concerns.

### 4.4.8 Question 8

The purpose of the question eight (8) was to ascertain whether the internal audit activity helps to improve the organisation’s governance processes.

Table 4.9: Summary of results regarding improving the organisation’s governance processes

<table>
<thead>
<tr>
<th>Improving the organisation’s governance processes</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>13</td>
<td>86%</td>
</tr>
<tr>
<td>No</td>
<td>1</td>
<td>7%</td>
</tr>
<tr>
<td>Don’t Know</td>
<td>1</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Table 4.9 indicates that most respondents gave similar views. 86% agreed that internal audit activity helped improve the organisation’s governance processes. 7% did not
agree and another 7% did not know whether internal audit activity has improved the organisation’s governance processes.

4.4.9 Question 9
The purpose of question nine (9) was to determine respondents’ views on whether internal audit can be beneficial within UKZN in terms of providing management with a methodology to identify those risks that may prevent the organisation from meeting its objectives.

<table>
<thead>
<tr>
<th>Internal Audit providing management with a methodology to identify risks</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>13</td>
<td>86%</td>
</tr>
<tr>
<td>No</td>
<td>1</td>
<td>7%</td>
</tr>
<tr>
<td>Don’t Know</td>
<td>1</td>
<td>7%</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 4.10: Summary of results regarding internal audit providing management with a methodology to identify risks

Table 4.10 indicates that most respondents shared similar views. 86% were of the view that internal audit can be beneficial within UKZN in terms of providing management with a methodology to identify those risks that may prevent the organisation from meeting its objectives while 7% did not believe internal audits can be beneficial in this regard. Another 7% did not know whether internal audit can be beneficial within UKZN in terms of providing a methodology to identify risk. It is apparent from most respondents that internal audit is considered a significant tool in risk management processes associated with financial risks, compliance risk, information risk and business risks.
4.4.10 Question 10
The aim of question ten (10) was to determine whether internal audit staff possess adequate knowledge of business processes, including critical success factors.

<table>
<thead>
<tr>
<th>Adequate knowledge of the business processes</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>8</td>
<td>53%</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td>13%</td>
</tr>
<tr>
<td>Don’t Know</td>
<td>3</td>
<td>20%</td>
</tr>
<tr>
<td>Not all the time</td>
<td>1</td>
<td>7%</td>
</tr>
<tr>
<td>Yes, however they are reactive</td>
<td>1</td>
<td>7%</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 4.11: Summary of results regarding adequate knowledge of the business processes

Table 4.11 indicates that the respondents had different responses to this question. While 53% agreed that internal audit staff possess adequate knowledge of the business processes, including critical success factors, 13% did not agree. 20% did not know whether internal audit staff possess adequate knowledge of the business processes, 7% said they do not display this knowledge all the time, and 7% agreed that internal audit does possess adequate knowledge of the business processes, however they are reactive than proactive.

4.4.11 Question 11
This question aimed to determine respondent’s views on whether internal audit can be beneficial to organisations in terms of providing consulting services to the organisation.

<table>
<thead>
<tr>
<th>Internal Audit as a consulting service</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>12</td>
<td>80%</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td>13%</td>
</tr>
<tr>
<td>Don’t Know</td>
<td>1</td>
<td>7%</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 4.12: Summary of results regarding internal audit as a consulting service
Table 4.12 indicates respondent’s varying responses to this question. 80% believed that internal audits can be beneficial to UKZN in providing consulting services while 13% did not believe it. Another 7% did not know whether internal audit could be beneficial to UKZN in providing consulting services.

4.4.12 Question 12
The purpose of question twelve (12) was to determine whether the respondents’ departments outsourced any activity that could be in the domain of internal audit.

<table>
<thead>
<tr>
<th>Outsourcing activities that could be in the domain of internal audit</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>2</td>
<td>13%</td>
</tr>
<tr>
<td>No</td>
<td>13</td>
<td>87%</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 4.13: Summary of results regarding outsourcing activities that could be in the domain of internal audit

Table 4.13 indicates that 87% of the respondent’s do not outsource any activity that could be in the domain of internal audit and 13% do outsource activities that could be in the domain of internal audit. According to most respondents, there is no outsourcing of internal audit activities.

4.4.13 Question 13
The purpose of question thirteen (13) was to determine the extent to which respondent viewed the outsourcing of internal audit work as being beneficial to internal auditors.

<table>
<thead>
<tr>
<th>Does outsourcing of work benefits</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Audit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>6</td>
<td>40%</td>
</tr>
<tr>
<td>No</td>
<td>6</td>
<td>40%</td>
</tr>
<tr>
<td>Don’t Know</td>
<td>3</td>
<td>20%</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100%</td>
</tr>
</tbody>
</table>
Table 4.14: Summary of results regarding benefits of outsourcing audit work

Table 4.14 indicates that 40% of the respondents’ consider that outsourcing of internal audit work cannot be beneficial to internal auditors and 40% believe that it can be beneficial in terms of work load, and when internal audit has agreed to it. However, 20% did not know whether their departments outsource any activity that could be in the domain of internal audit.

4.4.14 Question 14
The aim of question fourteen (14) was to determine whether internal audit recommendations are implemented.

<table>
<thead>
<tr>
<th>Implementation of audit recommendations.</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>9</td>
<td>60%</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Don’t Know</td>
<td>6</td>
<td>40%</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 4.15: Summary of results regarding the implementation of audit recommendations

Table 4.15 indicates that 60% of the respondent’s stated that internal audit recommendations are implemented and 40% said they did not know whether internal audit recommendations are implemented.

4.4.15 Question 15
The aim of question fifteen (15) was to determine the extent of the implementation of audit recommendations.

<table>
<thead>
<tr>
<th>The extent of implementation of audit recommendations.</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Explaining the extent</td>
<td>13</td>
<td>87%</td>
</tr>
<tr>
<td>Don’t Know</td>
<td>2</td>
<td>13%</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100</td>
</tr>
</tbody>
</table>
Table 4.16: Summary of results regarding the extent of implementation of audit recommendations.

Table 4.16 indicates that majority of the respondents explained the extent of the implementation of audit recommendations, however 13% of the respondents' did not know what determined the extent of this.

4.4.16 Question 16

The aim of this question was to determine whether the respondent has knowledge of the individual(s) responsible for following up on the implementation of internal audit recommendations.

