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FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING

RESEARCH TOPIC:

**INVESTIGATION INTO MANAGEMENT'S RELUCTANCE IN
IMPLEMENTING AUDIT RECOMMENDATIONS AND ITS EFFECTS TO
RISK.CASE OF CIVIL SERVICE COMMISSION (CSC).**

BY

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*This dissertation is submitted in partial fulfillment of the requirements of the **Bachelor of Commerce Accounting Honours Degree** in the Department of Accounting at Midlands State University.*

GWERU, ZIMBABWE: MAY 2014

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DEDICATION

This research project is dedicated to my wife Hildah, my little son Anesu, my family members and friends. I love you all!

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ABSTRACT

Jackson and Stent (2010) describes an Auditor as an independent expert whose primary responsibility is to express an independent opinion on whether the financial statements show a true and fair view. An auditor identifies and evaluates risks which may affect financial statements assertions. In addition to an expression of an opinion, Auditors also provide very useful recommendations in response to identified risks. When an audit recommendation is made to an organisation basically its management is responsible for the implementation. If management decides not to implement audit recommendations, risks will remain according to www.anao.gov.au. Study findings revealed that Civil Service Commission (CSC), which is a Government institution, was not managing risk more effectively as evidenced by the recurrence of same audit observations and the non-implementation of audit recommendations within the agreed time frames. Jackson and Stent (2010) said management is responsible for managing risks. CSC was experiencing serious challenges in the accountability of public funds. This study therefore sought to investigate into management's reluctance in implementing audit recommendations at CSC. The Citizenry demands good accountability and the efficient use of public money from those to whom delegated authority of managing public funds and resources has been conveyed to. Public money should be properly accounted for in terms of The Constitution of Zimbabwe and The Public Finance Management Act and the Auditor-General is required by law to examine all public accounts for at least once every year. Directors and management should therefore make sure that adequate measures which safeguard public money and property from abuse and wasteful allocation are in place and they should take heed of the Auditor-General and Internal audit recommendations in order to correct defects in the management of public funds. The non-implementation of audit recommendations was exposing the Civil Service Commission to wide risk factors which included the misappropriation of public funds, fraudulent activities and wasteful spending of public funds. The objectives of the study was to establish what were the major causes of reluctance in the implementation of audit recommendations which safeguards public funds at CSC and to provide recommendations which will help CSC to overcome reluctance towards the implementation of audit recommendations. The major findings were obtained through questionnaires and interviews and major findings revealed that non-implementation of audit recommendations was being caused by the lack of management support and commitment towards the implementation of audit recommendations and also due to the absence of an audit committee which in turn compromise the independence of auditors. The study recommended that the Civil Service Commission should speed up efforts towards the establishment of an audit committee and there is also need for the update of the current legal frameworks so as to give more sanction powers to the Auditor –General to allow him/her to monitor the implementation of audit recommendations by Ministries as observed by Zinyama (2013). The identified legal instruments which required updates were the Constitution of Zimbabwe, The Public Finance Management Act and The Audit Office Act. Study also recommended that CSC should adopt International Public Sector Accounting Standards (IPSAS) as they help to improve transparency and good accountability of public funds.

TABLE OF CONTENTS

	Title	Page
	Approval form	i
	Release form	ii
	Dedications	iii
	Acknowledgements	iv
	Abstract	v
	Table of contents	vi
	List of tables	ix
	List of figures	xi
	List of appendices	xii
	CHAPTER ONE : INTRODUCTION	
1.0	Introduction	1
1.1	Background of the study	1
1.2	Statement of the problem	5
1.3	Research objectives	5
1.4	Research questions	5
1.5	Significance of the study	6
1.5.1	To the student	6
1.5.2	To Midlands State University	6
1.5.3	To Civil Service Commission	6
1.5.4	To Treasury	6
1.6	Delimitation of the study	7
1.7	Research assumptions	7
1.8	Limitations of the study	7
1.9	Definitions of terms and acronyms	8
1.10	Summary	9
	CHAPTER TWO : LITERATURE REVIEW	
2.0	Introduction	10
2.1	Why do we need Auditors?	10
2.2	Internal control system	11
2.2.1	Internal control objectives	11
2.2.2	Characteristics of a good internal control system	11
2.3	The roles of Public Auditing	12
2.3.1	Internal Auditing	13
2.4	The legal frameworks governing public auditing in Zimbabwe	14
2.4.1	Functions of the Auditor-General	14
2.4.2	Functions of Internal Auditors	14
2.5	Management weaknesses and audit recommendations	15
2.5.1	Management letter	15
2.5.2	Audit observations	15
2.6	Responsibilities of management in financial reporting	17
2.6.1	Prevention and detection of fraud	18

2.6.2	Compliance with laws and regulations	18
2.7	Roles of internal auditors regarding risk management	18
2.8	What can be done to ensure the implementation of audit recommendations	19
2.8.1	Improving the quality of audit recommendations	19
2.8.2	Commitment towards the implementation of audit recommendations	20
2.8.3	Rigorous follow up and monitoring	20
2.8.4	Establishment of Audit Committees	21
2.9	Causes of reluctance in implementing audit recommendations	21
2.9.1	Legal frameworks gaps	21
2.9.2	Shortage of skilled and competent staff in the accounting field	22
2.9.3	Less independence of the public audit function	22
2.9.4	Ineffectiveness of the Public Accounts Committee(PAC)	23
2.10	Effects of non-implementation of audit recommendations	23
2.10.1	High control risk	23
2.10.2	Overall business risk	24
2.11	Summary	24
CHAPTER THREE : RESEARCH METHODOLOGY		
3.0	Introduction	25
3.1	Research design	25
3.1.1	Defining the research	25
3.2	Case study research	25
3.2.1	Justification of a case study approach	26
3.2.2	Quality in case study research	27
3.3	Data collection	28
3.3.1	Sources of data	28
3.3.2	Principles of data collection	29
3.4	Population and sampling	29
3.4.1	Population	29
3.4.2	Sample	30
3.4.3	Sample design	30
3.4.4	Stratified sampling	30
3.5	Data collection techniques/research instruments	31
3.5.1	Interviews	31
3.5.2	Questionnaires	32
3.6	Pilot testing	34
3.7	Data presentation	35
3.8	Data analysis	35
3.9	Summary	35
CHAPTER FOUR : DATA PRESENTATION AND ANALYSIS		
4.0	Introduction	36
4.1	Data presentation and analysis	36
4.1.1	Questionnaire response rate	36
4.1.2	Detailed questionnaire analysis and data presentation	40
4.2	Data analysis for interviews	58

4.2.1	Interview response rate	58
4.2.2	Detailed analysis of interview questions	60
4.3	Data analysis on secondary data	62
4.4	Summary	64
	CHAPTER FIVE :CONCLUSIONS AND RECOMMENDATIONS	
5.0	Introduction	65
5.1	Summary of chapters	65
5.2	Summary of findings	65
5.3	Conclusions	68
5.4	Recommendations	69
5.5	Suggested areas of further research	71
	References	72

LIST OF TABLES

Table	Title	Page
1.1	Audit observations and implementation rate of audit recommendations	3
1.2	Recurrence rate of audit observations	3
1.3	Sample of Internal and External audit recommendations	3
2.1	Responses to audit observations	16
3.1	Population and the sample size	30
3.2	Pilot testing sample	34
4.1	Overall questionnaire response rate	36
4.2	Questionnaire response rate by category	37
4.3	Gender distribution	38
4.4	Experience with the organisation	40
4.5	Position held in the organisation	41
4.6	Frequency of internal audit assignments	41
4.7	Frequency of external audit assignments	42
4.8	Objectives of public auditing	43
4.9	View of an Auditor	45
4.10	Independence of the public audit function	46
4.11	Presentation of financial statements	46
4.12	Responsibility for the implementation of audit recommendations	47
4.13	Implementation of audit recommendations	48
4.14	Existence of an Audit Committee	49
4.15	Effectiveness of the internal control systems	51
4.16	Quality of internal audit recommendations	53

4.17	Gaps in the Financial management systems	56
4.18	Causes of the non-implantation of audit recommendations	57
4.19	Interview response rate	59
4.20	Audit observations	63
4.21	External audit recommendations	63

LIST OF FIGURES

Figure	Title	Page
3.1	Stages in questionnaire construction	33
4.1	Questionnaire response rate	36
4.2	Response rate by category	38
4.3	Gender distribution	39
4.4	Objectives of Public auditing	43
4.5	View of an Auditor	45
4.6	Implementation of audit recommendations within agreed time	49
4.7	Effectiveness of the internal control systems	52
4.8	Gaps in the financial management systems	56
4.9	Interview response rate	59

LIST OF APPENDICES

Appendix	Title	Page
Appendix A	Authority to carryout a research	77
Appendix B	Questionnaire	78
Appendix C	Interview questions guide	83

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter mainly focuses on highlighting the background of the study, statement of the problem and the significance of the study. This chapter also outlines the objectives of the research study, research questions, delimitations and limitations of the study and lastly definitions of terms and a summary will end the chapter.

1.1 Background of the study

According to the Public Finance Management Act Chapter 22:19, public money should be properly accounted for and calls for anyone who is involved in the administration matrix, to exercise extreme caution when handling public money so as to safeguard public funds and resources from misappropriation. To promote transparency and good accountability of public funds in Zimbabwe, the Auditor-General and Internal auditors are appointed in terms of the Constitution of Zimbabwe Amendment No:20 Act 2013, The Public Finance Management Act Chapter 22:19 and in terms of the Audit Office Act Chapter 22:18. The Auditor-General is required by the Audit Office Act and by The Parliament of Zimbabwe to carry out independent checks of all public accounts for at least once every year and to provide recommendations which reduces risks in the management of public funds. Public Officers must comply with the Auditor-General's directives in terms of section 309 (3) of The Constitution of Zimbabwe.

A trend analysis of audit reports issued from 2009-2012 to the Civil Service Commission (CSC) previously known as Public Service Commission (PSC) indicates that audit observations and recommendations are continuously repeating from year to year an indication that management is not taking adequate measures to rectify identified leakages and risks in the management of public funds. This is in contradiction with one of the institution's values which is to ensure good accountability and transparency according to the website www.psc.gov.zw accessed on 15/01/2014. CSC is a State institution which is responsible for the recruitment and the regulation of the conditions of service of Government workers in Zimbabwe. To allow CSC to discharge its Constitutional obligations more effectively, Parliament of Zimbabwe provides voted funds to the

CSC through the Appropriation Act in every fiscal year. Appropriated funds should be properly accounted for in terms of the Public Finance Management Act and The Constitution of Zimbabwe. Analysis of audit reports for the past four years revealed that CSC is struggling to properly account for public funds as evidenced by the recurrence of audit observations and the non-implementation of audit recommendations within agreed time frames.

Zhou and Zinyama (2012) noted that audit recommendations and observations are not being considered by Accounting Officers and Government Ministries. Zhou and Zinyama(2012) said the objectives of public auditing is to establish whether if public accounts conforms with the legal frameworks which govern the conduct of public business and also to establish whether if adequate measures are being taken by Ministries to safeguard the national purse. Numerous audit reports and management letters issued by both internal and external auditors in respect of audit assignments conducted at Civil Service Commission from 2009 to 2012 have noted with great concern the prevalence of leakages and risks in the administration of public funds. Unfortunately management is taking too long to close down these leakages so as to comply with audit recommendations which safeguards public funds. The noted risks among others include fraudulent activities in the pensions administration unit, violation of statutory provisions, wasteful allocation of public funds, the ineffective internal control systems and there is risk that the entire fleet of CSC buses will be grounded if no urgent measures are taken to recapitalise and regularise the operation of the bus fund as recommended by the Auditor-General. According to Zhou and Zinyama (2012), Public audit function is a critical function in Government, as it helps to safeguard public funds and resources. The Public Finance Management Act Sec 80 and 81 requires an auditor to report to management and those charged with governance for any defects in the management of public funds and to provide mitigatory measures regarding those matters.

It therefore follows that an Auditor is a ‘watchdog’ as was decided in the court case of **Kingston Cotton Mills(1986)**. A watchdog will buck to alert the master if things are not in order. A problem will however arise if the master takes too long to react to the wakeup call. An audit recommendation can be viewed as the auditor’s ‘prescription’ to identified problems and risks in the financial management systems and if it is carefully applied, it will bring value to the organisation and helps the organsitation to achieve its corporate objectives. It is not the duty of an auditor to implement these recommendations but this responsibility rests with management.

According to the website (www.anao.gov.au accessed on 15/01/2014), The benefits of audit reports are reduced and risks will remain, if audit recommendations are not implemented within the agreed timeframes. CSC has been exposed to wide risk aggregates for a long time as management seem not to take adequate steps to address audit observations and implementing audit recommendations within agreed time frames.

Table 1.1 Audit observations and implementation rate of audit recommendations

Year	2009	2010	2011	2012
Total number of observations highlighted in audit reports	5	16	13	14
Total number of audit recommendations issued	5	15	13	14
Total number of audit recommendations implemented	1	2	0	0
Implementation Rate	20%	13.33%	0%	0%

Source. Civil Service Commission 2012 Annual Report

The table below shows trend of some recurring internal audit observations at Civil Service Commission from 2009 to 2012.

Table 1.2 Recurrence rate of audit observations

Year	2009	2010	2011	2012
Total number of audit observations issued in current year	5	16	13	14
Audit observations previously highlighted in previous years included in the current year.	3	5	13	13
Recurring Rate of audit observations	60%	18.75%	100%	92.86%

Source. Civil Service Commission 2012 Internal Audit Exit Meeting Minutes

Table 1.3 Sample of Internal and External audit recommendations not yet implemented.

YEAR	Internal Audit Recommendations	Risk
2009	Civil Service Commission was recommended to urgently regularize the operation of the bus fund. The bus fund was not properly constituted in terms of the Public Finance Management Act Sec 18(2) and this was affecting the operations of the bus fund. The same recommendation was cited in 2010, 2011 and 2012.	The bus fund is seriously underfunded. Money generated from the fund is subject to abuse. In the same year a total of \$251 640.00 from the fund meant for the buses operations was redirected to the purchase of office furniture not linked with the buses operations. The money was never reimbursed.
2012	Civil Service Commission was recommended to consider cost cutting measures on rental expenses by looking for alternative cheaper office accommodation or by constructing its own accommodation.	In 2012 the organisation incurred a total of \$780 000.00 on rental expenses. This constitute a major fixed cost element consuming a total of 25% of the budget.
	External Audit Recommendations	Risk
2011	Civil Service Commission was recommended to urgently set up a board of inquiry to investigate over the missing 47 library books which had an estimated value of \$5 260.00 .	Library books could have been stolen by staff. To date nothing has been recovered. No board of inquiry to date.
2011	Audit recommended that there was need for the urgent improvement of the internal control systems in the pension administration unit.	Fraud is very rife in the pensions unit as officers are taking advantage of the ineffective internal control systems.
2012	The organisation was recommended to consider value for money concept in expenditure decisions making.	Inefficient use of public funds.

