

EXPLORING FACTORS THAT HINDER THE IMPLEMENTATION OF AUDIT
RECOMMENDATIONS IN THE MINISTRY OF WORKS AND TRANSPORT,
NAMIBIA

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BY

PATEMOSHELA NDAPANDULA ERKIE

201136872

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SUPERVISOR: DR ABNER K SHOPATI

ABSTRACT

Audit recommendations in audit reports draw attention to actions that are prone to advance institutions' performance when implemented. The suitable and well-timed implementation of audit recommendations agreed by those in charge of an entity is a critical and significant part of realising the whole advantage of an audit. The main aim of this study was to explore factors hindering the implementation of audit recommendations in the Ministry of Works and Transport (MWT), Namibia. The re-occurrence of audit findings in the MWT and lack of empirical research on factors delaying the implementation of audit recommendations represent a gap in the public sector financial management literature. To fill this gap, the researcher carried a qualitative exploratory research. The population for this study was made up of 60 staff members of the finance division in the MWT. A purposive sampling method was used to select a sample of 20 people from the population. The instruments used for data collection were semi-structured interviews guides and a self-administered questionnaire with open-ended questions. Thematic analysis was used to analyse and present the data. The study established that the implementation of audit recommendations at the MWT is hindered by lack of funds due to poor planning, poor communication, lack of training, management ignorance and lack of accountability and responsibility. The study concluded that the management at the MWT is not giving enough support, dedication and commitment towards the implementation of audit recommendations. The study recommended that the MWT take heed on all audit recommendations to help reduce the risk of fraud, theft, corruption, asset misappropriation and mismanagement of public funds and resources.

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DEDICATION

I dedicate this thesis to my parents, siblings and my friends: more specifically, to my late friend, Popyeninawa Wendelinus, who succumbed to Covid-19 while I was busy with this study; may her soul rest in peace.

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LIST OF ABBREVIATIONS

INTOSAI – International Organisation Supreme Audit Institution

ISSAI – International Standards for Supreme Audit Institution

MWT – Ministry of Works and Transport

OAG – Office of the Auditor-General

OMAs – Offices, Ministries and Agencies

CHAPTER 1

INTRODUCTION

1.1 Background information

The public sector auditing in Namibia is regulated by the State Finance Act 31 of 1991 and Article 127 of the Constitution of the Republic of Namibia, which gives the Auditor-General the mandate to audit Offices, Ministries and Agencies (OMAs) (Strategic Plan 2017-2022). The Auditor-General of Namibia as head of the Supreme Audit Institution of the Republic of Namibia is appointed by the president on recommendations of the Public Service Commission and the approval of the National Assembly (State Finance Act 31 of 1991). The Office of the Auditor-General (OAG) is a member of the International Organisation Supreme Audit Institution (INTOSAI) and has since 2010, implemented the International Standards for Supreme Audit Institution (ISSAI) framework.

Each year, financial and compliance audits are carried out on central government OMAs, Regional Councils and identified public entities, Local Authorities and Statutory bodies. Additionally, discretionary audits are carried out, for instance, Performance Audits, Environmental Audits, Special Audits and Investigations. Afterwards, the audit reports are tabled in parliament and are made public. Through audit performance, the Office of the Auditor-General (OAG) plays a significant role in permitting monetary responsibility and for this reason promotes sound monetary governance practices in Namibia. They do this by providing independent assurance to the various legislatures on whether entities that use public funds have administered

their financial interactions in line with sound monetary values and principles, have complied with the relevant legal framework, and have presented reliable information on the accomplishment of their financial and performance objectives.

According to Kandjeke (2019), the Ministry of Works and Transport (MWT) has received qualified audit opinions between 2015 to 2020 for both votes, meaning that the auditors disagree with information provided, or are unable to obtain sufficient and appropriate audit evidence about, certain items in the MWT, which are, or could be, material but not pervasive. A trend analysis of audit reports issued from 2015 to 2020 to the MWT by the OAG indicates that auditors' findings and recommendations are constantly recurring, despite the flagged of danger of exposure to financial risk such fraud and financial errors (Iikela, 2020).