<table>
<thead>
<tr>
<th>Responsibility of implementation of internal audit recommendations</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager and internal audit</td>
<td>2</td>
<td>13%</td>
</tr>
<tr>
<td>Internal Audit</td>
<td>2</td>
<td>13%</td>
</tr>
<tr>
<td>Manager</td>
<td>10</td>
<td>67%</td>
</tr>
<tr>
<td>Don’t Know</td>
<td>1</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Table 4.17: Summary of results regarding the responsibility of implementation of internal audit recommendations

Table 4.17 indicates that respondents had varying views to this question. 13% stated that internal audit and the manager are responsible for following up on the implementation of internal audit recommendations. 67% stated that the manager has the mandate to follow-up on the implementation of internal audit recommendations while 13% stated that internal audit has the mandate to follow-up on this. Another 7% did not know who had the mandate to follow-up on the implementation of internal audit recommendations. Based on the above, it is apparent that the majority of respondents are of the view that management has the mandate to follow-up on the implementation of internal audit recommendations.
4.4.17 Question 17
The aim of question seventeen (17) was to determine whether the internal audit activity helps respondent’s in identifying significant risks and improving the organisation’s risk management, control, and governance systems.

<table>
<thead>
<tr>
<th>Identifying significant risks and improve the organisation’s risk management</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>13</td>
<td>87%</td>
</tr>
<tr>
<td>No</td>
<td>1</td>
<td>7%</td>
</tr>
<tr>
<td>Both Yes and No</td>
<td>1</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Table 4.18: Summary of results regarding improving organisation’s risk management

Table 4.18 indicates that respondents had different views on whether internal audit plays a vital role in improving the organisation’s risk management, control, and governance systems. 87% agreed that internal audit plays a vital role in identifying significant risks and improving the organisation’s risk management, control, and governance systems while 7% did not agree. Another 7% were of the view that internal audit sometimes plays its role.

4.4.18 Question 18
The aim of question eighteen (18) was to determine whether the respondent has requested internal audit for any advisory assistance beyond scheduled audits.

<table>
<thead>
<tr>
<th>Internal Audit as an advisory service</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>4</td>
<td>27%</td>
</tr>
<tr>
<td>No</td>
<td>8</td>
<td>53%</td>
</tr>
<tr>
<td>Requested forensic investigators</td>
<td>3</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Table 4.19: Summary of results regarding internal audit as an advisory service
Table 4.19 shows that 53% of the respondents indicated that they did not request internal audit for any advisory assistance beyond scheduled audits. While 27% requested advisory assistance from internal audit beyond scheduled audits, 20% , also requested advisory assistance but gave examples of work performed by forensics investigators and not internal audit. Since a majority of the respondents’ indicated that they did not request internal audit for any advisory assistance beyond scheduled audits, this could mean that they do not understand the role that can be played by internal audit in terms of giving advisory assistance.

4.4.19 Question 19
The aim of question nineteen (19) was to identify any instances of a value-added service provided by the internal audit in the respondent’s area of responsibility.

<table>
<thead>
<tr>
<th>Internal Audit activity as a value added service</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>7</td>
<td>46%</td>
</tr>
<tr>
<td>No</td>
<td>4</td>
<td>27%</td>
</tr>
<tr>
<td>Both Yes and No</td>
<td>1</td>
<td>7%</td>
</tr>
<tr>
<td>Work performed by forensic investigators</td>
<td>3</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Table 4.20: Summary of results regarding internal audit activity as a value added service

Table 4.21 indicates that 46% respondents gave instances of projects carried out by internal audit which in their opinion, added value to their area of responsibility. 27% felt that there were no instances where internal audit added value and 7% believed that sometimes internal audit add value and sometimes they don’t and 20% of respondents gave instances of projects which were performed by forensic investigators not by internal audit. Although most respondents felt that the projects performed by internal audit are adding value to the organisation, it is important to note that some projects performed by internal audit do not add value to the auditee and that some respondents mix up both internal audit and forensics auditors.
4.5 Summary

This chapter has presented the interviews conducted with fifteen respondents from UKZN (1 Divisional Manager, 3 HR Managers, 1 Finance Manger, 1 Director Professional Service, 5 Managers and 4 Deans of Schools) regarding employee perceptions of the Internal Audit at UKZN. This chapter focused on the 19 questions in the interview schedule in order to answer the research questions stipulated in Chapter 1. Based on qualitative research, evidence collected seeks to establish the perceptions of employees about internal audit at UKZN. The next chapter presents a comprehensive analysis and discussion of results.
CHAPTER FIVE
Discussion of Results

5.1 Introduction
This chapter discusses the research findings of this study. In order to gather the required data for this study an interview schedule was compiled. This schedule, composed of 19 questions, was used to collect the necessary data for this study. Appointments to visit respondents were scheduled by emails and telephone. The purpose of the interviews was to obtain opinions of employees concerning their perceptions of internal audit at UKZN.

The interview schedule is attached as Appendix 1. The responses from the interviews represented 50% of the target population for this research. The results obtained from the interviews are analysed and discussed in this chapter. Similar views and opinions of all respondents are collated and presented under common and general themes that emerged from the data collection process. Most of the time respondent's answers were from their personal experiences in their relevant field.

5.2 Data Analysis, Results and Discussions

This section consists of 19 questions relating to employee perceptions regarding Internal Audit. These questions seek to establish the perceptions of academics and support staff on internal audits; the causes of negative perceptions about the internal audit function; whether academics and support staff understand the role of an internal audit within UKZN and to determine whether internal audit activity is perceived as adding value in helping the University to accomplish its objectives. Below are descriptive findings:

5.2.1 Responses to Question 1

Based on the results, majority of the respondents believed that internal audit is performing a critical function within UKZN. Eighty-seven percent of respondents (13
out of 15) indicated that internal audit is performing a critical function within UKZN and 13 percent (2 out of 15) thought it was a useful process to have but not critical. Based on this results, most of the respondents believed that internal audit is performing a critical function within UKZN. According to the respondents' comments, they consider internal audit function to be critical enough to improve and support their work.

One manager indicated that: “The objective of the internal audit is to assist management in their responsibilities by providing them with recommendations and applicable comments concerning reviewed activities”.

Another manager stated that: “Internal audit play a critical role in terms of support, control and risk management especially in the payroll section”.

According to the Institute of Internal Auditors (IIA), internal audit function is critical within an organisation because it assists the organisation’s management and audit committee to effectively carry out their responsibilities. (DeSmet and Mention, 2011) find that internal audit function has become an important part of the organisational structure as a value added service and stakeholders will benefit from having a strong IAF which will provide value to the other cornerstones of corporate governance

5.2.2 Responses to Question 2

Internal auditors also need the right capacity to build a strong relationship with auditees. Hence, question two sought to establish whether internal audit staff maintain a satisfactory relationship with the auditee. Eighty percent of respondents (12 out of 15) stated that internal auditors maintain satisfactory relationships and 20 percent (3 out of 15) were not sure if internal auditors maintain any satisfactory relationships. Based on the information above, a majority of respondents indicated that internal audit departments are able to manage their work with auditees without the latter facing any major concerns that may hinder their work. According to the respondents, internal audit function is able to manage its relationship with auditees without difficulty.