Source. Internal and External audit reports 2009- 2012

1.2 Statement of the problem

The Civil Service Commission is not giving adequate attention to audit recommendations and observations which are issued year after year. Management is doing little to rectify problems which are raised in audit reports as evidenced by the continuous recurrence of the same audit observations and recommendations from year to year. The organisation continues to operate inefficiently by not applying the cost benefit analysis concept as per audit recommendations guidelines. Deterioration of service delivery especially the provision of transport services to the civil servants is another issue of concern. Recurrence of misappropriation of public funds from the pensions administration unit and violations of statutory provisions are significant issues at Civil Service Commission this is despite the fact that auditors have on many occasions recommended to rectify all the above deficiencies. All these are testimonies which point towards the serious public funds accountability challenges at Civil Service Commission.

1.3 Research objectives

- To establish the causes of the non-implementation of audit recommendations and to recommend strategies which will help management to overcome reluctance in the implementation of audit recommendations at CSC.
- To identify the major financial management risks being experienced at Civil Service Commission.
- To find out whether if management and staff appreciates the significance and the roles of the audit function at CSC.
- To determine the responsibilities of management towards the risk management processes and the implementation of audit recommendations.
- To suggest improvements to identified gaps within the current legal frameworks, rules and procedures which regulate the administration of public funds in Zimbabwe.

1.4 Research questions

- Are auditor's recommendations feasible and practical?
- Why is the Civil Service Commission taking too long to implement audit recommendations?

- What can be done in order to ensure that the Civil Service Commission gives adequate attention to audit recommendations?
- Does management appreciate the significance and role of the audit function?
- To what extent have the Civil Service Commission been affected as a result of non-compliance with audit recommendations?

1.5 Significance of the study

1.5.1 To the student

This is partial fulfillment of the requirements of the Bachelor of Commerce Accounting Honours degree which requires every student to carry out a research to an organization of own choice and to come up with a dissertation as part of the degree programme. The research will also broaden the researcher's current knowledge on the significance and importance of audit assignments.

1.5.2 To Midlands State University

The study will provide literature and a point of reference for other students at Midlands State University. The study will come up with new ideas to the current board of knowledge and help to close some research gaps.

1.5.3 To Civil Service Commission

The study will provide a sound bases for future and the transformation of management thinking towards the implementation of audit recommendations. It will help management to formulate strategies of ensuring that audit recommendations are dealt with expeditious. The study will also help the organisation to find economical ways of implementing and addressing audit issues. The study will also highlight to management on the effects of non-compliance with audit recommendations.

1.5.4 To Treasury

The study will help Treasury to come up with new policy frameworks which regulate public auditing in Zimbabwe. The study will also help Treasury to come up with strategies of supervising and monitoring the implementation of audit recommendations in State institutions.

1.6 Delimitation of the study

The study was conducted at Civil Service Commission Harare Head Office. The study focused on the audit recommendations and management letters issued from 2009-2012 and the mainly targeted groups for the conducting of interviews and questionnaires were the accounts staff, audit staff, administration staff and the management team.

1.7 Research assumptions

The following assumptions were taken into consideration during the research.

- Data from both primary and secondary sources will be available
- The researcher will be granted unlimited access to all data sources
- The interviewee will cooperate during interviews
- Sufficient time will be available to carry out the research in a stipulated time frame

1.8 Limitations of the study

- **TIME-** Since the researcher was fully employed by Civil Service Commission time was very limited and had also other tight schedules, but the researcher was able to successfully apply for a leave in order to meet the stipulated dissertation writing deadlines.
- **RESPECT FOR CONFIDENTIALITY-**This was a major limitation as the researcher had to comply with the provisions of The Official Secrecy Act. The Researcher however successfully applied for authority to carry out a research study to which permission was granted.
- **COST-**The cost of printing and travelling expenses was a major constraint, however the researcher was able to overcome this problem after the employer had to assist with the much needed financial resources.

1.9 Definitions of terms and acronyms

Audit Recommendations

In terms of the Constitution of Zimbabwe **sec 309**, these are mitigatory measures ordered by the Auditor to rectify any defects in the management and safeguarding of public property.

External Audit

According to the Constitution of Zimbabwe and The Audit office Act, external auditing in relation to State institutions refers to the independent examination of financial statements by the office of the Auditor General.

Internal Audit

The Institute of Internal Auditors (IIA.2009), defines internal audit as an independent and objective evaluation of the organisation's systems and operations with the view of improving the effectiveness of risk management, control and governance processes.

Management Letter

According to **ISA 210**, it is a letter which is addressed to the directors of a company and is written by the auditors at the completion of the audit. The letter is a summary of the weaknesses in the company's control systems and may contain recommendations to mitigate those weaknesses.

Public money

According to the Public Finance Management Act, public money means revenues and all other money received and held, by an officer.

Public resources

According to Public Finance Management Act public resources includes public money and State property

PFMA-Public Finance Management Act

AG- Auditor General

CSC- Civil Service Commission. Is a State Institution established in terms of the Constitution of Zimbabwe and is responsible for the recruitment of Government manpower.

PSC- Public Service Commission

ISA – International Standard in Auditing

IPSAS-International Public Sector Accounting Standards

1.10 Summary

The chapter has highlighted the major areas of focus of the study which includes the identification of the research problem at Civil Service Commission, background of the study and delimitations of the study. The chapter has also outlined the objectives of the study and the significance of the study and also complex technical terms have been explained. The next chapter will now focus on Literature review.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

According to the University of Toronto website www.writing.utoronto.ca accessed on 03/02/2014, Literature review is an account of what has been published on a topic by accredited scholars and researchers. Ridley (2012:3) defined literature review as, “Part of the thesis where there is extensive reference to related research theory in the study and it is where connections are made between the source texts that you draw and where you position yourself and your research study”. Literature review is a process of applying other people’s works to a problem in order to find a solution to the current problem at hand. This chapter will discuss in detail on what other authors have said about the reluctance of management towards the full implementation of audit recommendations. The Civil Service Commission have been experiencing a host of public funds management challenges which also includes the unsatisfactory implementation of audit recommendations and failures by management to give adequate attention to audit observations as evidenced by continuous recurrence of same audit observations in the successive years.

2.1 Why do we need Auditors?

External auditors

According to Jackson and Stent (2010), The need for external auditors arose as a result of the agency problem that is the development of owner-managed business into entities which were owned by people who did not manage the business. The owners of the business could not trust what they were told by the managers and the solution was to appoint an independent person to evaluate the reports of the managers and this person was called the Auditor.

Internal auditors

Jackson and Stent (2010), noted that as business grew and become more complex the responsibilities on management to run the businesses more efficiently and effectively became very important. Out of this came the birth of the internal audit which is mechanism to assist management in meeting its responsibilities of running the business efficiently and effectively by providing management with some valuable recommendations.

The need of the audit function has been a priority at Civil Service Commission to ensure transparency and efficient use of public funds. The public demands to know whether public funds are being managed effectively by those entrusted to manage public funds who are the heads of Ministries and their directors. The audit profession should avoid the repeat of another Enron disaster, by reporting objectively and providing organizations with good recommendations.

2.2 Internal control system

ISA 315, defines internal control as “the process designed ,implemented and maintained by those charged with governance,management and other personnel to provide reasonable assurance about the achievement of an entity’s objectives with regard to the reliability of financial reporting,effectiveness and efficiency of operations and compliance with applicable laws and regulations.”

2.2.1 Internal control objectives

Jackson and Stent(2010) identified the following internal control objectives:

- Adherence to management policies for all aspects of the business
- The safeguarding of assets
- The prevention and detection of fraud and errors
- The accuracy and completeness of the accounting records
- The timely preparation of reliable financial statements

2.2.2 Characteristics of a good internal control system

According to Jackson and Stent(2010) a good internal control system should have the following qualities:

Control environment

The control environment of an organisation should sets out the tone of the organisation.Directors and management should champion and motivate staff to work towards the implementation of a sound internal control system.

Competent ,trustworthy personnel

The organisation should have a sound recruitment policy.Only qualified and competent staff should be allowed to take up vacant posts in the organisation and this will help to reduce the risk off errors.

Segregation of duties

The basic requirement in a good internal control system is that functions of authorization,execution,custody of assets and recording of transactions should be done by different qualified and competent officers.This control principle will help to reduce and prevent risks of fraud and errors.

Physical controls

Company assets should be protected from theft.Access to assets should be restricted only to authorized personnel,and this can be achieved by employment of security guards.

Frequent reconciliations

Periodic reconciliations, such as bank reconciliations,creditors and debtors reconciliations will help in the detection of errors and fraud in the operating cycles of the business entity.

The world has now realized that the management of risk in organizations is a very important aspect to the successfulness of organizations.If risk is not properly managed by taking the necessary precautions through the design and the effective implementation of sound internal control system this could have an adverse impact to the organisation.The effective implementation of sound internal control systems in Central Government will help Treasury to close down all the leakages of the national purse.

2.3 The roles of Public Auditing

According to Zhou and Zinyama(2012),Public Audit Offices are watchdogs of the national resource envelope and the pivot of legislative control over finance.Public auditing seeks to evaluate the manner in which public funds are deployed and it therefore seeks to promote transparency and efficient use of public funds by providing valuable recommendations on the

most best practices of managing public funds and resources. At Civil Service Commission both internal and external auditors have provided some valuable audit recommendations in response to identified risks. Examples of audit recommendations which the auditors have given the organisation includes the need to ensure the regularization of the operations of the bus fund and recommendations to the need to improve the internal control system in the receipting and banking of money through adequate segregation of duties.

2.3.1 Internal Auditing

According to Gerrit and Ignace in Mohamud and Salad (2013), Internal audit is an independent, objective assurance activity and can provide valuable insight in providing assurance that major business risks are being managed appropriately and risk management and the control framework is operating effectively. According to (IIA 2009), the traditional role of internal auditing was to focus on the assessment of the effectiveness of the internal control system. The modern approach has moved towards risk based internal auditing. According to the King Code of Governance for South Africa(2009) , “Risk-based internal audit is more effective as it allows internal audit to determine whether controls are effective in managing the risks which arise from the strategic direction that a company through its board ,has decided to adopt.” Internal auditors help to identify risks in organizations and they do provide tactical measures to management in order to prevent the effects of these risks by giving organizations recommendations on how to prevent identified risks. Pintol(2013) noted that internal auditing is an important tool in organisations as it is used as an evaluation device on the planned activities ,in both productive and financial areas, evaluating and reporting improvements with respect to the weaknesses, aiming to add value to the organisation.

Internal auditors have given the Civil Service Commission a number of audit recommendations through management letters and audit reports, however management has taken little steps to try to implement some of these audit recommendations. According to the website www.anao.gov.au accessed on 15/01/2014, The benefits of audit reports are forfeited and risks will remain ,if recommendations are not implemented within the agreed time frames. In line with the modern approach to auditing, the Civil Service Commission has in recent time adopted a risk-based internal auditing approach. Extensive audit procedures are directed towards high risk areas which includes funds management systems and asset management systems.

2.4 The legal frameworks governing public auditing in Zimbabwe

Public auditing in Zimbabwe is regulated through the Public Finance Management Act Chapter 22:19 of 2009, The Audit Office Act Chapter 22:18 of 2009 and by the supreme law of the country which is the Constitution of Zimbabwe Amendment (No.20) Act 2013.

2.4.1 Functions of the Auditor-General

According to sec 309 of The Constitution of Zimbabwe Amendment(No.20) Act 2013, the functions of the Auditor-General are:

- (a) To audit the accounts ,financial systems and financial management of all departments, institutions and agencies of Government
- (b) To order the taking of measures to rectify any defects in the management and safeguarding of public funds and public property

Sec 309(3) of The Constitution of Zimbabwe says, Public officers must comply with orders given to them by the Auditor-General.

2.4.2 Functions of Internal Auditors

According to The Public Finance Management Act Chapter 22:19 of 2009, the functions of an internal auditor are:

- (a) To monitor the financial administration and procedures of the Ministry or reporting unit concerned
- (b) To assess the cost-effectiveness of any projects undertaken by the Ministry
- (c) If at any given point the auditor concludes that there has been defects in the management of public funds, the auditor will immediately bring the matter to the notice of Treasury ,the appropriate accounting officer or receiver of revenue.

These legal frameworks places much emphasis on the need to account public funds more efficiently and transparently. The auditor is obliged to bring matters of irregularities to the attention of management who are suppose to comply with the orders given to them. Civil Service Commission has not been complying with some of the orders and recommendations given by the auditors to ensure good accountability of public funds. The Civil Service Commission have been

ordered on several times to regularize the operation of the bus fund which was not properly constituted in terms of the PFMA and also the organisation was ordered to consider cost cutting measures to reduce rental expenses by looking for other alternative cheaper office accommodation. These and other orders have not been complied with in terms of The Constitution of Zimbabwe Sec 309(3).

2.5 Management weaknesses and audit recommendations

2.5.1 Management letter

According to ISA 210, management letter is a letter which is addressed to the directors of a company and is written by the auditors at the completion of the audit. The letter is a summary of the weaknesses identified during the audit process and management should consider each item by item and come up with possible solutions to identified areas of weaknesses. The letter is very useful to management as it helps management to identify risk areas and therefore will help the organisation to come up and design strategies of managing identified risks.

2.5.2 Audit observations

According to the website www.westga.edu accessed on 06/02/2014, An audit observation is an area of conflict or other form of discrepancy in the preparation and presentation of financial statements and it usually point towards areas of potential control weaknesses, policy violation, financial misstatement, inefficiency or other forms of irregularities identified during the audit process. If the audit observation is deemed valid and of sufficient significance, it will be documented within the audit report. Audit observations will normally be graded in terms of their riskiness.

Table 2.1 Responses to audit observations

Grade of audit observation	Description	Expected remediation
Material	<ul style="list-style-type: none"> • Material violations of policies, procedures and laws • Unacceptable level of internal controls • High risk for fraud and abuse • Material risk identified 	<ul style="list-style-type: none"> • Findings should be addressed immediately and plans developed to rectify the issue • A maximum response timeline of 60 days will be required of management.
Significant	<ul style="list-style-type: none"> • Significant violation of policies or procedures • Weak internal controls • Material risk identified 	<ul style="list-style-type: none"> • Action plans to address issues should commence within a reasonable level of time starting within 3 months of discovery and be completed within 6 months.
Comments	<ul style="list-style-type: none"> • Nominal or minor violation of policies, procedures, rules and regulations • Minor opportunity to improve effectiveness and efficiency 	<ul style="list-style-type: none"> • Items not detailed within the body of audit report. • Remain tracked within audit database • No action plans or response required from management.