According to the 2015 – 2020 audit reports, unauthorised expenditure, late/non-submission of annual statements, non-reconciliation of bank accounts, suspense accounts and subsistence advances are the main auditor's findings that led to qualified audit opinions. In the same audit reports, the Auditor-General found that the Ministry is overspending on most of the capital projects while the targets on such coastal projects are not achieved. It was recommended that the Ministry should put measures in place such as bank reconciliations, reconciliation of all suspense accounts and clearing or reducing balances before closing off books. If these measures are adhered to, they have the potential to avoid unauthorised expenditure. However, the management of the MWT has failed to implement these measures and to reason why they failed to do so. De Klerk (2019) argues that it is the duty of auditors to identify

gaps and short-comings, and it is the fiduciary duty for managers to rectify such gaps and short-comings in order to fully comply with the accounting standards of good practices.

Therefore, this study aimed to explore factors hindering the implementation of audit recommendations in MWT Namibia.

1.1.1 Background Information of Ministry of Works and Transport (MWT)

At the time of independence in 1990, Namibia found itself relatively well supplied with roads, aviation and railway infrastructures, even though the infrastructures were regionally imbalanced (Shikongo, 2016). To maintain and avoid deterioration of the existing roads infrastructure and to develop the road network in the previously neglected area, the newly formed Government created the MWT.

The MWT is one of the Government institutions that is leading in working in the direction of fulfilling the mandate through developing, implementing and regulating policies in enduring infrastructure development and management of transport and state asset (Annual plan 2019/2020). The MWT is divided into two (2) departments, Works and Transport, which are audited separately.

The department of works is in charge of the provision, management and maintenance of all government-owned buildings. The department provides administration and

maintenance service to government with regards to real estate and related infrastructure on an economical and long-term, sustainable basis (Shikongo, 2016).

The department of Transport is in charge of transport in its broadest sense (involved each four transport modes). The overall purpose of this department is to ensure the provision of safe, effective and efficient transport services in Namibia. The Department of Transport deals with the construction and maintenance of the national roads network, railways infrastructure and government aerodromes/ aviation and operates a construction equipment pool (Shikongo, 2016).

1.2 Statement of the Problem

Auditors are tasked with the investigation, examination and audit of the books, accounts and statements, which are to be kept or prepared in terms of the law by statutory institutions (State Finance Act 31 of 1991). They review financial statements and internal controls and after, they issue an audit report accompanied by an audit opinion on the findings and give recommendations, to protect institutions from fraud and help them to operate efficiently (Kranache, Richard & Joseph, 2011).

Audit recommendations provide suggestions for correcting errors and problems found during the audit (Duggan, 2017). They also address the cause of issues and provide details about fixing the current situation and addressing the root cause to minimize or eliminate future occurrences. If audit recommendations are implemented, they will bring value to the institution and assist it in accomplishing its corporate objectives

(Kwamena, 2012). The continuous recurrence of the same audit findings in an organisation indicates that the audit recommendations are not being implemented. If audit recommendations are not implemented the institution is exposed to wide risks of fraud, corruption and mismanagement of funds (Rudison & Daniela, 2015).

In a literature review conducted by Wadesango, Chinamasa, Mhaka and Wadesango (2017), numerous factors contributing to failure to implement audit recommendations in public service of most African countries were mentioned. Factors such as financial constraints, staffing issues and bureaucracy system of the public service set up had been observed as contributing factors to the failure to implement audit recommendations. However, the information and statistic in this study may not give a true reflection of what is really taking place in organisations, as authors focused on literature review only and there was no room to probe since it was not an empirical study. The current study, therefore sought to fill this gap by empirically exploring the factors that hinder the implementation of audit recommendations in the Ministry of Works and Transport.

The Ministry of Works and Transport has received qualified audit opinions between 2015 to 2020 for both votes (Kandjeke, 2019), a trend analysis of audit reports issued from 2015 to 2020 to the MWT by the OAG indicates that auditors' findings and recommendations are constantly recurring, despite the flagged of danger of exposure to financial risk such fraud and financial errors (Iikela, 2020). The continuous issuing of qualified audit opinions and the recurrence of the same audit findings and

recommendations has propelled the Ministry of Works and Transport to be selected for this study.

1.3 Objectives of the Study

The study aimed to explore factors hindering the implementation of audit recommendations of Ministry of Works and Transport, Namibia.

The specific objectives of this study were to:

- Explore factors hindering the implementation of audit recommendations in MWT Namibia.
- Establish practices adopted by the management in MWT to implement audit recommendations.
- Examine difficulties encountered by the management in implementing of audit recommendations in the Ministry.

1.4 Significance of the Study

This study provides a sound basis for the future and the transformation of management thinking towards the implementation of audit recommendations. It helps create strategies and practices for effective implementation of audit recommendation. Moreover, it contributes to the existing literature and fill the gap in literature as it sets out the route for upcoming research, as there has a been few studies on factors that hinder the implementation of audit recommendation in the public sector of Namibia.