Internal auditors must uphold a satisfactory relationship with senior management, middle management, other employees and contracted parties such as external auditors (Mihret et al., 2010). A lack of co-operation may negatively affect the work between internal audit function and auditees. This lack of co-operation is caused by
auditees by not wanting to change non-compliance issues which may result in the poor implementation of recommendations made by the internal auditors (AbuAzza, 2012).

5.2.3 Responses to Question 3

This sought to ascertain whether management finds any difficulties when dealing with the internal auditors. Seventy-three percent (11 out of 15) of respondents expressed the view that there are no difficulties when dealing with internal auditors while 7% (1 out of 15) indicated that there are no difficulties. Thirteen percent of respondents (2 out of 15) said they don’t know and 7 percent (1 out of 15) indicated that they sometimes have difficulties when dealing with internal auditors. According to the respondent’s, the relationship between internal audit and auditees has definitely matured and, presently, there is a good relationship between internal auditors and auditees with no significant difficulties.

A Dean of School made the following statement: “We consider the internal audit function to be important in improving and supporting our work. Therefore, naturally, internal audit needs to have a good relationship with all departments within the University since internal audit is part of the University”.

5.2.4 Responses to Question 4

Internal auditors need to attain a comprehensive variety of skills, for example, interpersonal, knowledge of general business, information technology and communication (Mihret et al., 2010). Of all the respondents, 60 percent (9 out of 15) indicated that internal audit have adequate knowledge and understanding of key technologies in use at UKZN. A total of 26% (4 out of 15) stated that internal audit does not have adequate knowledge. Seven percent of the respondents (1 out of 15) indicated that sometimes internal audit do have knowledge and understanding of key technologies in use at UKZN and another 7 percent (1 out of 15) responded by saying that they don’t know whether internal audit have adequate knowledge and understanding of key technologies.

One HR manager commented that: “When internal auditors have adequate knowledge, professional membership, certification and training in electronic data processing
systems, this would indicate that internal audit is capable of monitoring the quality of the internal control system”.

Based on the above result majority of the respondent believed that internal audit have adequate knowledge and understanding of key technologies in use at UKZN. The IIA’s Standard 1210, on proficiency of the auditor require that the internal auditors should possess the knowledge, skill and other competencies need to perform their responsibilities (IIA, 2010).

### 5.2.5 Responses to Question 5

Internal auditors require certain skills to sustain a good relationship with auditees. Hence question five explored whether internal auditors work well with others and inspire trust. Eighty-seven respondents (13 out of 15) agreed that internal auditors work well with others and inspire trust, however, 7% (1 out of 15) felt that the internal auditors do not work well and inspire trust. Another 7% (1 out of 15) did not know whether internal auditors work well with others and inspire trust. It is apparent then from the above, that the majority of respondents are of the opinion that internal audit work well with others and inspire trust.

One HR manager stated that: “For internal auditors to build mutual trust and respect they need to learn skill relating to communication”.

According to the IIA’s Standards for Professional Practice of Internal Auditing (2420–Quality of Communications), positive communication is beneficial in organisations because it leads to improved results (IIA, 2015b).

### 5.2.6 Responses to Question 6

Internal audit is a tool of managerial control and systematic verification of the effectiveness and efficiency of business activities in the company, hence question six sought to determine whether internal audit is considered a staffing resource. Sixty-seven percent (10 out of 15) of respondents stated that they find internal audit activity as a necessary staffing resource for their departments. Twenty percent (3 out of 15) indicated that they don’t find internal audit as a staffing resource and 13% (2 out of 15) said they don’t know whether they can consider internal audit activity as a staffing
resource for their departments. Most respondents considered internal audit function as a staffing resource for their departments. They also viewed internal audit function as an important tool in evaluating the internal control system within their departments.

One of the managers stated that: “Internal audit is a tool of internal control and it can assist to enhance the effectiveness of organisations’ operations”.

This notion is confirmed by another manager who stated that: “Internal audit is an important resource to the organisation in evaluating and analysing risk management”.

This view is similar to findings by the Institute of Internal Auditors which revealed that internal auditing is an important element in helping an organisation achieve its objectives and it plays a critical role in the governance and operation of an organisation when effectively implemented, operated, and managed (IIA, 2010).

5.2.7 Responses to Question 7

One of the basic principles in the definition of the internal audit function is for the internal audit to assess the effectiveness of risk management. The level of risk in an organisation may influence internal audit practices. Therefore, the internal audit function can be adding value to an organisation by understanding the matters of risk and assist management to improve its risk management processes (IIA, 2015a). A total of 73% of respondents (11 out of 15) indicated that internal audits and consulting engagements assisted in addressing risks and other concerns in their departments. On the contrary, 13% (2 out of 15) did not agree that consulting engagements can assist in addressing risk but their concern was about the independence of internal audit when conducting their work. Seven percent of the respondents (1 out of 15) were not sure and another 7 percent (1 out of 15) said internal audits/consulting engagements address risk sometimes.

Based on the above results it appears that the majority of the respondents are of the view that internal audits/consulting engagements do assist in addressing risks and other concerns. It is apparent from the responses that internal audit is reflected as essential in risk management processes. According to the respondents’ comments, the objectives of internal audit work is to ensure that control systems are effective and
efficient. The internal audit should identify existing risks and ensure necessary protection to reduce future risks.

A Dean of one School indicated that: “Internal audit need to ascertain and evaluate potential risks in order to meet their objectives. Therefore, internal audit should assess the correctness of financial information”.

The internal audit function can add value by assisting management to improve its risk management processes and by comprehending issues that are relating to risk management (Pinto et al., 2014).

5.2.8 Responses to Question 8

Internal auditing plays a critical role in the governance and operation of an organisation. Hence this question wanted to ascertain whether the internal audit activity improves the organisation’s governance processes. It appears that 86% (13 out of 15) of respondents agreed that internal audit activity help improve the organisation’s governance processes. Seven percent (1 out of 15) did not agree and another 7% (1 out of 15) did not know whether internal audit activity helps to improve the organisation’s governance processes. Based on the above information it appears that internal audit activity helps to improve the organisation’s governance processes as the majority of the respondents agreed that it does.

One Financial Manager stated that: “Internal audit holds people accountable for the decisions made and ensures that the policies approved by the institution are complied with and ensure good governance is followed. This gives management comfort that the University is managing its risk”.

Another Manager commented as follows: “Internal audit uses industry best practice on corporate governance practices such as King III, it also benchmarks the organisational governance processes against what is prescribed in the King III report”.

The definition of internal audit offers a comprehensive indication of the significance and the impact of internal audit functions in organisations. Internal auditing is involved in consulting activities, and value added contributions for the evaluation and improvement of the effectiveness of risk management and governance process (IIA, 2015a). This indicates that the roles of internal auditing are diverting from the contracted space of assessing and examining the efficiency of internal controls. It is
moving towards a bigger space of attaining more responsiveness in corporate
governances.