Source . www.westga.edu accessed on 06/02/2014

Reviewing of audit reports and management letters at Civil Service Commission has revealed that the average agreed time frames for responds with remedial actions to audit observations has been in the range from 30 days up to a maximum of 90 days suggesting the high riskiness of

audit observations .However most of the audit observations and audit recommendations at CSC have spanned for many years without remedial action plans.

The auditors should discuss all the material findings with the auditee management. The objective of these discussions is to communicate and validate the audit findings and to obtain an agreement from management on how the organisation intends to respond to the identified risks (www.westga.edu). It is the common practice at CSC that at the completion of the audit engagement, auditors hold exit meetings with management to discuss their major findings together with the expected remedial action plan.It is important that management give consideration to the audit observations as they usually point towards areas of potential risks and losses.At CSC audit observations have been mainly centered on violations of statutory requirements ,rules and procedures which ensures good accountability of public funds and other areas of concern have been the ineffectiveness of the internal control systems and also the inefficient use of public funds which has often resulted in wasteful spending.

2.6 Responsibilities of management in financial reporting

According to the website www.anao.gov.au accessed on 15/01/2014,The implementation of audit recommendations is a management responsibility however auditors could play an important role in the monitoring of the implementation process.

According to Jackson and Stent(2010),management is accountable to the board of directors for designing and implementing the process of managing risk in the organisation.Implementation of audit recommendations within the agreed time frames is taken as a risk management consciousness culture within the organisation. According to the website www.gao.gov accessed on 03/02/2014,the benefits of audit work is not in the audit recommendations made,but in their effective implementation within the agreed time frames.If a recommendation is made to an agency ,its management is responsible for implementing it.

According to the website www.northynside.gov.uk ,It is the responsibility of management to ensure that proper consideration is given to Audit reports and their recommendations. Internal auditors should ensure that appropriate arrangements are made to determine whether action has been taken on audit recommendations, or that management has understood and assumed the risk of not implementing the recommendation.

2.6.1 Prevention and detection of fraud

According to Jackson and Stent (2010),The responsibility for the prevention and detection of fraud and errors lies with management. This responsibility is met by the implementation of sound internal controls as may be recommended by the auditors from time to time. Fraud is a major threat to the existence of corporates and it is also more rampant in Government departments . The recent collapse of the big corporates such as Enron due to financial scandals is a major call for both management and the audit profession to seriously consider the effects of fraud in financial reporting. Equally the same CSC is called upon to seriously consider the effects of fraud in the pensions administration unit.

2.6.2 Compliance with laws and regulations

In terms of ISA 250,It is the responsibility of management and those charged with governance to ensure that the entity's operations are conducted in accordance with the applicable laws and regulations that determine the reported amounts and disclosures in an entity's financial statements.

Public funds must be properly accounted for in terms of the PFMA and Treasury Instructions Manual and also in terms of the Constitution of Zimbabwe. Operating within the confines of laws and regulations help organizations to avoid potential litigations which may pose major threats to the operation of the organisation. Internal and external auditors have noted with great concern the prevalence of the violations of statutory provisions and regulations of managing public funds at Civil Service Commission. The auditors have noted that the Civil Service Commission was operating a bank account in respect of the PSTMF however authority to open a bank account in terms of the PFMA was not available. PFMA sec 22(3), states that "No account shall be opened with a financial institution or other such body ,whether within or outside Zimbabwe ,for the deposit of public moneys otherwise than in terms of the Act,unless the written authority of the Accountant –General has been obtained."

2.7 Roles of internal auditors regarding risk management.

According to Mohamud and Salad(2013) the internal auditor has the following responsibilities towards the management of risk.

Core internal audit responsibility for risk management

- Giving assurance on the risk management process
- Giving assurance that risks are correctly evaluated
- Evaluating risk management process

Legitimate internal audit responsibility of risk management

- Facilitating of identification and evaluation of risk
- Coaching management in responding to risks
- Co-ordinating risk management activities
- Consolidating reporting on risks

Roles internal audit should not undertake

- Setting the risk appetite
- Imposing risk management process
- Management assurance on risks
- Taking decisions on risk response
- Implementing risk response on management behalf

2.8 What can be done to ensure the implementation of audit recommendations?

According to the website www.gao.gov the following principles will increase the likelihood of the implementation of audit recommendations:

2.8.1 Improving the quality of audit recommendations

Audit recommendations must state a clear ,convincing,and workable basis for implementation.Their utility and continued relevance should be reevaluated as followup actions progress. According to Mihret(2007:470), “An internal audit function’s capability to provide useful audit findings and recommendations would help raise management’s interest in its recommendations.” Mihret(2007) said,if the audit function enhances quality of their audit recommendations to the extent it elicits management’s interest,then management support would

be a natural quid pro quo because management would realize the importance of the audit function towards the attainment of the goals of the organisation.

2.8.2 Commitment towards the implementation of audit recommendations

Auditors and organizations must be committed to identifying and bringing about needed change. The auditor's commitment should be personal and professional. The organisation should be supportive and reinforce the commitment to its staff.

2.8.3 Rigorous follow up and monitoring

Organisations should have a system that provides the structure of discipline needed to promote action on audit recommendations. It should ensure that recommendations are aggressively pursued until they have been resolved and successfully implemented. Auditors should assess whether the agencies they audit have a follow up system that adequately meets their basic responsibility for resolving and implementing audit recommendations.

Ahmed (2009) noted that management support is needed and that with such support, sufficient resources are usually allocated for the audit function and this will ensure that its audit recommendations will be implemented. Support of the internal audit function has not been given more priority at Civil Service Commission that is the audit function is not being adequately funded and auditors's findings are not adequately considered and this is exacerbated by the prolonged absence of the Audit Committee. To achieve desired goals auditors and management should work together, the realization by management that auditors are there to protect the organisation is very important. Auditors are not employed to look for mistakes but are there to help management to execute their duties more effectively.

According to the website www.anao.gov.au accessed on 15/01/2014, A rigorous follow up on audit recommendations and reporting to the Audit Committee can send a strong signal that the implementation of audit recommendations within the agreed time frames is very important. A follow up mechanism will help to speed up the audit recommendations implementation process and it will always act as reminder to management that the timely implementation of audit recommendations is imminent. Audit recommendations should be also cost-effective (www.anao.gov.au). Recommendations should be made after a feasibility has been

taken that is the cost of implementing a recommendation should not exceed the benefits which will accrue from implementing the recommendations. However recommendations dealing with non-compliance with laws should be implemented even if the implementation costs are more. The auditor may also consider more than one course of action or other alternatives to rectify the problem.

Findings have revealed that there is inadequate coordination of audit work and managerial support at Civil Service Commission. Some of the staff members and management views auditors as fault finding detectors thus leading to the audit dilemma of the audit expectation gap. According to Adeyemi and Uadiale(2011), Audit expectation gap is the difference between what the public accepts as the objective of the audit function and what the audit profession accepts the objective of auditing to be.

2.8.4 Establishment of Audit Committees

According to the Public Finance Management Act Chapter 22:19 of 2009, Every Ministry, constitutional entity and public entity should establish an audit committee, which will be responsible for the reviewing of internal controls including the scope of the internal audit programme and internal audit findings, and to recommend appropriate action to be taken by the responsible authorities. According to the website www.corpgov.deloitte.com accessed on 05/02/2014, The Audit Committee is established with the aim of enhancing confidence in the integrity of an organisation. It also helps in the evaluation of the effectiveness of the external and internal audit functions. Audit Committees play major roles in the oversight of the company's risk management policies and programmes.

The Civil Service Commission has no audit committee and as a result there is no independent supervision of management to ensure that audit recommendations are responded to within the agreed time frames.

2. 9 Causes of reluctance in implementing audit recommendations

2.9.1 Legal frameworks gaps

According to Zhou and Zinyama(2012) they said if the audit function was to have the desired impact, the enabling legislation was supposed to place an obligation upon the Treasury and the

heads of Ministries whose accounts have been qualified to respond with a remedial action plan to the AG's office. The AG would then follow up on the action plan. Currently there is no legal statutes which allows AG to enforce Ministries to comply with his/her orders including audit recommendations. As a result the Audit office is rendered a watchdog institution without teeth to bite.

2.9.2 Shortage of skilled and competent staff in the accounting field

Zhou and Zinyama(2012) noted that there is a shortage of skilled and competent staff in Government Ministries who can ensure that public funds and State properties are properly accounted for. Lack of technical skills in the accounting field will result in ineffective implementation of audit recommendations. This aspect is very relevant to Civil Service Commission, were some officers who work in the accounts department do not have the requisite qualifications in the accounting field. According to The Herald dated 20 February 2014, in his speech to students who were attending Senior Management Course at Manyame Air base, Mr Charamba who is the permanent secretary in the ministry of Media and Broadcasting Services and also a Presidential spokesperson said. "For me to be a permanent secretary, my vetting relates to political credentials and they do not relate to what I know about business.....The time has now come for Government to review the qualifications for a permanent secretary to say hey, are you business literate? If you are not, out" in terms of the PFMA, Permanent Secretaries are the Accounting offices and heads of Ministries in the day to day running of the activities of the Ministry. Greater proficiency and expertise is required in the administration of public funds although this may be achieved through delegation, the Permanent Secretaries will remain accountable and answerable to parliament and the executive.

2.9.3 Less independence of the public audit function

Zinyama(2013) noted that the current public audit function does not have independence from its operations. Independence and objectivity is the cornerstone of the audit function. Independence of the audit function can be achieved by rotation of auditors, this has been however a major challenge for public auditing in Zimbabwe due to the acute shortage of competent and qualified personnel. This has seen audit teams auditing for many years the same client without rotating. The recruitment and the funding of the public audit function is wholly controlled by the

Government itself. Zhou and Zinyama(2012) also noted that Government departments and Ministries were not giving adequate and serious attention to audit recommendations and observations .This notion is very relevant to the Civil Service Commission,where both internal auditors and external auditors, report their findings to lower management levels.The Civil Service Commission has no Audit Committee in place so as to increase the independence of the audit function.To achieve independence of the audit function,Alzeban and Sawan(2013) noted that the Audit Committee must be invested with the authority to appoint ,dismiss and assess the performance of the audit manager.At Civil service Commission the appointment and assessment of the Audit manager is being done by the Personnel department and the Finance department.

2.9.4 Ineffectiveness of the Public Accounts Committee (PAC)

According to Makamure(2011),The Public Accounts Committee(PAC), is a committee which was established by Parliament and is expected to play a prominent role in the way public funds are managed in Zimbabwe.Makamure noted that Ministries do not bother to respond to the PAC and pertinent findings and audit recommendations will eventually gather dust. Ministries and Government departments who are implicated in the mismanagement of public funds will continue with their usual business because PAC is not strong enough to compel action to be taken.Makamure(2011) recommended that PAC must take an active role in making follow-ups and it should demand action to be taken on audit recommendations.

2.10 Effects of non-implementation of audit recommendations

Imagine when a doctor prescribes a prescription of drugs to a patient and then the patient decides to throw away the prescription. Do you think the patient will get well? Compliance with audit recommendations within Central Government remains a major challenge which otherwise requires immediate attention.

According to Mihret(2007:472), “Audit findings and recommendations would not serve much purpose unless management is committed to implement them.”

2.10.1 High control risk

According to Jackson and Stent(2010),Control risk is a component of the audit risk that relates to a misstatement that could occur in an assertion and that could be material ,individually or when

aggregated with other misstatements, will not be prevented or detected and corrected on a timely basis by the entity's internal control system. Audit risk is the risk that an auditor may express a wrong opinion after reaching the wrong conclusion during the auditing of financial statements Jackson and Stent(2010).Design and implementation of effective internal control system is the responsibility of management. The responsibility of the auditor is to make an independent evaluation of the effectiveness of the internal control system. If the internal control system is not effective he/she will bring the matter together with recommendations of improving the internal control system to the attention of management. If management do not get quick action on the recommendations then the control risk will remain very high. Auditors reports have noted with great concern the weaknesses of the internal control system at Civil Service Commission this includes inadequate segregation of functions as a result this has lead to misappropriation of public funds and commitment of many errors by officers.

2.10.2 Overall business risk

King Code of Governance for South Africa(2009:14),said "Risk involves issues over the whole spectrum of conducting business and enterprise."

According to the website www.anao.gov.au accessed on15/01/2014, Risks will remain if audit recommendations are not implemented within the agreed time frames.

If audit recommendations are not given adequate attention within the agreed time frames, it therefore means that the organisation will continue to experience risks such as wasteful spending ,inefficient use of resources, violation of statutory provisions which may lead to litigation proceedings with an adverse impact to the organisation.In terms of ISA 240, the risk of fraud will be high if the control system is weak to prevent and detect fraud.

2.11 Summary

Chapter two has highlighted on what other scholars and researchers have said about implementation of audit recommendations.Reseach objectives were all covered, which include the role of public auditing, the responsibility of management towards the implementation of audit recommendations and the long term effects of refusing to implement audit recommendations. The next chapter will look into research methodology.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This Chapter will discuss the various methods and techniques which were used by the researcher to obtain and gather all the necessary and relevant data. The final analysis and conclusion of this research was based on the results and valuable contributions from key informants which included questionnaire and the interview participants. The chapter examines the various data sources which were used and also the presentation format of data. The chapter also defines the characteristics of the population which was of interest and the sampling methods which were used and together with their justifications .A summary will then end the chapter.

3.1 Research design

According to the website www.emeraldinsight.com.access.msu.ac.zw/research/guides/methods , accessed on 19/02/2014 a research design is “A plan for getting from your original question or hypothesis to obtaining workable results from your research, on which you can base defensible conclusions.” Qualitative and quantitative approaches were used to gain in-depth understanding of the nature and the role of public auditing at Civil Service Commission. Questions were built from the objectives of the study with the main aspects including implementation of audit recommendations and causes of non-compliance with audit recommendations together with their potential effects to the proper accountability and efficient management of public funds and resources.

3.1.1 Defining the research

The first task was to decide what the research was suppose to achieve and this was done by firstly defining the research questions and the research objectives .According to the website www.emeraldinsgght.com ,the questions should be suitable and good enough to provide sufficient scope for the research and they should be new enough to have not already answered.

3.2 Case study research

According to Yin (2009), case study research is an empirical inquiry of a problem within the real life situation. Another definition of a case study from Dul and Hak(2007:4) is “A case study is a study in which **(a)** one case study(single case study) or a small number of cases(comperative case study) in their real life context are selected and **(b)** scores obtained from these cases are analysed in a qualitative manner.”The researcher adopted a case study approach in this research and Civil Service Commission was used as a case study which represents public sector operations.

3.2.1 Justification of a case study approach

The researcher used a single case study of Civil Service Commission.Yin (2009), listed five rationales for single cases as follows:

- A critical case- that is one that test a particular theory
- An extreme or unique case-for example ,a case study of a rare disorder
- A representative case-a case that is representative ,or typical ,of a particular situation
- A revelatory case-one that reveals a phenomenon hitherto unexplored
- A longitudinal case- a study of changes over time.