5.2.9 Responses to Question 9

Internal audit is a trained function that can evaluate risks and their possible effect on
an organisation (Ravi, 2014). With regard to determining whether internal audit is
providing management with a methodology to identify risks, 86% (13 out of 15) were
of the opinion that internal audits can be beneficial in UKZN in terms of providing
management with a methodology to identify those risks that may prevent the
organisation from meeting its objectives. Seven percent (1 out of 15) stated that
internal audits are not beneficial in terms of providing a methodology to identify risk
and another 7% (1 out of 15) did not know whether internal audit can be beneficial
within the UKZN in terms of providing a methodology to identify risk.

It is apparent from the respondents that internal audits are significant tools in risk
management processes associated with financial risks, compliance risk, information
risk and business risks. According to the respondent ‘views, one of objectives of the
internal audit is to ensure that control systems are effective, by evaluating potential
fraud and non-compliance with laws and regulations. Thus, internal audit should
recognise current risks and take essential precautions to moderate future risks.

One of the Managers indicated that: “Internal audit function is a vital tool to ensure
compliance with the laws and regulations and evaluating the potential risks that may
impact on an organisation goals”.

A Financial Manager made the following statement: “Internal audit is one of the key
role-players in the process of identifying risks. Internal audit should be part of a group
that can address risks within the University because sometimes they only approach a
problem on a purely theoretical basis, which is limiting when addressing risk”.

The IIA’s Standards for Professional Practice of Internal Auditing (2120–Risk
Management) states that the internal audit activity should assess risk disclosures
concerning an organisation’s governance, operations, and information systems;
regard the integrity and reliability of operational and financial information and the
efficiency and competence of processes; and comply with laws and regulations and
protection of assets (IIA, 2015b).
5.2.10 Responses to Question 10

Internal audit departments should have internal auditors who hold a wide range of skills to enable them undertake audits beyond financial activities (AbuAzza, 2012). In response to question ten 53% (8 out of 15) of all respondents agreed that internal audit staff possess adequate knowledge of business processes, including critical success factors. Thirteen percent (2 out of 15) disagreed that internal audit staff possess adequate knowledge of the business processes. Twenty percent (3 out of 15) did not know whether internal audit staff possess adequate knowledge of the business processes. Seven percent (1 out of 15) stated that internal auditors do not always possess adequate knowledge of business processes and another 7% (1 out of 15) stated that they possess adequate knowledge of the business processes, however internal audit is reactive rather than proactive.

Most respondents agreed that internal audit staff possess adequate knowledge of the business processes, including critical success factors, however it is a concern that 20% of the respondents did not know whether internal audit staff display adequate knowledge of the business processes.

One Financial Manager indicated that: “Internal auditors have sufficient theoretical knowledge, however they don’t always understand the business processes being audited”.

Another Manager commented as follows: “Internal audit is very proficient in some projects and in some they are not”.

Knowledgeable internal auditors bring to an organisation objectivity, integrity, expertise in communication, the skill to identify enterprise-wide risks, and the ability to measure the effectiveness of controls put in place by management to mitigate risks (AbuAzza, 2012).

5.2.11 Responses to Question 11

The definition of internal audit presents both assurance and consulting activities as key components of the IA function, hence question 11 determines whether internal audit can be beneficial to organisations in terms of providing consulting services. Eighty percent (12 out of 15) of the respondents stated that internal audit can be beneficial to UKZN in terms of providing consulting services while 13% (2 out of 15)
stated the contrary. Seven percent (1 out of 15) did not know whether internal audits can be beneficial to UKZN in terms of providing consulting services.

It is apparent from the responses that most respondents believed that internal audits can be beneficial to UKZN in terms of providing consulting services. Although few respondents were concerned that the independence and objectivity of internal auditors could be impaired when they carry out consulting activities.

In reference to some of the statements made by respondents, one manager stated that: “When internal auditors are wearing their consulting cap, they must be able to state their opinions freely without any bias or restrictions”.

In terms of the work of internal auditors, it is no longer restricted to the area of assurance activity, but has come to embrace consulting activities (IIA, 2015a). The change in the role of internal auditors has led to a number of enquiries and fears arising about the ability of internal auditors to perform their role in an independent and objective way. Hence internal auditors are unable to conduct this new role of consulting and maintaining their objectivity (Algeru, 2011).

5.2.12 Responses to Question 12 and 13

Question 12 sought to determine whether departments outsource any activity that could fall under the responsibility of internal auditors. Expressing a very similar viewpoint, 87% (13 out of 15) of respondents indicated that they do not outsource any activity that could fall under the responsibility of internal auditors and 13% (2 out of 15) indicated that they outsource activities that could be under the responsibility of internal auditors.

Question 13 sought to determine to what extent the outsourcing of internal audit work can be beneficial to internal auditors. Forty percent (6 out of 15) of respondents opined that outsourcing of internal audit work cannot be beneficial to internal auditors and 40% (6 out of 15) stated that it can be beneficial in terms of decreasing work load, when internal auditors have agreed to carry out the work or when outsourcing in specialist fields such as taxation, information technology and legal. Twenty percent however did not know if their departments outsource any activity that could be in the
domain of internal audit. Most respondent’s indicated that there is no outsourcing of internal audit activities.

One HR Manager stated that: “The organisation should not outsource activities that are in the domain of internal audit work. It is better when an organisation outsources specialists in certain fields such as the area of taxation, legal and information technology in consultation with internal audit”.

The lack of internal auditing skills and competencies further necessitate that organisations consider outsourcing as an alternative. Therefore, the absence of outsourcing of internal audit work combined with a lack of internal auditing competencies results in low IA effectiveness (AbuAzza, 2012).

5.2.13 Responses to Question 14 and 15

Internal auditors assist management by giving valuable recommendations on any weak areas to enhance the overall efficiency of operations, hence question 14 and 15 sought to determine whether, and to what extent, internal audit recommendations are implemented.

Sixty percent of respondents (9 out of 15) stated that internal audit recommendations are implemented and forty percent (6 out of 15) stated that they did not know whether the recommendations are implemented. Eighty-seven percent (13 out of 15) explained the extent of implementation of audit recommendations and 13% (2 out of 15) did not know what determined the extent of implementation of the recommendations.

Although most respondents agree with the statement that internal audit recommendations are implemented, they indicated that while internal audit recommendations are essential and beneficial in terms of evaluating the probable risk which may have an effect on the organisation, the extent of implementation of internal audit recommendation is determined by the controls with high risk and depend on the management’s appreciation of the effectiveness of these recommendations.

One Manager indicated that: “Internal audit recommendations included in internal audit reports are essential particularly, when the level of risk is high, so that controls will be put in place to mitigate those risks”.