The big disadvantage of single case study is that it may be considered to have a structural characteristic which is peculiar to an individual group, while multiple case study studies have the advantage in that evidence is provided from many sources, thus making it easier to generalize.

Advantages of the case study research method

According to the website www.emeraldinsight.com.access.msu.ac.aw/research/guides/methods, accessed on 19/02/2014 the following are the advantages of case study research:

- Case study are real ,they offer a chance to get a snapshot of real life .As such they are most appropriate for dealing with a subject that is context dependent,complex and unusual
- Case study offers depth and specificity of the research
- Case study offers breadth and diversity in terms of methods of data collection and analytical techniques.For example a single case study can incorporate surveys,

interviews, observations and the use of questionnaires. This offers the possibility of several different layers of analysis which can reveal several different perspectives, with an added benefit of triangulation of the results.

- According to Woodside (2010:2-3) “ the usefulness of case study research lies in the fact that it encourages research methods that help measure thinking over an ongoing period, for example by multiple interviews.”
- It can also be a useful method when the unit of analysis, or subject under consideration, is a collective entity such as an organisation or a community.

Disadvantages of case study research

- The main problem of case study research is that it is not sufficiently rigorous. The author does not leave the clear audit trail detailing his or her research and explaining the conclusions.

3.2.2 Quality in case study research

According to the website www.emeraldinsight.com all research needs to conform to the following quality criteria:

Construct validity.

This is making sure that the research uses the right operational measures. Construction of validity can be improved by:

- Multiple sources of evidence that is data collection methods which can be triangulated against one another
- Have a chain of evidence
- According to Yin(2009) allow key informants to review data

Internal validity

This quality seeks to establish a causal relationship, and is relevant for explanatory rather than explanatory causes. A relationship should be established that X causes Y.

External validity

The extent to which it is possible to generalize from the findings of case studies

Reliability

Another researcher should be able to go in and repeat the case study, and come up with the same findings. In order to achieve reliability of the research a database was created for all the data sources.

3.3 Data collection

This was a very important stage in research. The data collection process demands that the researcher was supposed to be actively involved by asking questions which linked to those that were central to the study. The researcher had to pay attention not only to what was said, but also to what was not said explicitly as indicated by mood and body language.

3.3.1 Sources of data

Primary data

Craig (2011) said primary data includes any data which is collected and analysed by the researcher through such means as surveys, interviews, observations and questionnaires. The researcher used primary data as a source of obtaining data and this was achieved through interviews, questionnaires and observations. The main disadvantage of primary data sources was that it was more time consuming to extract and also costly as compared to secondary data sources. The main advantage of primary data was that the researcher had control over the quality of data since the majority of data was obtained from source.

Secondary data sources

According to White (2010), secondary data is data which has already been collected, analysed and made available from other sources. The researcher had to make use of secondary data sources in the form of audit reports, management reports and Civil Service Commission end of year reports.

Advantages of secondary data sources

- The fact that much information was available in documented form(audit reports) the researcher found it easier to collect data and it also saved time and effort to collect data
- The existence of large amount of data also facilitated different types of analysis
- Secondary data sources was much cheaper to obtain as compared to primary data sources

Disadvantages of secondary data sources

- The researcher did not have control over the quality of the data
- Collecting primary data builds more research skills than collecting secondary data
- Access to all relevant secondary data sources was limited due to the confidentiality and sensitivity of other sources of data.

3.3.2 Principles of data collection

Use multiple sources of data

Use of different several methods of data collection is encouraged and it helps to triangulate data sources. Triangulation makes use of evidence from different sources to corroborate the same finding. The researcher used a triangulation approach were different methods of data collection were used which included interviews, questionnaires and observations. Woods (2010:107) maintains that a “multiple methods approach is essential in order to elicit both conscious and unconscious thinking processes”

Create a case study database

According to Yin(2009) there should be a database for all the data which was used and it should be stored in such a way that it can easily be accessed and viewed by another researcher. This will help to increase transparency and the reliability of the research. Notes were taken during interviews and a full text was subsequently written. Completed questionnaires were properly recorded and filed for easy access.

3.4 Population and sampling

3.4.1 Population

According to the website www.emeraldinsight.com.access.msu.ac.zw/research/guides/methods/, population refers to the whole of the people or objects which are the subject and of interest to the researcher. The targeted population in this research was made up of Directors, Chief Accountants, Accountants, Internal auditors, External auditors, Accounting Assistants and Administration Staff.

3.4.2 Sample

The purpose of sampling is to balance the costs of obtaining complete information with the need for an accurate picture of the population of interest. A sample is a fraction or a proportion of the whole population which represents the whole population. According to Webster(2013) a sample is defined as a finite part of statistical population whose properties are studied in order to learn more about the whole population. Saunders, M, Lewis, P and Thornhill, A (2009) said a sample is a representation of the population.

3.4.3 Sample design

Is a method of selecting individuals from the whole population in order to come up with a required sample size.

3.4.4 Stratified sampling

This method of sampling is used when the population comprises of different sub-groups which are of interest. To ensure that every group is included in the sample, stratus are made and a sample is chosen from each strata. The researcher had to use stratified sampling since the population of interest was made up of different grades of employees.

The table below shows the size of the population and the sample size

Table 3.1 Population and the sample size

Employee Grade	Population	Sample size
Finance Director	1	1
Other Directors	10	3
Legal Advisor	1	1
Chief Accountants	2	2
Accountants	5	5
Accounting Assistants	15	10
Chief internal auditor	1	1
Internal auditors	7	5
External auditor	1	1
Administration staff	8	6
TOTAL	51	35

3.5 Data collection techniques/research instruments

Research instruments refers to the tools which were used by the researcher to collect data. The tools included the use of interviews, questionnaires and direct observations. According to Kuersteiner (2009:99), “data collection is the process of gathering information using a selected technique which can either be a questionnaire, interviews or observations.”

3.5.1 Interviews

www.emeraldinsight.com defines an interview as a verbal interaction between two or more people and the other person will control and directs the flow of information. Interviews are mainly used in qualitative research. The interviewer will control the participant to reveal rich and varied data based on his or her understanding of the world and is thus a partner in the creating of knowledge and data as opposed to be a mere spectator. Interviews were mainly targeted for senior management staff that was considered to have vast experience in the operation of the organization.

Practical considerations of interviews

The researcher had to agree with the participants on the following aspects:

The date and time of the interview

The researcher had to agree with the participants on the dates and time of the interviews.

Duration of the interview

Most of the interviews were conducted within the range of one hour to one and half hours. Less than an hour may be difficult to cover issues in depth, more than two hours will be difficult to sustain concentration.

Recording of the interview

Advantages of interviews

- It allowed the researcher to clarify areas which the interviewee seemed not to clearly understand.
- The researcher could easily tell when the interviewee was lying hence removing bias
- Other interpretations in the form of body languages and other forms of non-verbal communications made the research more interesting
- Interviews also allowed the researcher to probe more questions some of which were not even prepared for.

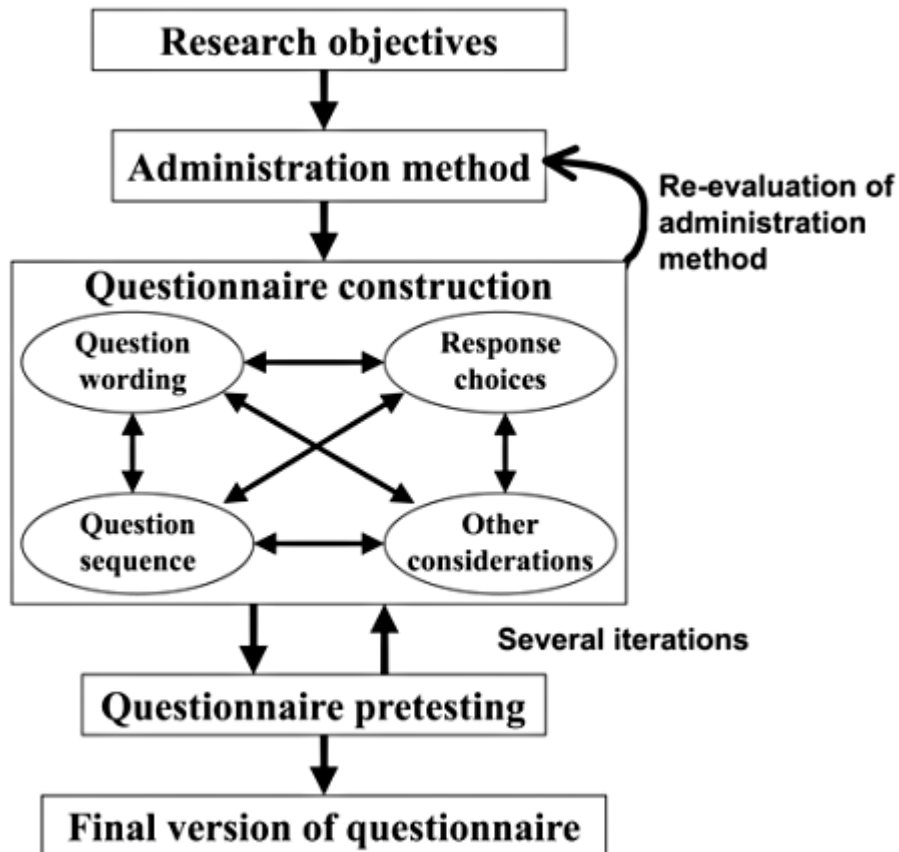
Disadvantages of interviews

- Interviews do not give respondents time to respond to questions hence respondents may give answers which are incorrect.
- Interviews were often interrupted with some other tight schedules and at times the researcher had to reschedule the interview dates.

3.5.2 Questionnaires

This research method was used to collect data from a wide group of the targeted respondents. A questionnaire is a collection of structured questions which are directed to a targeted group of audience with the aim of obtaining the required data which is of interest. The following strategies were used in the designing and construction of questionnaires.

Fig 3.1 Stages in questionnaire construction



Source www.emeraldinsight.com

The diagram above clearly shows that construction of a questionnaire starts with the defining of the research objectives and research questions.

Advantages of questionnaires

- Participants were given more time to complete the questionnaire before they return them back. Hence it allows participants to carefully consider the questions before completing the questions.
- Participants were free to give all the information since there was no fear for victimization since participants were not required to state their names.
- They permitted a wide geographical coverage
- Questionnaires make use of both open and closed ended questions. Open ended questions allows participants to give other data which may not be contained in a specific

questions. While closed ended questions are designed to collect specific data by giving participants options to choose.

Disadvantages of questionnaires

- Administering of questionnaires was difficult since some of the participants could not respond to the questionnaires within the agreed time frames
- Control over the quality of data was difficult as there was always a bias in that some of the respondents could answer the questions without carefully reading the questions.
- Questionnaires could not give the researcher time to clarify areas in which the participants could not understand as with interviews.

3.6 Pilot testing

According to the website <http://programeval.ucdavis.edu> , pilot testing is a method of finding out if your survey ,key informant interview guide or observation form will work in the “real world” by trying it out first on a few individuals who make up the sample extract.

The purpose of carrying out a pilot testing is to make sure that all people in the sample understands the questions. It gives the researcher a chance to make necessary corrections to the questions before the actual dispatch of the questionnaires. Pilot testing was done to the following sub-groups:

Table 3.2 Pilot testing sample

Sub-group	Selected number
Finance	4
Administration	3
Directors	1
Internal Audit	2
Total	10

Feedback was received from the informants and some corrections were made to the questionnaire so as to include open-ended questions on some of the questions. Key informants

also suggested other corrections to the number of questions. Initially the total number of questions was 25 and key informants suggested the need to reduce the number of questions and the researcher managed to reduce them to a total of 23 questions this was achieved by removing the other questions which were similar and repetitive in nature. No corrections were made in the interview guide questions all the respondents clearly understood all the questions. Overall the pilot sample showed clear understanding of all the questions.

3.7 Data presentation

The researcher used tables, pie charts and graphs to present information gathered from the various research instruments

3.8 Data analysis

The researcher used the mode to analyse data

3.9 Summary

This chapter has looked into the research methodology, research instruments, sampling strategies and the presentation format of data. The next chapter will now present and analyse the data that was collected using the research instruments as discussed above.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.0 Introduction

This chapter will now present the research findings together with their analysis .Data is presented using the results which were obtained from key informants during the field work. Data was obtained through self administered questionnaires, reviewing of documentary evidence which included the analysis of audit reports which were issued from 2009-2012 and data was also gathered through the conduct of interviews with key management personnel at Civil Service Commission.

4.1 Data presentation and analysis

Data is presented using different techniques such as pie charts, bar charts and tables. The main purpose of using different data-display techniques is to make the findings clear and easy to understand. Data is analysed using the mode.

4.1.1 Questionnaire response rate

An overwhelming questionnaire response rate of 88.57% was received out of the total selected sample size of 35 participants. Only 11.43% of the total selected participants were not able to respond by the time the questionnaires were collected back for analysis.The results are shown in Table 4.1

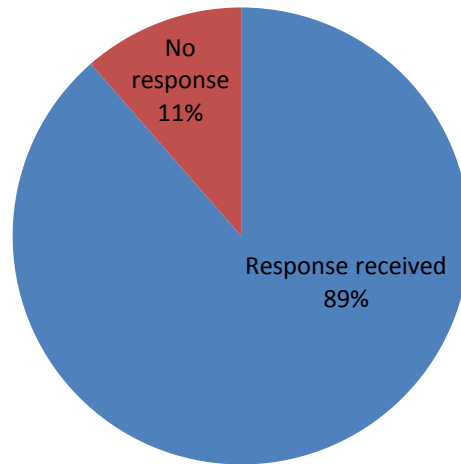
Table 4.1 Overall questionnaire Response Rate

Category	Questionnaires distributed	Responses received	Percentage of responses received
Total	35	31	88.57%

Below is a pie chart which shows the overall questionnaire response rates.

Fig 4.1 Questionnaire response rate

Questionnaire response rate



A reasonable conclusion therefore can be reached in this research as the greater part of the selected total sample size of 35 questionnaire participants was able to respond. Fig 4.1 shows that a total of 31 participants were able to respond constituting 89% of the total size of the sample size of 35 and only 4 of the selected questionnaire participants who made the balance of 11% of the total sample size was not able to respond. The 4 participants who could not respond to the questionnaires were reluctant to complete the questionnaires.

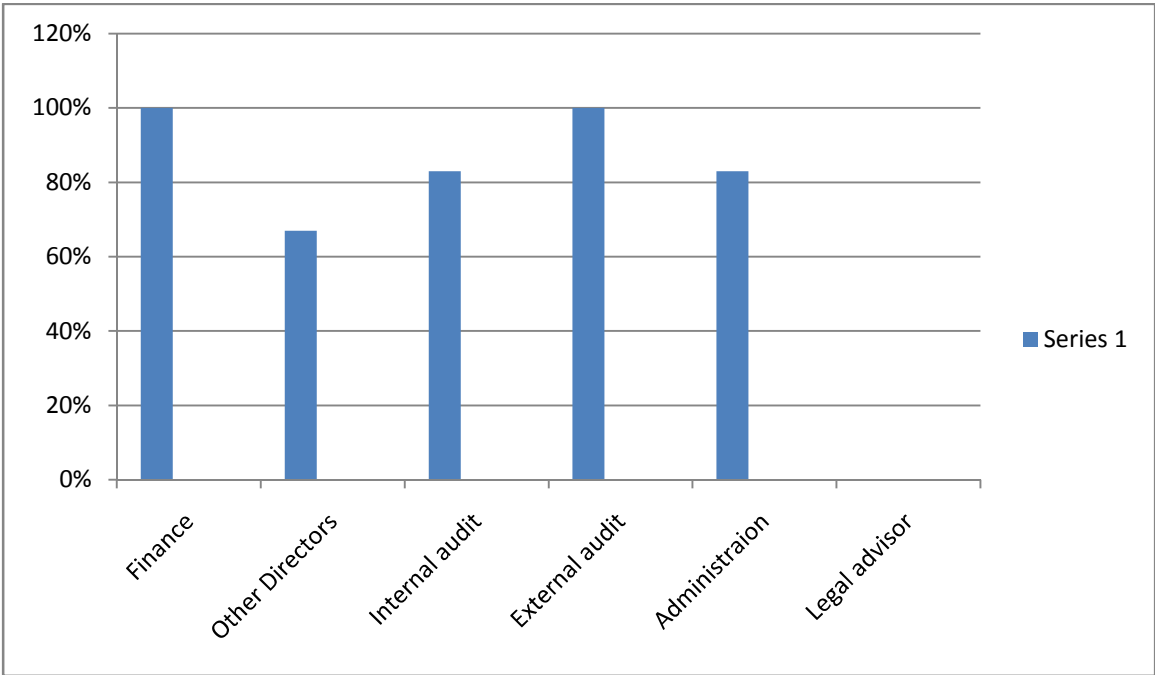
Table 4.2 Questionnaire response rate by category

Category	Questionnaires distributed	Responses received	Response rate
Finance	18	18	100%
Other Directors	3	2	67%
Internal Audit	6	5	83%
External audit	1	1	100%
Administration staff	6	5	83%
Legal advisor	1	0	0%
TOTAL	35	31	88.57%

Table 4.2 shows that a 100% of questionnaire response was achieved in the Finance department and this could be attributed to the fact that the researcher was stationed in the Finance Section working as an Accounting Assistant at CSC when this research was carried out and it was much easier to administer the questionnaire participants in the Finance section than other departments.

The bar chart below shows the response rate per category of the sample design.

Fig 4.2 Response rate by category



4.1.2 Detailed questionnaire analysis and data presentation

Question one

Gender

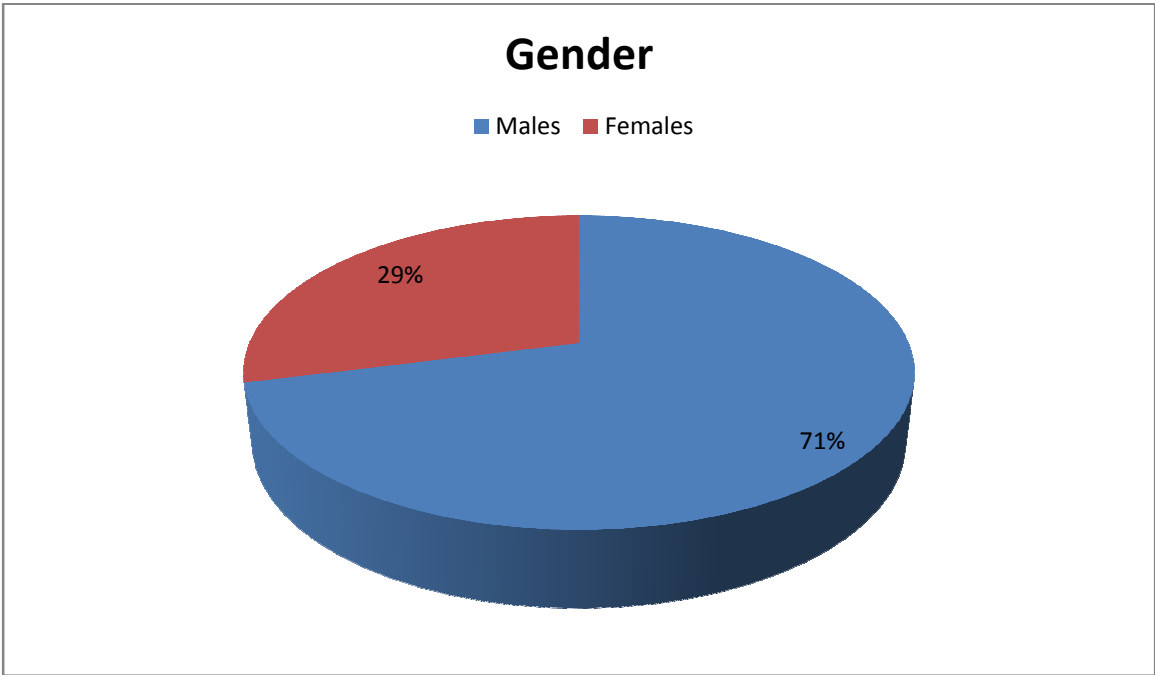
Table 4.3 Gender distribution

Sex	Total number	Percentage
Males	22	71%
Females	9	29%
Total	31	100%

The table above shows that males forms the greater part of both the population and the sample at CSC. It therefore implies that a lot still needs to be done if Government's desire for gender balance is to be achieved in all sectors of the economy. The table above shows that the modal sex distribution are males which represents a total of 71%. On average for every 5 questionnaire participants 4 of them were males.

The pie chart below presents gender attributes of the questionnaire participants who responded to the questionnaires.

Fig 4.3 Gender Distibution



Question 2

Experience with the organisation.

Table 4.4 Experience with the organisation

Years of experience	Respondents	Percentage
0-5 years	14	45%
6-10 years	10	32%
More than 10 years	7	23%
Total	31	100%

The above situation is a reflection of the brain drain exodus which took place in Zimbabwe following a decade of economic recession between 1999 -2008. The most experienced personnel left their jobs during the period of economic difficulties however Government went on a massive drive of recruitment in 2009 following the adoption of the multi-currency system. The above scenario is also supported by Zhou and Zinyana(2012) in which they concluded that there has been high turnover among the accounting professionals and there was need for Government to attract high skilled and experienced staff in order to ensure that public funds and state properties are properly accounted for. The shortage of competent and experienced staff at Civil Service Commission may cause challenges in the implementation of audit recommendations.

Statistical Analysis

The table above shows that the modal class of the number of years of experience lies in the range of 0-5 years.

Question 3

Department/Section

Table 4.2 above shows the the distribution of the respondents according to their respective departments and sections.

Question 4

Position

Table 4.5 Position held in the organisation

Designation	Responses	Rate
Directors	3	10%
Managers	2	6%
Deputy Managers	8	26%
Other	18	58%
Total	31	100%

Distribution of questionnaires to top management that is Directors and Managers was restricted to a minimum number as top management was mainly targeted for interviews.

Statistical Analysis

The table above shows that the modal position on the organizational structure at Civil Service Commission was other which represent a non managerial position.

Question 5

a) How often is the Civil Service Commission audited by internal auditors?

The objective of this question was to establish whether if the internal audit function was in existent at Civil Service Commission.

Table 4.6 Frequency of internal audit assignments

Responses	Number
Not at all	2
Once every year	15
Twice every year	13
More than two times every year	1
Not so sure	00
Total	31

Internal auditors are appointed in terms of The Public Finance Management Act Chapter 22:19. The Act however does not specify the number of times internal audit assignments should be taken in a given financial year. Although a total of 15 respondents 48% which was the mode agreed that the frequency of internal audit was once every year, further investigations and analysis of audit files reveals that since 2009 internal audit assignments have been carried for at least two times every year and this shows that the internal audit department at CSC is very active.

b) How often is the Civil Service Commission audited by the office of the Comptroller and Auditor General?

The objective of this question was to establish whether if the office of the Auditor –General was effective in the conduct of its annual audit assignments so as to comply with the requirements of The Constitution of Zimbabwe.

Table 4.7 Frequency of external audit assignments

Responses	Number
Not at all	1
Once every year	26
Twice every year	1
Not so sure	3
Total	31

84% of the total questionnaire participants which was the mode said external audit was conducted for once every year at Civil Service Commission and only 3% said it was conducted for twice every year. However further analysis of audit files revealed that external audit assignments were being conducted for once every year since 2009.

According to section 81 of the Public Finance Management Act Chapter 22:19, “The Comptroller and Auditor General shall audit or cause to be audited the financial statements of all accounting officers, receivers of revenue, statutory funds, designated or specified public entities “The above is supported by Zhou and Zinyama(2012),The Auditor General is

required by law to audit public accounts on an annual basis. At Civil Service Commission the office of the Auditor General has been auditing the Civil Service Commission once every year since 2009.

Question 6

What do you think are the objectives of public auditing?

The objective of this question was to find out the roles of the public audit function and to establish whether if CSC appreciates the functions and the importance of auditing.

This was an open-ended question.

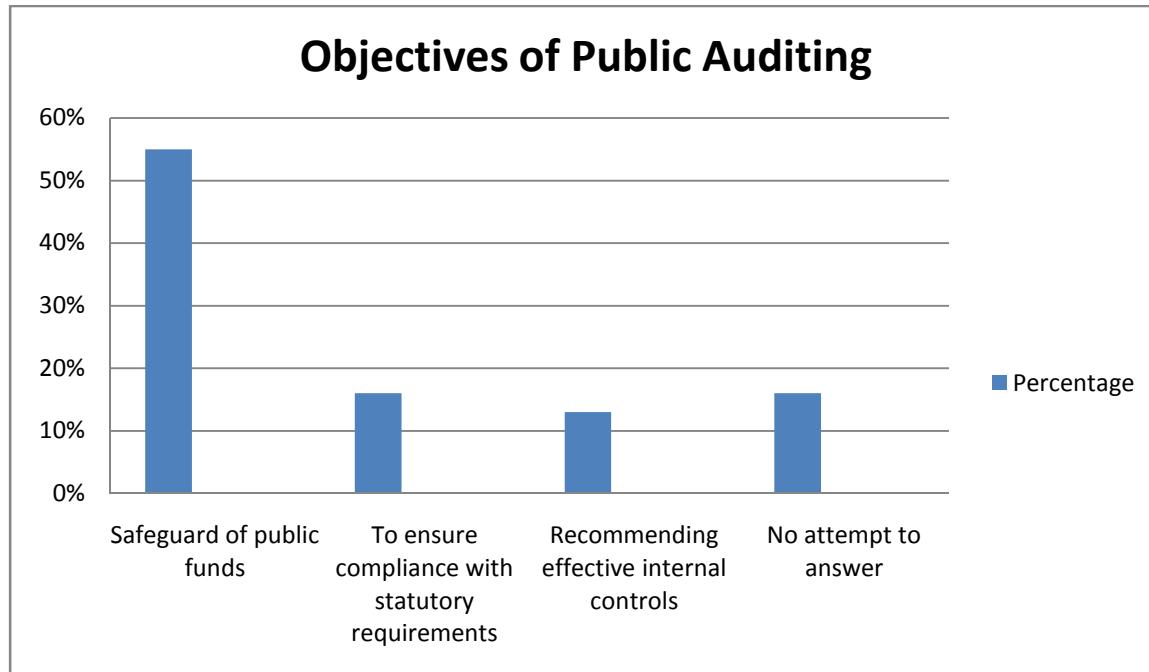
The common responses of answers which were received to this question are displayed below

Table 4.8 Objectives of public auditing.

Responses	Number	Percentage
Safeguard of public funds	17	55%
Ensure there is compliance with statutory requirements	5	16%
Recommending effective internal control systems	4	13%
No attempt to answer	5	16%
Total	31	100%

Below is a bar chart which shows the response rate of the objectives of public auditing

Fig 4.4 Objectives of Public auditing.



The above bar chart shows that a total of 55% which was the mode of the total respondents to the questionnaires said that the role of public auditing was to safeguard public funds. This is supported by Zhou and Zinyama(2012:218) who said that “Public audit offices are the guardian of the national purse and pivot of the system of parliamentary control over finance.” According to the Constitution of Zimbabwe, one of the functions of the Auditor-General is to order the taking of measures to rectify any defects in the management and safeguarding of public funds. A total of 16% of the total respondents had the view that public auditing is there to ensure that Ministries do comply with all the statutory requirements of the conduct of public business. This is very true as public funds are supposed to be properly accounted for in terms of the Public Finance Management Act, Constitution of Zimbabwe and in terms of the Treasury manual of 1996. The results shows that staff at Civil Service Commission is fully aware of the roles of the public audit function.

Question 7

An auditor can be viewed as a.

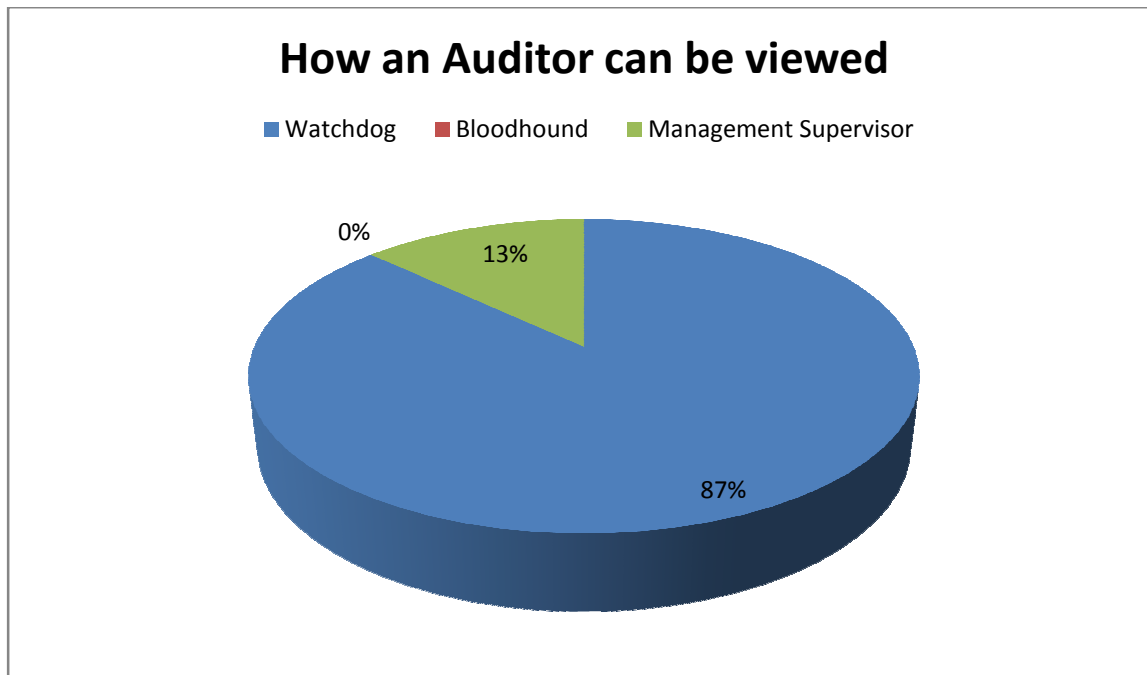
The question aimed to get an understanding on whether the participants clearly understand the purpose and the objectives of an auditor in the auditing of financial statements.