This result is consistent with what was indicated in the African Journal of Business Management that internal audits evaluate the company’s internal controls and its
administrative and business processes, examine the failures and the risk involved and provides comprehensive constructed recommendations for remediation of irregularities (Pinto et al., 2014).

Although most respondents stated that internal audit recommendations are implemented, it is a concern that 40% of respondents do not know whether internal audit recommendations are implemented.

A Manager made the following statement: “I do not know to what extent and whether internal audit recommendations are implemented, this is the responsibility of internal audit to ensure that recommendations are implemented”.

These results are contrary to the findings of a research study carried out by (IKUTU, 2014), which revealed that accounting officers of public sectors in South Africa perceived recommendations provided by outsourced service providers to have greater importance than those made by in-house internal audit functions.

5.2.14 Responses to Question 16

This question sought to determine individuals responsible for following-up on the implementation of internal audit recommendations. Thirteen percent (2 out of 15) stated that internal auditors and Manager are responsible for following up on the implementation of internal audit recommendations. Sixty-seven percent (10 out of 15) stated that management was responsible for following up on the implementation of internal audit recommendations. Thirteen percent (2 out of 15) stated that the internal audit unit has the mandate to follow-up on implementation of internal audit recommendations and 7% (1 out of 15) did not know who held the mandate to follow-up on the implementation of internal audit recommendations.

A Dean of School indicated that: “The person who has requested for the audit should ensure that audit recommendations are implemented”.

Another Manager stated that: “Following up on the recommendations of internal audit is the responsibility of the Executive management, who can then delegate that responsibility to deputy directors or the Director of professional services”.

Based on the above, it is apparent that the majority of respondents are of the view that management holds the mandate to follow-up on the implementation of internal audit
recommendations. Internal audit findings and recommendations will not serve much purpose unless management is committed to implementing them (Mihret et al., 2010).

5.2.15 Responses to Question 17

Internal audit plays a vital role in improving the organisation’s risk management, control, and governance systems. Eighty-seven percent (13 out of 15) of respondents agreed that internal audit plays a vital role in improving the organisation’s risk management, control, and governance systems. Seven percent (1 out of 15) did not agree and another seven percent (1 out of 15) said internal audit units perform their role sometimes.

Based on the results above most of the respondents are of a similar view that internal audit helps in identifying significant risks and improving the organisation’s risk management, control, and governance systems. Management’s demand for internal audit is when organisations are exposed to high risk.

The practices of internal audit may be impacted by the level of risk in an organisation, hence, one of the elementary principles of the definition of the internal audit function is to measure the efficiency of risk management. Hence, the effectiveness of internal audit function is to understand the issues of risk within an organisation and assist management to improve its risk management practices (AbuAzza, 2012). Some of the major roles and responsibilities of internal audit function are to assess and provide practical assurance that risk management, control, and governance systems are working as intended and will allow the organisation’s objectives and goals to be achieved (Shamsuddin and Johari, 2014). Performance Standard Number 2000 states that the internal audit activity adds value to the organisation and its stakeholders when it provides objective and relevant assurance, and contributes to the effectiveness and efficiency of governance, risk management, and control processes (IIA, 2015b).
5.2.16 Responses to Question 18

In response to shifts in global business practices, the literature has indicated that the role of the IA function has changed and such changes created opportunities for IA to provide advice to management and assist boards of directors to manage risk (AbuAzza, 2012). Fifty-three percent of the respondents (8 out of 15) indicated that they did not request internal audit for any advisory assistance beyond scheduled audits. Twenty-seven percent (4 out of 15) stated that they have requested advisory assistance from internal audit beyond scheduled audits and 20% (3 out of 15) said yes, however they gave examples of work performed by forensics investigators and not internal auditors.

Most respondents’ indicated that they did not request internal audits for any advisory assistance beyond scheduled audits, this could mean that respondents do not understand the role that can be played by internal auditors in term of giving advisory assistance. The greater the scope to which management recognise the value of the internal audit function the more the internal audit function will be utilised (IKUTU, 2014).

It was also noted that some of the respondents confuse internal audit with forensic auditors. When asked about requesting internal auditors for advisory assistance, a Dean of one of the Schools only made mention of audits that are performed by forensic auditors.

Another Dean of School made the following statement: “That advisory assistance is mostly requested in handling of investigations related to personnel misconduct or breach of rules”.

5.2.17 Responses to Question 19

This question sought to determine whether there are any instances of a value-added service provided by the internal audit unit. Majority of respondents, at 46% (7 out of 15) gave instances of projects which were carried out by internal audit and they believed that those projects added value to their area of responsibility. (Mihret et al., 2010) state that internal audits are not only performing a value adding role, which
prevents wastage of capital through fraud and inefficiency, but are also improving the operational processes of an organisation.

Furthermore, 27% (4 out of 15) noted zero instances where the internal audit unit added value to their departments and 7% (1 out of 15) stated that the internal audit unit did add value sometimes and 20% of respondents (3 out of 15) gave instances of projects which were performed by forensic investigators and not by the internal audit unit.

Although most of the respondents viewed projects performed by internal audit as adding value to the organisation, it is alarming to note that some projects performed by internal audit did not add value to the auditees and that some respondents are confusing internal auditors and forensics auditors.

5.3 Summary of results based on research objectives

a. The first objective of the study was to establish the perceptions of academics and support staff on internal audit. The research questions to address this objective were categorised in question 1, 2, 3, 4, 5, 10, 12, and 17 as per the interview schedule.

The descriptive findings suggest that internal audit activity is performing a critical function, internal auditors maintain a satisfactory relationship with the auditee and management finds no difficulties when dealing with internal auditors. The internal auditors have adequate knowledge and understanding of key technologies in use at UKZN and they work well with others and inspire trust. Internal audit staff display adequate knowledge of the business processes, including critical success factors and majority of the respondents do not outsource any activity that could be in the domain of internal audit. The majority of the respondents agreed with the statement that internal audit plays a vital role in improving the organisation’s risk management, control, and governance systems.

Based on the above information the perception of internal audit is generally positive.
b. The second objective was to determine the causes of negative perceptions about the internal audit function. The research questions to address this objective were categorised in question 2, 3, 4, 5, 6, 10, 12, 14, and 17.

The descriptive findings suggest that internal auditors maintain a satisfactory relationship with the auditee and management finds no difficulties when dealing with the internal auditors. Internal auditors have adequate knowledge and understanding of key technologies in use at UKZN and internal audit work well with others and inspire trust. Most respondents considered the internal audit activity as a staffing resource for their departments and that internal audit staff display adequate knowledge of the business processes, including critical success factors. Most respondents do not outsource any activity that can fall under the responsibility of the internal audit unit. Internal audit recommendations are implemented and they also play a vital role in improving the organisation’s risk management, control, and governance systems.

Based on the above results, there were minimal negative perceptions about internal audit because most of the respondents’ answers were positive to the questions asked.

c. The third objective was to determine whether academics and support staff understand the role of an internal audit within UKZN. The research questions to address this objective were categorised in question 7, 8, 9, 11, 12, 13, 14, 16, 17, and 18.

From the descriptive findings, most respondents agreed that audits and consulting engagements carried out by the internal audit unit has addressed risks and other concerns in their various departments and helped to improve the organisation’s governance processes. Most respondents’ were of the view that internal audit can be beneficial in UKZN in terms of providing management with a methodology to identify those risks that may prevent the organisation from meeting its objectives.
Worth noting is that most respondents do not outsource any activity that could be in the domain of internal audit. Internal audit recommendations are implemented, however it is the responsibility of the manager of the relevant department to follow-up on the implementation of recommendations provided by the internal audit unit. Internal audit plays a vital role in improving the organisation’s risk management, control, and governance systems. Most respondents’ indicated that they did not request the internal audit unit for any advisory assistance beyond scheduled audits, this could mean that respondents do not understand the role that can be played by the unit in terms of giving advisory assistance.

The results above show that academics and support staff understand the role of an internal audit within UKZN but do not clearly understand its role as a provider of advisory assistance.

d. The fourth objective was to determine whether internal audit activity is perceived as adding value in helping the University accomplish its goals. The research questions to address this objective were categorised in question 1, 4, 6, 7, 8, 9, 11, 12, 13, 14, 15, 17, 18 and 19.

The descriptive findings suggest that internal audit activity is performing a critical function and that internal audit have adequate knowledge and understanding of key technologies in use at UKZN. Most respondents considered internal audit activity as a staffing resource for their departments and that the audit activities and consulting engagements of internal audit units assisted in addressing risks and other concerns in the respondents various departments. Internal audit activity helps improve the organisation’s governance processes. Most of the respondents’ noted that internal audits can be beneficial within the UKZN in terms of providing management with a methodology to identify those risks that may prevent the organisation from meeting its objectives. Most respondents do not outsource any activity that could be in the domain of internal audit; recommendations from the internal audit unit are implemented; and internal audit plays a vital role in improving the organisation’s risk management, control, and governance systems. Most
respondents’ indicated that they did not request internal audit for any advisory assistance beyond scheduled audits, this could mean that respondents do not understand the role that can be played by internal audit units in terms of giving advisory assistance.

Based on the results above, it is clear that internal audit activity is perceived as adding value in helping the University to accomplish its objectives except for the role of advisory assistance and that some of the respondents were confusing projects performed by forensics to internal audit.

5.4 Summary
This chapter has analysed and discussed the interviews conducted with fifteen respondents from UKZN (1 Divisional Manager, 3 HR Managers, 1 Director of Professional Services, 1 Finance Manager, 4 Deans of Schools and 5 Managers) regarding employee perceptions about internal audits. It is apparent from the evidence collected from the analysis of interviews that perceptions of internal audit are generally positive with minimal negative perceptions as most of the respondents’ gave positive answers to the questions asked.

Furthermore, the results reflected that academics and support staff understand the role of an internal audit within UKZN but do not clearly understand its role as a provider of advisory assistance. In addition, internal audit activity is perceived as adding value in helping the University to accomplish its objectives except that some of the respondents confused projects that were performed by forensics to ones carried out by the internal audit unit. The next chapter draws conclusions from this research. Suggestions for practice and possible areas of future research are also provided.
CHAPTER SIX
Conclusion and Recommendations

6.1 Introduction
This final chapter concludes the study. The following section reviews the study and summarizes the findings. The study’s contributions are presented and recommendations for action are then outlined. This is followed by a discussion of the limitations of the study. Suggestions for future research are then provided and concluding remarks are presented.

6.2 Summary of Main Results
6.2.1 The first question was: How do academics and support staff perceive internal audit function? The interview results indicated that the perception of internal audit function at UKZN is generally positive. A research by Richard Chambers (2012) has indicated that it is amazing how many backgrounds and misperceptions have grown about the profession of internal audit in such a short period of time. The fact that misperceptions are so enduring might be an indicator that each internal audit function needs to take stock of how they are perceived in their own organisations, by enhancing their job and creating awareness of how the profession of internal audit has changed.

Recommendation
For internal audit units to support management in improving the University’s performance, internal auditors must take into consideration all performance objectives that make an organisation effective. They must also ensure that all elements that could greatly affect the University’s performance are addressed.

6.2.2 The second question was: What are the causes of the negative perceptions about internal audit function? The analysis of qualitative data shows that there are currently no negative perceptions about the internal audit function at UKZN. Prior research indicated that, internal audit units need to counteract or eradicate any negative perceptions if they want to be effective in their assurance and consulting
undertakings, their relationship with fundamental stakeholders, and in their role as supporters of organisational success (Hass et al., 2010). Although the results of the research indicate that there are minimal negative perceptions, the internal audit unit must adapt the following approaches, if they are to remain relevant in UKZN:

**Recommendations**

a. Make sure that future issues are deliberated, and the university community is mindful of what the internal audit can practically achieve.

b. Ensure that the auditing methodology covers duties the university community expects internal auditors to perform and that these duties are cost efficient for, and properly executed by internal audit units.

c. Make sure that auditing standards stipulate the requirements needed for internal auditors to execute their obligations and make sure they fulfil their duties. The duties of internal auditors’ duties should be aligned with the university community’s anticipations of internal auditors. This will result in decreasing the community’s disapproval and lack of trust in the work of internal audit units.

6.2.3 The third question was: *Do UKZN employees understand the role and benefits of an internal audit?* Findings from the qualitative analysis exercise demonstrated that academics and support staff understand the role of internal audit function within UKZN except for the role of advisory assistance. The role of internal auditing has extended to embrace services that add value not only to internal control processes, but to governance and risk management, in continuing efforts to meet the requirements of different stakeholders (IKUTU, 2014). The findings from this study indicated that some respondents’ do not understand the role that can be played by internal audit in terms of giving advisory assistance. This view is similar to what was found by the Ikutu Research Team, that the greater the scope to which management recognises the value of the internal audit function the more the internal audit function will be utilised (IKUTU, 2014). A research by Abu-Azza (2012) stated that to recognise internal audit as a value added function to a
business, both employees and management should be mindful of the significance of the internal audit role in terms of providing advisory services.

It was also noted that in terms of the implementation of audit recommendations, 40% of respondents’ did not know whether these recommendations are implemented. This result is contrary to a research study by (IKUTU, 2014) which revealed that accounting officers in the public sector in South Africa perceived recommendations by outsourced service providers as having greater importance than those made by in-house internal audit functions.