Table 4.9 View of an Auditor

Response	Number	Percentage
Watchdog	27	87%
Bloodhound	0	0%
Management Supervisor	4	13%
Total	31	100%

Below is a pie chart which shows the responses of how an auditor can be viewed.

Fig 4.5 View of an Auditor



A total of 27 participants which is the mode viewed an auditor as a watchdog and only 4 participants opted for management supervisor. An auditor is viewed as a watchdog in that he/she is there to alert management on any irregularities in the scope of financial management systems. This was the subject of a court case of *Re Kingstone Cotton Mills* (1986), in which the judge concluded that an auditor was a watchdog. This is also supported by Zhou and Zinyana (2012:219) who pointed out that "Audits are thus watchdogs against corruption, resource wastage and inefficient decision making."

Question 8

How do you rate the independence of the public audit function?

This question sought to establish whether if the public audit function was given the necessary independence. Independence of an Auditor is the cornerstone of the audit function and if the independence of an auditor is high generally management will have a keen interest in the audit recommendations.

Table 4.10 Independence of the public audit function

Response	Number	Percentage
Very high	0	0%
High	7	23%
Low	18	58%
Very low	6	19%
Total	31	100%

A total of 24(77%) questionnaire participants which represent the highest frequency rated the current public audit independence status as low. Only 7(23%) participants rated it as high. Independence is the cornerstone of the audit function and this can be achieved through reporting to independent bodies such as the audit committees which are however non-existent at Civil Service Commission. Zinyama(2013) noted that the current public audit function does not have independence from its operations. The public audit function does not have independence.

Question 9

Preparation and accurate presentation of financial statements is the responsibility of.

The objective of this question was to establish whether if management was aware of their principal duties towards the preparation of financial statements.

Table 4.11 Presentation of financial statements

Response	Number	Percentage
Management	31	100%
Auditors	0	0%
Not so sure	0	0%
TOTAL	31	100%

All the 31(100%) questionnaire participants said the responsibility for the preparation and accurate presentation of financial statements was the responsibility of management. This is also supported by the Public Finance Management Act section 32(1) which says “Every director of finance shall prepare or cause to be prepared the annual financial statements of the Ministry concerned and shall submit such statements to the Accounting officer in that Ministry and to the Accountant-General within thirty days of the year concerned.”It shows that staff was fully aware of the responsibilities of management towards the preparation of financial statements.

Question 10

Risk management and implementation of audit recommendations is the responsibility of.

This question aimed to establish whether if management was aware of their duties towards the risk management processes and also towards the implementation of audit recommendations.

Table 4.12 Responsibility for the implementation of audit recommendations

Response	Number	Percentage
Management	31	100%
Auditors	0	0%
Not so sure	0	0%
TOTAL	31	100%

All the 31(100%) questionnaire participants said that the responsibility of managing risk and implementing audit recommendation was a management function. This is also supported by Jackson and Stent(2010) who said management is accountable to the board of directors for

designing and implementing the process of managing risk in the organisation. According to the website www.gao.gov accessed on 03/02/2014, if a recommendation is made to an agency, its management is responsible for implementing it. However at Civil Service Commission audit observations and recommendations have not been adequately addressed by management and as a result the organisation has been exposed to wide risk factors. Risk management is exercised by management when adequate considerations to audit observations and the successful implementation of audit recommendations is being done within the agreed time frames. According to Mohamud and Salad(2013), Internal auditors identifies and evaluate risks, but they should not implement risk response on behalf management.

Question 11

At Civil Service Commission audit recommendations are implemented within the agreed time frames.

The aim of the question was to establish whether if audit recommendations were adequately addressed within the agreed time frames at Civil Service Commission.

Table 4.13 Implementation of audit recommendations

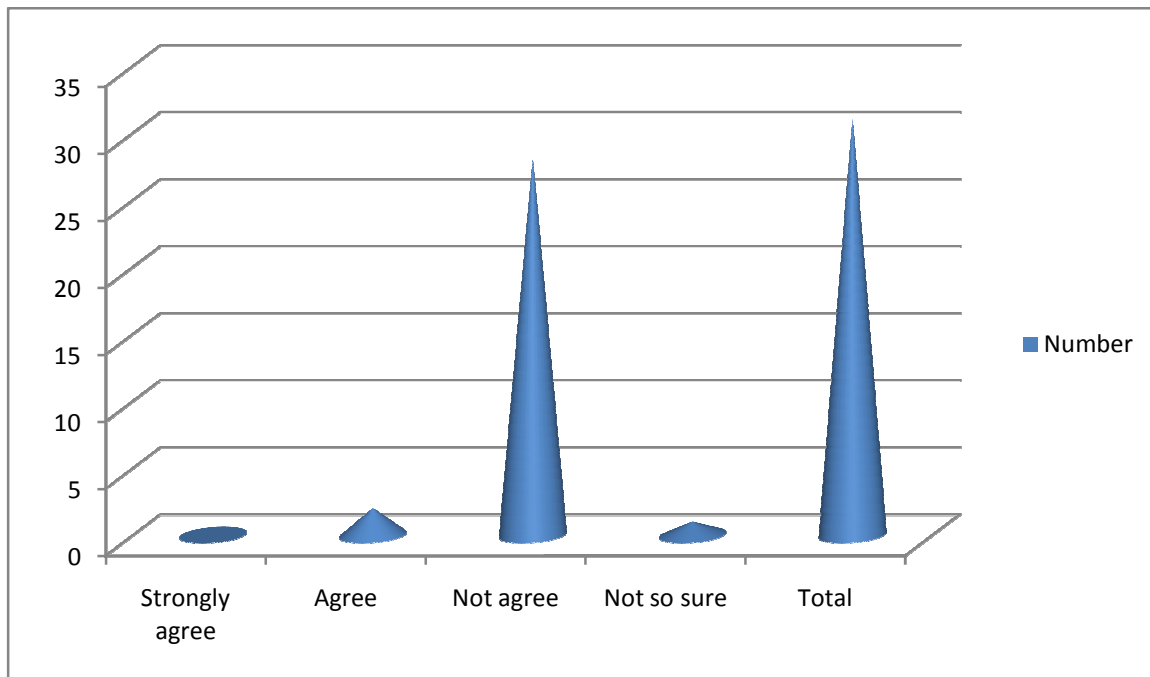
Response	Number
Strongly agree	0
Agree	2
Not Agree	28
Not so sure	1
TOTAL	31

The table above shows that a total of 28 participants which was the mode out of a total of 31 participants did not agree with the question that audit recommendations were implemented within the agreed time frames. 90% which is the majority did not agree and an analysis of audit reports files from 2009-2012 indicated that most of the same audit observations continue to repeat every year which is an indication that audit recommendations are not being implemented

within the agreed time frames. Analysis of audit reports files has revealed that the agreed time frames to respond to audit observations have been in the range from 30 days up to a maximum of 90 days from the date of the audit report. However some of the audit recommendations and observations have remained unsolved for more than two years as indicated in audit reports.

The bar chart below shows the above data.

Fig 4.6 Implementation of audit recommendations within agreed time frames



Question 12

Civil Service Commission has a well functioning audit committee.

The question aimed to ascertain whether if an audit committee was in existent at Civil Service Commission so as to comply with the provisions of the Public Finance Management Act.

Table 4.14 Existence of an Audit Committee

Responses	Number
Yes	3
No	25
Not so sure	3
TOTAL	31

The table above shows that 81% of the total questionnaire participants which was the mode said there was no audit committee at Civil Service Commission. The Public finance Management Act Chapter 22:19 of 2009 under section 84 clearly state that every Ministry ,statutory fund shall establish an audit committee. Further investigations with management revealed that there was no audit committee in existence at Civil Service Commission. Management however said they were still working on the issue of establishing an audit committee so as to comply with law.

Question13

The function of an audit committee is to.

The objective of this question was to establish whether if staff at Civil Service Commission was aware of the functions of an audit committee. An audit Committee is very instrumental in ensuring that proper consideration is given towards the implementation of audit recommendations.

90% which was the majority of the total participants said the function of an audit committee was to review internal controls and audit findings This is supported with the PFMA which says the responsibilities of an audit committee shall include the review of internal controls ,including the scope of the internal audit programme and internal audit findings, and to recommend appropriate action to be taken by responsible authorities. .6% believed that the function of an audit committee was to supervise management and the remaining 4% believed that the function of an audit committee was to audit financial statements. The prolong absence of an audit committee at Civil Service Commission has resulted in management relaxing to get quick action on audit observations and recommendations due to the absence of an independent supervisory board.

Question 14

Civil Service Commission has a risk management policy.

This question sought to establish whether if adequate measures which ensures that risks are properly identified and solved were in existent at Civil Service Commission.

58% which is the modal of the total questionnaire participants who responded said there was no risk policy at Civil Service Commission.29% said they were not sure whether a risk management policy was in existent at Civil Service Commission.The remaining 13% said there was a risk management policy however results from interviews with management revealed that the Civil Service Commission had no risk management policy.A risk policy will help management to identify risks and to appropriately solve all the identified risks.The absence of a sound risk policy at CSC may cause the recurrence of audit observations.

Question 15

The internal control systems at Civil Service Commission are.

The question aimed to establish the effectiveness of the internal control systems at Civil Service Commission.

Table 4.15 Effectiveness of the internal control systems

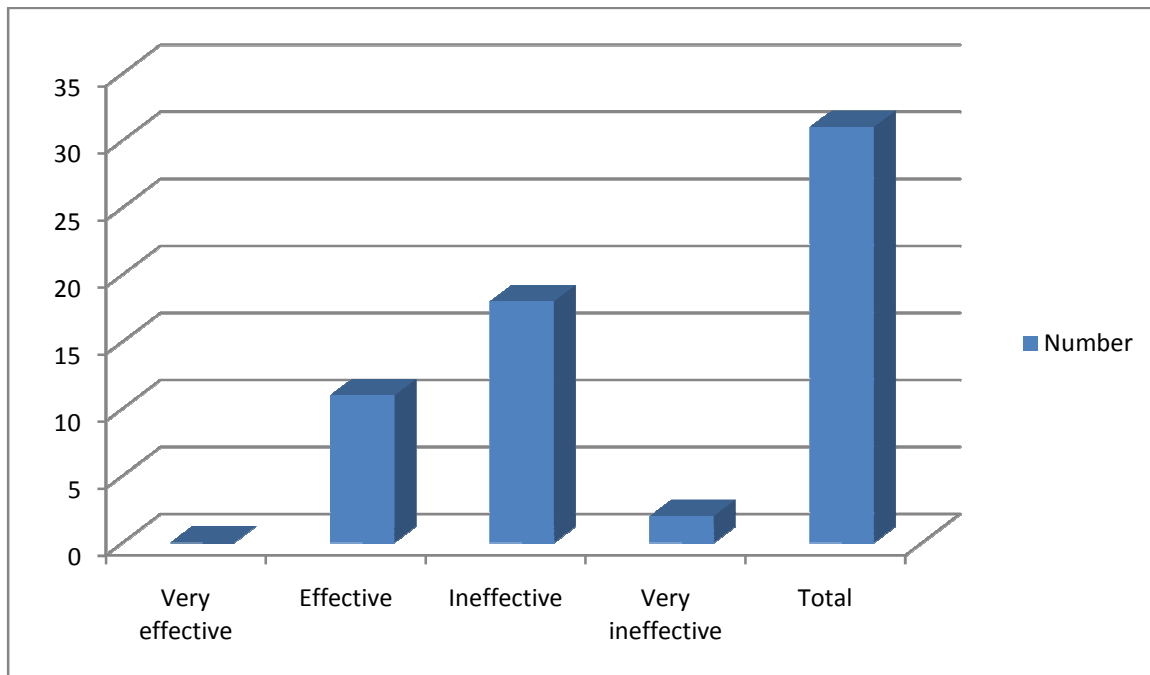
Responses	Number	Percentage
Very effective	0	0%
Effective	11	35%
Ineffective	18	58%
Very ineffective	2	7%
TOTAL	31	100%

The table above shows that a total of 20 questionnaire participants which was the mode of participants who responded said that the internal control systems at Civil Service Commission were not effective. This is supported by Murwira(2014) in her 2012 annual audit report ,The Auditor General noted that the Civil Service Commission had overpaid Government pensioners

by over US\$6 million and that the overpayment of pensioners had been caused by the absence of effective internal control procedures.

The bar chart below shows the effectiveness of internal control systems at Civil Service Commission as given by questionnaire respondents. The internal control systems at Civil Service Commission are not satisfactory.

Fig 4.7 Effectiveness of the internal control systems



Question 16

Application of International Public Sector Accounting Standards(IPSAS) at Civil Service Commission.

This question aimed to establish the applicability of IPSAS in the Public sector.

Out of a total of 31 questionnaire participants 18 participants which was the mode said there was no application of IPSAS in financial reporting and 7 said there was application and the remaining 2 were not sure as to whether the Civil Service Commission was using

IPSAS. However a further investigation revealed that Civil Service Commission was not using IPSAS and other members of staff did not even understand the meaning of IPSAS.

Question 17

Do you think the adoption of IPSAS by the Public Sector will help to increase transparency and accountability of public funds.

A total of 28 participants out of a total of 31 of the participants who responded to the questionnaires had the opinion that IPSAS will help to increase transparency. 2 participants were not sure as to whether IPSAS will improve accountability of public funds and the remaining 1 respondent said IPSAS will not improve. Adoption of IPSAS within the public sector will improve accountability of public funds as strict adherence to standards will help to improve transparency and comparability.

Question 18

How do you rate the quality of internal audit recommendations?

This question aimed to assess the quality and feasibility of implementing audit recommendations. Good quality recommendations will normally be implemented.

4.16 Quality of internal audit recommendations

Responses	Number of respondents	Percentage
Very high	8	26%
High	18	58%
Poor	4	13%
Very poor	1	3%
TOTAL	31	100%

The table above shows that a total of 84% being the mode of the total participants of questionnaires who responded rated the quality of internal audit recommendations as high, while the remaining 16% rated them as poor. This does however not agree with what Minhret(2007)

said , If the audit function enhances quality of their audit recommendations to the extent to which it elicits management then management support will be given.According to the website www.gao.gov Audit recommendations must state a clear convincing and workable basis for implementation.The above scenario is a clear testimony that audit recommendations are of high quality that is they are very practical and they reflect a true position and are feasible to implement.Management should make use of audit recommendations to rectify financial management challenges.Analysis of audit recommendations ,revealed that most of the audit recommendations are not of a technical nature and are not complex to implement.

Question 19

At Civil Service Commission all audit recommendations are well implemented.

A total of 26 (84%) being the mode of the total questionnaire participants who responded to the questionnaire said they did not agree with the above question.Only 1 participant was in agreement and the remaining 4 respondents were not sure as to whether audit recommendations were adequately implemented at Civil Service Commission. A further analysis of audit reports and management letters revealed that audit recommendations were not adequately addressed as evidenced by recurrence of same audit observations.

Question 20

Main causes of non compliance with audit recommendations at Civil Service Commission

The objective of this question was to establish what were the major causes of the non-implementation of audit recommendations at Civil Service Commission.

86% which was the mode of the total questionnaire participants who responded to the questionnaires said that the non-compliance with audit recommendations at Civil Service Commission was mainly caused by the absence of audit committees who will help to enforce the implementation of audit recommendations .The 86% also believed that another main cause of non-compliance was lack of management support and supervision. 10% of the total questionnaire participants believed that the non-compliance with audit recommendations was as a result of legal frameworks gaps in that the current Audit Office Act and the Public Finance Management

does not give sufficient power and authority to the Auditor General to allow him/her to monitor the implementation of audit recommendations.

2% of the respondents said that the non-compliance with audit recommendations was mainly caused by resource constraints. This however does not agree with the website www.gao.gov which said recommendations which involves violations of laws and policies must be implemented even if the cost of implementing them is expensive. Analysis of audit recommendations and observations which were issued to the Civil Service Commission from 2009-2012 mainly pointed out to the violation of laws ,procedures,policies and non-compliance with statutory requirements.

The remaining 2% did not attempt to give their views.

Ahmed et al(2009) noted that management support is needed and that with such support ,sufficient resources are usually allocated for the audit functions and this will ensure that audit recommendations will be implemented.

According to the website www.gao.gov a rigorous follow up on audit recommendations and reporting to the audit committee can send a signal that the implementation of audit recommendations within the agreed time frames is important.

Question 21

What do you think the CSC should do to ensure that audit recommendations and observations are addressed within the agreed time frames.

This was an open-ended question and the aim was to come up with the possible solutions which will help management at Civil Service Commission `to overcome reluctance towards the implementation of audit recommendations.

The majority of the respondents had the opinion that there was need to quickly set up an independent audit committee and to increase management awareness through training on the importance of the audit function and the need to comply with all the statutory requirements.

A few had the opinion that there was need to punish those who fail to comply with audit recommendations and those whose accounts are continually qualified. Establishment of an

independent audit committee is seen as a major step towards practical measures which will ensure that audit recommendations are adequately addressed at Civil Service Commission.

Question 22

Are there any gaps within the current public finance management systems?

This was an open-ended question which sought to establish whether if the current legal instruments which included the Constitution of Zimbabwe, Public Finance Management Act, The Audit Office Act and The Treasury Instructions had loopholes in the administration of public resources.

Table 4.17 Gaps in the Financial management systems

Responses	Number of respondents	Percentage
Yes	20	65%
No	5	16%
Not so sure	6	19%
TOTAL	31	100%

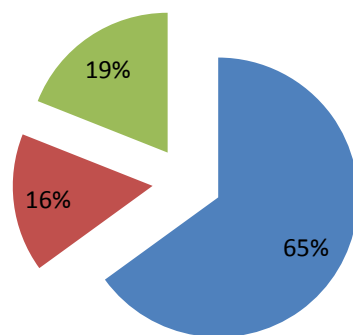
The above table shows that 65% of the total respondents who participated in the questionnaire which was the mode believed that the current public finance management systems have many loopholes in the administration of public funds and the main reason which was cited was that the current legal frameworks does not give sufficient powers and authority to the Auditor-General. This is also supported by Zinyama(2013), who noted that the current legislative framework had numerous loopholes. The Constitution of Zimbabwe and the Public Finance Management Act Chapter 22:19 and the Audit Office Act Chapter 22:18 do not give the AG's office any sanction powers to compel Ministries, departments and other public agencies to observe and comply with the Treasury instructions.

The pie chart below shows the rate of respondents to the above question.

Fig 4.8 Gaps in financial management systems

Existence of gaps in the financial management systems

■ Yes ■ No ■ Not so sure



Question 23

Are there any effects of non-compliance with audit recommendations at Civil Service Commission?

The question sought to establish the extent of risks associated with the non-implementation of audit recommendations at Civil Service Commission.

Table 4.18 Causes of the non –implementation of audit recommendations

Responses	Number of responses	Percentage
Yes	22	71%
No	4	13%
Not so sure	5	16%
TOTAL	31	100%

The table above shows that 71% of the total respondents which was the mode said non-compliance with audit recommendations was affecting the operations of Civil Service Commission. Only 13% of the total respondents said there were no effects and the remaining 16% said they were not sure whether if there were any effects of non-compliance with audit recommendations at Civil Service Commission. The 71% who said there were effects of non-

compliance with audit recommendations gave a varied explanations of the effects of non-compliance. However the major popular explanations were:

- Misappropriation of public funds
- Recurrence of same audit observations
- Bad publicity

According to the website of the Australian National Audit Office, www.anao.gov.au accessed on 15/01/2014, the benefits of an internal audit report will be reduced and risks will remain, if audit recommendations are not implemented within the agreed timeframes. According to Mihret(2007), Audit findings and recommendations will not serve much purpose unless management is committed to implement them. Reviewing of audit reports files indicated that some of the audit observations are recurring in nature an indication that management is not giving adequate attention to audit recommendations. The herald of 5 March 2014 carried a story entitled, *Pension scam costs Govt \$6m in one year*. The story related to the Civil Service Commission in which the Auditor-General was expressing concern over the occurrence of fraudulent activities and other irregularities at Civil service Commission. Civil Service Commission has been exposed to risks of fraud, wasteful spending and non-compliance with the laws.

4.2 Data analysis for interviews

In addition to the questionnaires, the researcher also conducted interviews with some of the top hierarchy management team at Civil Service Commission. The researcher had also an opportunity to interview the External auditor who was available at the station as he was in the process of examining the 2013 CSC year end accounts. The interview questions were open – ended and they helped the researcher to get in depth information from the key informants.

4.2.1 Interview response rate

The researcher had a target of interviewing a total of 12 members of the key management personnel in the administration of public funds. However the researcher managed to successfully conduct interviews with a total of 10 members which represent an 83% success rate of respondents. The other 2 members who are 1 Director and 1 manager were not available at the

time of interviews and efforts to reschedule the interview dates were fruitless as the two were constantly tied up with other issues.

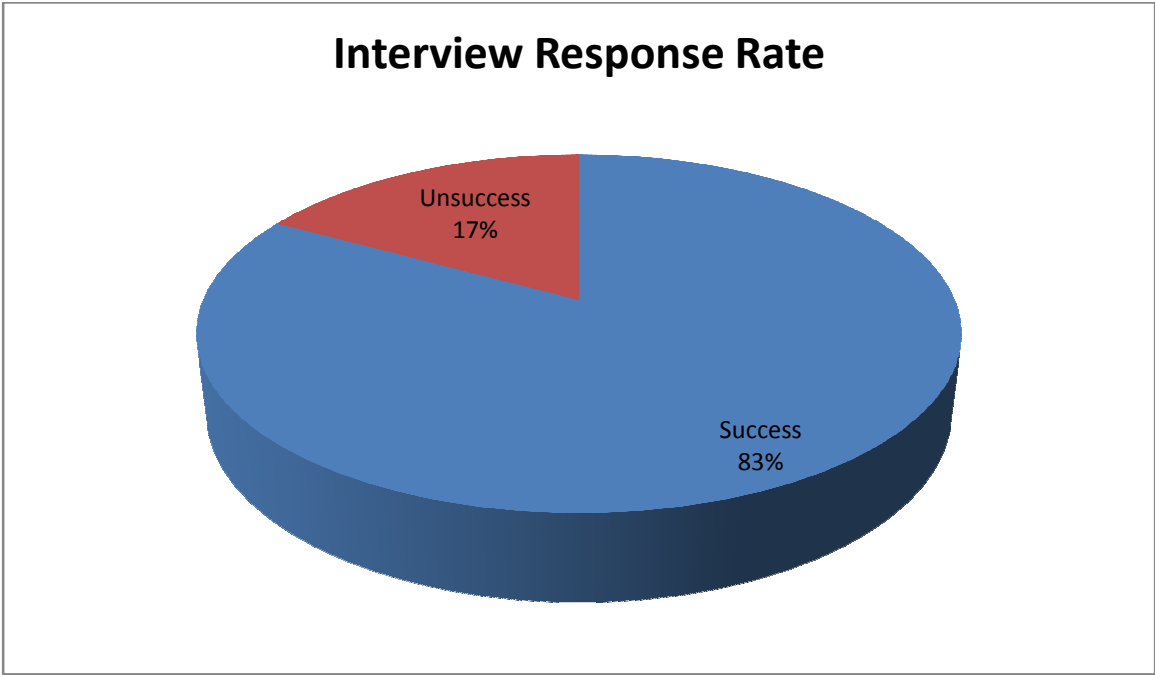
Below is table which shows the interview response rate.

Table 4.19 Interview response rate

Category	Targeted Interviews	Interviews conducted	Response Rate
Directors	4	3	75%
Managers	4	3	75%
Chief Accountants	2	2	100%
Chief Internal Auditor	1	1	100%
External Auditor	1	1	100%
TOTAL	12	10	83%

Below is a pie chart which shows the interview response rate.

Fig 4.9 Interview response rate



4.2.2 Detailed analysis of interview questions

Question 1

Who has the primary responsibility of managing risk, including the successful implementation of audit recommendations at Civil Service Commission?

The objective of this question was to establish whether management at Civil Service Commission was fully aware of its responsibilities towards the implementation of audit recommendations and the effective management of risk.

All the interview participants which represent a 100% said that it is a management responsibility to manage risk effectively and also to make considerations towards the implementation of audit recommendations. The same question was asked in the questionnaire and it also achieved another 100% respond as with the interviews. Jackson and Stent(2010),said management is accountable to the board of directors for designing and implementing the process of managing risk. Recurrence of audit observations at Civil Service Commission as observed in audit reports is an indication that management is not managing risk adequately.

Question 2

Do you think the Civil Service Commission is doing enough in an attempt to rectify issues which are raised in audit reports ?If not what have been the challenges and causes if any?

The objective of this question was to establish whether if management at Civil Service Commission was adequately rectifying audit issues within agreed time frames.

The question produced mixed reactions from the key informants.8 interview participants which was the mode said management was not given adequate authority to formulate decisions as they were operating in a political environment which seems not to appreciate the good corporate governance structures and its impact on good accountability of public funds. Participants said management sometimes ends up making wrong decisions in violations of statutory requirements owing to pressure from the Executive. However this is not in agreement with the Public Finance Management Act Chapter 22:19 section 14 clearly outlines what accounting officers should do if an order is given to which the Accounting officer or another officer feels that the act is unlawful.

Section 14(1) read , “If an Accounting officer is directed by the Minister or Deputy Minister to order or to commit a payment which such accounting officer believes he or she is not authorized to make in terms of the Act,..... he or she shall submit in writing to the Minister or Deputy Minister ,as the case may be, his objections and reasons thereof.”

Further investigations revealed that there have been material violations of statutory requirements which included unauthorised use of public funds with some resulting in wasteful spending. The other 2 participants said management’s failure to rectify some of the audit issues was caused by shortage of adequate resources. Management is not taking adequate measures to rectify audit issues.

Question 3

Does the Civil Service Commission have an Audit Committee? If not do you think it is necessary to have one?

All the 10(100%) interview participants said that there was no Audit Committee at Civil Service Commission. Section 84 of the Public Finance Management Act Chapter 22:19 requires that every Ministry or Government department should have an Audit Committee which will be responsible for the reviewing of internal controls and audit findings on a regular timely basis.4 participants said it was necessary to have an audit committee but however emphasized on the need to fully ensure independence of such an audit committee if it is to achieve its desired outcomes. Currently the Civil Service Commission does not have an audit committee.

Question 4

What is the significance of the public auditing function to the Civil Service Commission?

A mixed responses were received from this question.68% being the mode of the total participants indicated that public auditing was there to ensure transparency and good accountability of public resources in line with the existing legal frameworks. This is supported by the Constitution of Zimbabwe which says ,the functions of the Auditor-General is to ensure that adequate measures are put in place in order to safeguard public funds. 26% of the interview participants said public auditing was necessary to protect the interests of Zimbabwean Citizens.The remaining 6%

believed that public auditing was there to assess the adequacy of arrangements and procedures which include the assessment of internal controls.

Question 5

Does the current legal framework which governs public auditing in Zimbabwe provide sufficient powers and supportive frameworks to the auditor?

7 participants which was the mode of the interviewees said the legal frameworks do not provide enough power to the auditor and their main argument was based in the way the auditor is appointed and the reporting hierarchy which does not offer greater independence status to the auditor. This is supported by Chiri in Zinyama(2013:276), “ The Constitution and the Audit office Act do not give the CAG sanction powers to compel Ministries and departments to observe and comply with the treasury instructions.....the law does not provide enforcements mechanisms with regard to audit recommendations.” The other 3 interview participants said they were not sure whether the current legal frameworks had loopholes.

Question 6

Which areas of financial management, if any which have been mainly pointed out as needing improvements by audit reports and do you accept the recommendations which are given to you?

The majority of the key informants said the major areas were observations have been noted were to do with the non-compliance with the provisions of the Public Finance Management Act and The Treasury Instructions Manual. Other participants said that the audit reports have noted the deficiency of the internal control systems in the administration of public funds at Civil Service Commission . 90% of the interview participants said they do agree and accepts the auditor’s recommendations since they reflect a true and a practical approach in solving financial management challenges. Reviewing of audit reports revealed that audit observations have mainly focused on the non-compliance with the legal frameworks which govern the conduct of public business and also inefficient use of public funds without placing the value for money concept.

4.3 Data analysis on secondary data

Secondary data was reviewed from audit reports files from 2009-2012 and reading of Civil Service Commission annual reports.

The table below shows trend analysis of recurring internal audit observations at Civil Service Commission from 2009 to 2012.

Table 4.20 Audit observations

Year	2009	2010	2011	2012
Total number of audit observations	5	16	13	14
Recurring audit observations from previous years	3	5	13	13
Recurring Rate	60%	18.75%	100%	92.86%

Source. Civil Service Commission 2012 Internal Audit Exit Meeting Minutes

The following are some examples of audit recommendations issued by external auditors from which have not yet implemented despite the fact that management had agreed to implement them with agreed time frames.