**Recommendations**

a. Internal audit units should document a methodology that provides guidance on the procedures followed in the performance of internal audit services. This should also cover assurance and consulting activities as well as information and communication technology audits. Increasing awareness and communicating this document to all levels of management and staff within the university should be a priority.

b. The Chief Audit Executive should institute a follow-up process to monitor and ensure that audit recommendations have been effectively implemented or that senior management have accepted the risk of not taking action. A policy (which is best practice) for managing the actions agreed upon by management against the findings identified in internal audit reports should be compiled and approved by the Vice Chancellor, Executive Management Committee and Audit and Risk Committee. This policy must document the approval process of target date extensions (requested by management); the time scale for follow-up audits (for instance 30 days after implementation of findings) as well as the consequences for failure to follow-up on the recommendations. The implementation of a more formalised process will assist in the management and monitoring of outstanding internal audit recommendations.
6.2.4 The fourth question was: Is internal audit function perceived as adding value in helping the University accomplish its objectives? The results of the interviews conducted in the study reveal that the internal audit function is perceived as adding value in helping the University to accomplish its objectives, however some of the respondents mixed up projects that were performed by forensics with the internal audit unit. Previous research indicated that, it is extremely importance to describe what adding value is, so that an analysis of the contribution of internal audit to the management of the entities can be made. The interpretation of value is not only limited to the financial aspects as it can include human and physical aspects. Adding value in internal audit theory is to connect all available resources, within and outside the company with the purpose of reassuring improvements, which may be financial, material, human and contribute in fulfilling management objectives (Pinto et al., 2014).

Recommendations

a. To understand the internal audit function as a value adding service to UKZN, both employees and management should be aware of the importance of the internal audit unit in terms of providing advisory assistance. Advisory assistance services comprise of activities such as conducting training in internal control, giving guidance to management concerning controls about a new system, drafting of policies and procedures and contributing in quality groups. By providing such changes opportunities are built for internal audit to provide support to management and assist boards of directors to manage risk.

b. During the 2012 financial year a decision was taken by Council to have an in-house internal audit at UKZN. From that, a unit called corporate governance was established, this division included internal audit, forensic services and risk management reporting to the Vice Chancellor. However, this division had no director at that time and the manager for forensic services was the acting Corporate Governance Director. This management structure is the reason why some of the respondents were confusing work performed by forensic services to internal audit. Therefore it is recommended that awareness is created and communication streams are established to inform and share the new internal audit structure to all levels of management and staff within the university to ensure that the reporting
lines and responsibilities of internal audit are clear and understood by the university community. Appropriate reporting lines are critical to achieve the independence, objectivity and organisational goals for an internal audit function. The internal audit reporting line is shown in Figure 6.1. Awareness of the structure and responsibilities should be performed to ensure that the University community understand and is aware of the reporting lines and responsibilities of internal audit, so that there will be no confusion / misinterpretation of work performed by forensic services and internal audit.
Figure 6.1 the internal audit reporting line
Therefore, based on the results from the analysis of qualitative data, in relation to the overall research question of the study, employee perception about internal audit function at UKZN is generally positive.

6.3 Contributions of the Study
This study has made some contributions to understanding employee perception about internal audit. The following points explain how the study contributes to this understanding:

a. The results enhance an understanding of the role of internal audit;
b. This study contribute to the actions taken to improve perceptions of employees about internal audit;
c. This study contributes to understanding internal audit practices, especially where internal audit is in the early stage of development; and

d. The results of this study could be useful for further research in the field of internal auditing.

6.4 Limitations and Areas for Future Research
This study has attained its aims and objectives, however a number of limitations emerged including risks related to the selected methodology, data analysis methods and the outcomes of the study. The limitations in this study are important in identifying guidelines for future research. Identification of the limitations can assist future researchers to overcome any potential hurdles that they may encounter.

With regards to the sampling methods employed and the sample size. The findings of the study cannot be applied to the entire University population. This is due to the fact that the respondents selected were those who held senior management positions, who deal more directly with the internal audit function and who are in direct contact with the internal audit unit. The responses obtained are meant to provide further insight and understanding on the perceptions of employees about internal audit. It was evident that a qualitative study is necessary to achieve the objectives of this study and to better understand the views and perceptions of academics and support staff at UKZN. Such a study, that includes a larger number of the university staff population, falls outside the scope of the resources available to the researcher as it requires greater time and
cost allocations. It is proposed that future research may benefit from a larger sample size.

Another limitation was that personal interviews were difficult to schedule, due to the nature of work performed by respondents. The fact that respondents were only available at a specific time was an additional limitation as interviews were time-consuming and some respondents did not want to be interviewed. The results of the study were based on respondents’ perceptions which may not reflect the actual situation of the participants. For instance, sometimes respondents may answer to the questions in a way that would meet the researcher’s expectations.

6.5 Summary

This study examined the perceptions that Deans of Schools, a Director of Professional Services, Divisional Directors, HR Managers and Finance Managers presently have about internal audit at UKZN. The study addressed the issue of employee perceptions about internal audit by identifying factors considered to be most important. Those factors are: the role of internal audits, causes of negative perceptions and the value adding role of internal audit units.

The results indicate that the perceptions of internal audits are generally positive and there are minimal negative perceptions. Furthermore, the results reflected that academics and support staff understand the role of an internal audit within UKZN, although they remain unclear on the role of advisory assistance. In addition, internal audit activity is perceived as adding value in helping the University to accomplish its objectives except that some respondents confused projects performed by forensics to internal audit. Generally, the results of the study are consistent with the existing literature. The conclusions display applied value and the findings create the space for further research.
REFERENCES


Articles/How-Internal-Audit-Adds-Value-to-the-Governance-Process.pdf
[Accessed 08 September 2015].


APPENDICES

Appendix 1: Interview Schedule

SECTION A: DEMOGRAPHIC INFORMATION OF PARTICIPANT

Please indicate your response to the statements below using a ✓ or ❌

<table>
<thead>
<tr>
<th>A1 Your Age</th>
<th>Under 20</th>
<th>20 - 35</th>
<th>36 - 50</th>
<th>51 - 65</th>
<th>Over 65</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>✓</td>
<td>❌</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>A2 Your Gender</th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>✓</td>
<td>❌</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>A3 Number of years that you have worked for the University of KwaZulu - Natal.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>A4 Job Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management</td>
</tr>
<tr>
<td>Middle Management</td>
</tr>
<tr>
<td>First – level supervisor</td>
</tr>
<tr>
<td>Non managerial</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>A5 YOUR STAFF CATEGORY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic staff</td>
</tr>
<tr>
<td>Support staff</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

SECTION B: PERCEPTIONS OF THE INTERNAL AUDIT - ACADEMIC AND SUPPORT STAFF

1. Do you think internal audit activity is performing a critical function, or is it only useful to have but not critical?