Table 4.21 External audit recommendations

Year	External Audit Recommendations	Potential risk
2011	Civil Service Commission was recommended to urgently set up a board of inquiry to investigate over the missing 47 library books which had an estimated value of \$5 260.00 .	Library books could have been stolen by staff. To date nothing has been recovered. No board of inquiry to date.
2011	The organisation was recommended to insure some of its departmental motor vehicles as all of its motor vehicles were not insured.	The organisation continue to incur huge repairing costs to accident damaged vehicles. In 2011 a total of \$ 37 655.52 was incurred. A further \$25 452.00 was incurred in 2012.
2012	The organisation was recommended to consider value for money concept in expenditure decisions making.	Inefficient use of public funds.

Source. External audit reports extracts 2011 and 2012

4.4 Summary

Chapter four presented the research findings and analysis. Chapter five will now draw major conclusions and recommendations based from the research findings.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter gives a summary of chapters and a summary of major findings as they relate to the research objectives. The chapter also gives a statement of conclusions based on research findings. Finally this chapter also gives recommendations to the Civil Service Commission which are intended to help management to develop keen interests towards the implementation of audit recommendations within the agreed time frames so as to enhance good accountability of public funds.

5.1 Summary of chapters

Chapter one identified the research problem which is *the reluctance of management in the implementation of audit recommendations and its effects to risk*. Chapter one gives the background of the research study and it also outlines the research objectives. Chapter two discussed the literature review as they relate to the research objectives. Chapter three presented the research methodological frameworks in which a case study approach was used. Questionnaires, interviews and observations were used as the research instruments to collect data. Chapter four presented the research findings.

5.2 Summary of findings

Objective one:

To establish the causes of the non-implementation of audit recommendations and to recommend strategies which will help management to overcome reluctance in the implementation of audit recommendations at CSC.

- Absence of an Audit Committee at Civil Service Commission is causing audit recommendations not to be implemented. An Audit Committee will help to monitor the implementation of audit recommendations and to make regular reviews of audit findings. Reporting to management compromise the independence of auditors and management

will not give serious considerations to audit recommendations. Accordingly CSC is recommended to establish an Audit Committee.

- Management is not giving adequate support in the form of supervision and training workshops to discuss the implementation of audit recommendations strategies. Management is therefore recommended to adequately supervise staff to ensure that audit recommendations and procedures are being followed.
- The Auditor-General is not being given adequate authority to monitor the implementation of audit recommendations. The law should provide for such powers to allow the Auditor-General to compel Ministries do observe audit recommendations and those who fail to act accordingly should be punished.

Objective two:

To identify the major financial management risks being experienced at Civil Service Commission.

- Violation of statutory requirements which included the provisions of the Public Finance Management Act and the Treasury Instructions manual will continue to haunt CSC if management does not take heed of audit recommendations to observe the laws and all the statutory provisions.
- Audit reports have noted with great concern the weaknesses of the current internal control systems in the payment cycle at Civil Service Commission.
- Audit reports have noted with great concern the recurrence of misappropriation of public funds at Civil Service Commission which included fraud in the pensions administration unit and this problem will not end if there are no steps to improve the current internal control systems in the pensions administration as recommended by auditors.
- Inefficient and wasteful expenditure patterns of public funds have been also the major focus of audit reports and this will continue to affect CSC if no urgent steps are taken as recommended by auditors. Inefficient expenditure decisions has resulted in losses being recorded at CSC.

Objective three:

To find out whether if management and staff appreciates the significance and the roles of the audit function at CSC.

- Management and staff fully acknowledges and appreciate the importance of the audit
- Management and staff at CSC said public audit function is important as it helps to safeguard public funds and to ensure transparency and good accountability of public funds and resources. This is supported by Zhou and Zinyama(2012) and by the Constitution of Zimbabwe.
- Staff said auditing helps to foster compliance in Ministries and Government departments with all the relevant statutory requirements which regulate the administration of public funds.
- Management and staff said internal and external auditing helps to appraise the effectiveness of the internal control systems and to suggest improvements.
- Management and staff also said auditors provides useful audit recommendations to rectify deficiencies in the management of public funds
- Management and staff also said auditors helps to detect errors and fraud in the management of public funds.

Objective four

To determine the responsibilities of management towards the risk management processes and the implementation of audit recommendations.

- It is the responsibility of management to correctly identify risks affecting the business and to design appropriate risk response models which will mitigate the effects of risks.
- It is the responsibility of management to ensure that adequate consideration is given towards the implementation of audit recommendation.
- Management should ensure that audit observations are rectified within the agreed time frames.

Objective five:

To suggest improvements to identified gaps within the current legal frameworks, rules and procedures which regulate the management of public funds in Zimbabwe.

- The Constitution of Zimbabwe, Public Finance Management Act and The Audit Office Act are the legal instruments which regulate the administration of public funds in Zimbabwe.
- Treasury Instructions Manual outlines the procedures which are suppose to be followed by Ministries in the administration of public funds
- The current legal frameworks should give sufficient powers to the Auditor to allow him/her to monitor the implementation of audit recommendations.
- The 1996 Treasury Instructions Manual is now outdated and it has been overtaken by a lot of events.
- The Accounting Officer as defined by the Public Finance Management Act should be a person who has the technical skills or some appreciation of financial administration.
- In the absence of Audit Committees, Public Accounts Committee (PAC) must make follow-ups and demand action to be taken on audit observations and recommendations.

The research was successful because the study findings managed to address all the research objectives.

5.3 Conclusions

Based on the above research findings the following conclusions can now be drawn:

- Audit observations and recommendations are not being adequately addressed at Civil Service Commission within the agreed time frames. Analysis of audit reports and management letters has revealed that the agreed time frames for responding to audit observations has been in the range of 30 days to 90 days after the date of the audit report.
- The Civil Service Commission does not have an Audit Committee, which is a requirement in terms of the Public Finance Management Act Chapter 22:19.
- Management is not giving adequate support and commitment towards the implementation of audit recommendations at Civil Service Commission.

- The current legal frameworks which include the Public Finance Management Act, The Constitution of Zimbabwe and The Audit Office Act does not give sufficient powers and authority to AG, to allow him /her to monitor the implementation of audit recommendations.
- The current risk management processes at CSC are not effective and mechanisms which ensure that audit observations are rectified within agreed time frames are not in place.
- Prolong delays in the implementations of audit recommendations is exposing CSC to wide risk factors which includes misappropriation of public funds, recurrence of irregularities which include fraud.
- Management and staff at Civil Service Commission appreciate the roles of the public audit function which is to ensure transparency and good accountability of public funds.
- Poor fund management is causing the deterioration of service delivery. The bus fund is the most seriously affected fund as it is failing to generate sufficient funds to acquire new buses and to service the current fleet of buses
- Audit recommendations are of high quality and they are not complex to implement.

5.4 Recommendations

The researcher wishes to make the following recommendations:

- CSC is strongly recommended to take heed of all audit recommendations which helps to safeguard public funds and resources. The role of public auditing is to safeguard and to ensure transparency in the management of public funds as rightly said by Zhou and Zinyama (2012). According to the website www.anao.gov.zw implementation of audit recommendations within agreed time frames will help to reduce risks in financial management. According to Minhret (2007), audit findings and recommendations would not serve much purpose unless management is committed to implement them. Analysis of audit recommendations revealed that recommendations are of high quality and are feasible to which management fully agrees to implement them. If a recommendation is not feasible, management should consider other alternatives of rectifying audit issues. Implementation of audit recommendations should be included in the Results Based

Budget (RBB) plan. Implementation of audit recommendations and risk management is the primary responsibility of management.

- The researcher recommends that the CSC should speed up efforts to establish an Audit Committee so as to comply with the provisions of the Public Finance Management Act. According to the Public Finance Management Act Chapter 22:19 section 84, it is a requirement that every Ministry, Constitutional entity or public entity should have an Audit Committee. An Audit Committee will help to make reviews of the internal control systems and also to make recommendations on the best practices of implementing audit recommendations. According to the website www.anao.gov.zw a rigorous follow up on audit recommendations and reporting to an Audit Committee can send a signal that the implementation of audit recommendations is very important. Reporting to an independent Audit Committee will strengthen the independence of Auditors.
- The modern manager should be always alert and should constantly review risks in its line of operations. CSC is recommended to come up with a clear risk policy which will ensure that risks are identified accurately and appropriate risk response measures are put in place. This is supported by Jackson and Stent (2010) who said it is the responsibility of management to design and implementing the process of managing risks in the organisation.
- Management is recommended to give adequate support towards the implementation of audit recommendations and they should take corrective measures whenever there are any defects in the management of public funds. This is supported by Ahmed (2009) who said that management support is required and that with such support sufficient resources are usually allocated for the audit function and this will ensure that its audit recommendations will be implemented.
- Treasury should spearhead the quick updates and reviews of the current legal frameworks which are the Public Finance Management Act, Constitution of Zimbabwe and the Audit Office Act so as to give more sanction powers to the Auditor-General to allow him/her to monitor the implementation of audit recommendations by Ministries. This is supported by Zinyama(2013) who said that the Constitution of Zimbabwe and the Public Finance Management Act should give sanction powers to the AG to allow him to compel Ministries departments to observe and comply with audit recommendations. The 1996

Treasury Instructions Manual should be updated as it has been overtaken by a lot of events and it makes compliance difficult.

- The Civil Service Commission is recommended to adopt International Public Sector Accounting Standards (IPSAS) as they help to improve transparency and good accountability of funds in the public sector. According to Deloitte (2013:2), “The development of the IPSAS has its origins in the accounting profession as a way to improve the transparency and accountability of Governments and their agencies by improving and standardising financial reporting.”

5.5 Suggested areas of further research

1. Investigation into the roles of Parliament in the administration of public funds.
2. Analysis of the Government Accounting systems
3. Investigation into the effectiveness of the Office of the Auditor-General

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APPENDIX A: AUTHORITY TO CARRYOUT RESERARCH

Civil Service Commission

Box CY 440 Causeway

Harare

10 March 2014

Dear Sir/Madam

RE: RESEARCH STUDY QUESTIONNAIRE

My name is Daniel Jawi, a final year Midlands State University student studying for a Bachelor of Commerce Accounting Honours Degree. I am doing a research project entitled, *Investigation into management's reluctance in implementing audit recommendations and its effects to risk a case study of Civil Service Commission.*

You have been identified as one of the key informant to this research study and may you please kindly help me by sparing part of your very much limited time budget in answering the following questionnaire.

May I also remind you that the information you are going to give will be used solely for academic purposes only and no interference will occur against your need for privacy.

If you need more clarifications please do not hesitate to contact me on my cell phone number **0774054883** or you can email me on **jawidaniel@yahoo.com** .

Your anticipated cooperation and completion of the questionnaire at your earliest convenience will be highly appreciated.

Yours Faithfully

Daniel Jawi

APPENDIX B: QUESTIONNAIRE

Instructions:

1. *Do not write your name.*
2. *Tick in the appropriate box.*
3. *Answer all questions.*

SECTION A

Demographic Details

1. Gender: **Male** **Female**
2. Experience with the organisation:
- 5 years and below** **6-10 years** **more than 10 years**
3. Department/Section: **Finance** **Administration** **Internal audit**
External audit **Legal** **Other**
4. Position: **Director** **Manager** **Deputy Manager**
Other

SECTION B

Public Auditing (Auditing of Government Departments)

5 (a) How often is the Civil Service Commission audited by internal auditors?

- Not at all** **Once every year** **twice every year**
more than two times every year **Not so sure**

(b) How often is the Civil Service Commission audited by the office of the Comptroller and Auditor General?

- Not at all** **once every year** **twice every year** **Not so sure**

6. What do you think are the objectives of public auditing?

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7. An Auditor can be viewed as a.

Watchdog *Bloodhound* **Management supervisor**

8. How do you rate the independence of the public audit function?

Very high **High** **Low** **Very low**

SECTION C

Preparation and presentation of financial statements

9. Preparation and accurate presentation of financial statements is the responsibility of.

Management **Auditors** **Not so sure**

10. Risk management and implementation of audit recommendations is the responsibility of.

Management **Auditors** **Not so sure**

11. At Civil Service Commission audit recommendations are implemented within the agreed

time frames. **Strongly agree** **Agree** **Not agree** **Not so sure**

12. Civil Service Commission has a well functioning audit committee.

Yes **No** **Not so sure**

13. The function of an audit committee is to.

Supervise management Reviewing of internal controls and audit findings
Auditing of financial statements Other

If your answer is **other** may you please specify.

.....

14. Civil Service Commission has a risk management policy.

Yes No Not sure

15. The internal control systems at Civil Service Commission are .

Very effective Effective Ineffective Very ineffective

16. Civil Service Commission applies International Public Sector Accounting Standards(IPSAS) in the preparation of its annual financial statements.

Yes No Not so sure

17. Do you think the adoption of IPSAS within the public sector will help to increase more transparency and better accountability of public funds in the public sector.

Yes No Not so sure

SECTION D

Audit recommendations and observations

18. How do you rate the quality of internal audit recommendations which are given to the Civil Service Commission?

Very high High Poor Very poor

19. At Civil Service Commission all audit recommendations are well implemented.

Agree Not agree Not so sure

20. If you do **not agree** what do you think are the main causes of non-compliance with audit recommendations at Civil Service Commission?

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21.What do you think the Civil Service Commission should do to ensure that audit recommendations and audit observations are addressed within the agreed time frames in future.

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22.Are there any gaps within the current public financial management systems which ensures good accountability and compliance with audit recommendations in the public sector? **Yes**
No **Not so sure**

If your answer above is **Yes** can you suggest any areas which requires improvements.

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.....

23.Are there any effects of non-compliance with audit recommendations at Civil Service Commission ?

Yes **No** **Not so sure**

If your answer is **Yes** above may you please specify how the Civil Service Commission have been affected as a result of non-compliance with audit recommendations.

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You may give any comments below.

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Thank you for taking your time in answering this questionnaire!

APPENDIX C: INTERVIEW QUESTIONS GUIDE

- 1.** Who has the primary responsibility of managing risk, including the successful implementation of audit recommendations at Civil Service Commission?
- 2.** Do you think the Civil Service Commission is doing enough in an attempt to rectify issues which are raised in audit reports? If not what have been the challenges and causes if any of the delays in solving audit issues?
- 3.** Does the Civil Service Commission have an audit committee or a risk management committee or risk policy? If not do you think it is necessary to have one? Justify your answer.
- 4.** What is the significance of the public audit function to the Civil Service Commission?
- 5.** Does the current legal framework which governs the public audit function in Zimbabwe provide sufficient powers and supportive frameworks to the auditor? If not can you suggest any areas which need improvements?
- 6.** Which areas of financial management, if any which have been mainly pointed out as needing improvements by audit reports and do you accept the recommendations which are given to you?