   YES NO

   Elaborate
2. Do the internal auditors maintain satisfactory relationships with other employees in the organisation?

YES  
NO

3. Do you or your management staff find any difficulties when you deal with the internal auditors?

YES  
NO

If yes, why?

4. Does internal audit have adequate knowledge in your area, including adequate knowledge and understanding of key technologies in use at your organisation?

YES  
NO

If No, why?

5. Do they work well with others and inspire trust?

YES  
NO

6. Do you consider the internal audit activity a staffing resource for your area?

YES  
NO

If No, why?

7. Does internal audit activity’s audits/consulting engagements assisted in addressing risks and other concerns in your department?

YES  
NO

Please explain.

8. Does the internal audit activity help improve the organisation’s governance processes?

YES  
NO

Please explain.

9. Do you believe internal audit can be beneficial within the UKZN in terms of providing management with a methodology to identify those risks that may prevent the organisation from meeting its objectives?

YES  
NO

Please explain

10. Does internal audit activity staff displays adequate knowledge of the business processes, including critical success factors.

YES  
NO

11. Do you believe internal audit can be beneficial to organisations in terms of providing consulting services to the organisation?

YES  
NO

Elaborate

12. Does your department outsource any activity that could be in the domain of internal audit?

YES  
NO
Why?
If yes, what areas are outsourced, and to whom are they outsourced?

13. To what extent do you believe outsourcing of internal audit work can be beneficial to internal auditors?

14. Are internal audit recommendations implemented?

| YES | NO | Don’t know |

15. What determines the extent of implementation?
Please explain

16. Who has the mandate to follow-up implementation of internal audit recommendations?

17. Does the internal audit activity help you identify significant risks and improve the organisation’s risk management, control, and governance systems?

| YES | NO |

Please explain

18. Have you requested the internal audit activity’s advisory assistance beyond scheduled audits?

| YES | NO |

19. Could you provide some instances of a value-added service provided by the internal audit activity to your area of responsibility?

Thank you
## Appendix 2: Interview participant profiles

<table>
<thead>
<tr>
<th>No.</th>
<th>Current Position</th>
<th>Staff Category</th>
<th>Years of service in UKZN</th>
</tr>
</thead>
<tbody>
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<td>1</td>
<td>Executive Director</td>
<td>Support</td>
<td>Between 3 – 5 years</td>
</tr>
<tr>
<td>2</td>
<td>Manager</td>
<td>Support</td>
<td>Less than 1 year</td>
</tr>
<tr>
<td>3</td>
<td>Divisional Director</td>
<td>Support and Academic</td>
<td>Over 10 years</td>
</tr>
<tr>
<td>4</td>
<td>Dean for school</td>
<td>Academic</td>
<td>Less than 1 year</td>
</tr>
<tr>
<td>5</td>
<td>Finance Manager</td>
<td>Support</td>
<td>Between 6 – 10 years</td>
</tr>
<tr>
<td>6</td>
<td>HR Manager</td>
<td>Support</td>
<td>Over 10 years</td>
</tr>
<tr>
<td>7</td>
<td>Director professional services</td>
<td>Academic</td>
<td>Over 10 years</td>
</tr>
<tr>
<td>8</td>
<td>HR Manager</td>
<td>Support</td>
<td>Between 3 – 5 years</td>
</tr>
<tr>
<td>9</td>
<td>HR Manager</td>
<td>Support</td>
<td>Between 3 – 5 years</td>
</tr>
<tr>
<td>10</td>
<td>Divisional Director</td>
<td>Support</td>
<td>Between 1 – 2 years</td>
</tr>
<tr>
<td>11</td>
<td>Manager</td>
<td>Support</td>
<td>Between 3 – 5 years</td>
</tr>
<tr>
<td>12</td>
<td>Manager</td>
<td>Support</td>
<td>Between 6 – 10 years</td>
</tr>
<tr>
<td>13</td>
<td>Director professional services</td>
<td>Academic</td>
<td>Between 6 – 10 years</td>
</tr>
<tr>
<td>14</td>
<td>Finance Manager</td>
<td>Support</td>
<td>Between 3 – 5 years</td>
</tr>
<tr>
<td>15</td>
<td>Dean for school</td>
<td>Academic</td>
<td>Between 6 – 10 years</td>
</tr>
<tr>
<td>16</td>
<td>Manager</td>
<td>Support</td>
<td>Over 10 years</td>
</tr>
<tr>
<td>17</td>
<td>Manager</td>
<td>Support</td>
<td>Between 1 – 2 years</td>
</tr>
<tr>
<td>18</td>
<td>Finance Manager</td>
<td>Support</td>
<td>Between 6 – 10 years</td>
</tr>
<tr>
<td>19</td>
<td>Director professional services</td>
<td>Academic</td>
<td>Over 10 years</td>
</tr>
<tr>
<td>20</td>
<td>Manager</td>
<td>Support</td>
<td>Less than 1 year</td>
</tr>
</tbody>
</table>
Appendix 3: Consent of Participant

Dear Participant

INFORMED CONSENT LETTER

My name is Thobile Japi I am a Masters Business Administration candidate studying at the University of KwaZulu-Natal, Westville campus, South Africa. I would like to request your participation in a research project titled “Assessment of Employee Perceptions of the Internal Audit at the University of KwaZulu-Natal”.

Your community is one of my case studies, to gather the information; I am interested in asking you some questions.
Please note that:
- Your confidentiality is guaranteed as your inputs will not be attributed to you in person, but reported only as a population member opinion.
- The interview may last for about 1 hour and may be split depending on your preference.
- Any information given by you cannot be used against you, and the collected data will be used for purposes of this research only.
- Data will be stored in secure storage and destroyed after 5 years.
- You have a choice to participate, not participate or stop participating in the research. You will not be penalized for taking such an action.
  - The aim and purpose of this research is to explore and assess the perception of employees about Internal Audit.
  - Your involvement is purely for academic purposes only, and there are no financial benefits involved.

I can be contacted at:
Email: japi@ukzn.ac.za
Cell: 0731787078.

My supervisor is Mr Alec Bozas.
Contact details: email: mwbozas@mweb.co.za Phone number: +27823344477.

You may also contact the Research Office through:
P. Mohun
HSSREC Research Office,
Tel: 031 260 4557 E-mail: mohunp@ukzn.ac.za

Thank you for your contribution to this research.
Appendix 4: Consent of a Researcher

DECLARATION

I………………………………………………………………………… (Full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire.

If you are willing to be interviewed, please indicate (by ticking as applicable) whether or not you are willing to allow the interview to be recorded by the following equipment:

<table>
<thead>
<tr>
<th></th>
<th>willing</th>
<th>Not willing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audio equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Photographic equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Video equipment</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SIGNATURE OF PARTICIPANT  DATE

………………………………………………………  ………………………………...