1.5 Limitation of the Study

This study adopted purposive sampling, which is prone to researcher bias and inaccurate assumptions (Saunders, Lewis & Thornhill, 2012). However, the participants were purposively selected because they are the only ones in the organisation that have an understanding of the implementation of audit recommendations in the ministry. Therefore, this study is limited when it comes to generalisation to other institutions.

1.6 Delimitation of the Study

The study was conducted at the MWT only leaving out other OMAs. Due to limited time, it focused on the audit reports issued from 2015 to 2020 only and it mainly focused on the staff members from finance division because they have an understanding and knowledge in the implementation of audit recommendations.

1.7 Chapter Summary

This chapter presented the background information of the study and statement of the problem in an attempt to elucidate the factors hindering the implementation of audit recommendations at the MWT, that driven the proposed study. This chapter as well outlined the research objectives to be covered as well as the limitation of this study. The next chapter will emphasise on the broader literature review, which will set the theoretical framework for the study and guide its empirical process.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter will discuss in details the conceptual framework of the study and what other authors have said about the factors hindering the implementation of audit recommendations. It will review textbooks, online journals and legal frameworks governing public sector auditing in Namibia. The review of audit recommendations literature will be intended to sum up present research on the factor hindering the implementation of audit recommendations.

2.2 The Origin of Auditing

The term audit has Latin origins and it originated from the word “audio or audire” which means to listen or to hear (Kumar & Mohan, 2015). In early days, accountants used to read the accounts of their business while the auditors listen so that they can give their opinion about the correctness of the accounts read to them (Matthews, 2006). According to Behrend and Eulerich (2019), the origin of auditing can be traced to the 18th century, when the practice of large-scale production developed, systems of checks and counter checks were implemented to maintain public accounts. The original object of auditing was to detect errors and prevent frauds (Kastrati, 2015).

According to Franklin (2019), the practice of auditing the account of public sector institutions existed from the time of ancient countries such as Greece, Egypt, Rome and India. Checking clerks were appointed in those days to check the public sector accounts with the purpose of allocating fraud as well as to find out whether the receipts and payments are properly recorded by the accountable person.

In 19th century, businesses and trade started to increase requiring larger funding, provided by many investors. That is how the practice of combined ownership of businesses and establishing of companies with limited liability commenced (Kumar & Mohan, 2015). The owners employed managers to administer and run their businesses, and the managers gave a report for their work, generally once a year (Teck-Heang, & Ali, 2008). Usually, the investors did not know anything or they knew very little about the business they invested in; hence, they could not trust the dependability of the financial statements, which the managers submitted. Thus, they nominated a third independent person to scrutinize the accounts, to examine and make verifications when required, with a purpose to give his opinion on its acceptability (Byrnes et al., 2018). The financial statements were submitted orally and after the hearing, the esteemed listener reported his view. These listeners afterwards became known as auditors (Josheski & Jovanova, 2012).

Similarly, in public sector institutions, the taxpayers wanted to see how the government spends their money. Hence, the need to monitor financial activities to make sure they are accurate and prevented from fraud raised (Levy, 2020). This originated the need of an independent person who would examine and assess the

accuracy of the accounts of businesses and public sector institutions. In the early 20th century, the reporting practice of auditors, which involved submitting auditing findings and opinions was made a norm and standardized (Howard, 2020).

2.3 Public Sector Auditing

Public sector auditing is a process of testing carried out in an objective and systematic approach by attaining and investigating audit evidence to certify that the information presented or the circumstances that occur are per governing criteria (INTOSAI, 2019a). Public sector auditing involves inspection and examination of government institution's financial statements and other information, such as non-financial performance information), it looks at compliance with statutory obligation, where those obligations have a material (big enough to matter) effect on the financial statements (Aotearoa, 2015). Furthermore, auditing in the public sector is more related to agency theory and management control whereas the citizens being the principal demand for accountability of their tax money utilization to the official in charge on public sector institutions (Hay & Cordery, 2018).

Additionally, public sector auditing has broader objectives in general than in the private sector with the responsibility and obligation to report the compliance with laws and regulations on budgeting and accountability and as well assessment on the internal control effectiveness (Huefner, 2011). However, the most significant function of public sector audits is to maintain accountability functions from those who are responsible for the institution operations to the stakeholders (Jones & Beattie, 2015).

Public sector audits generally classified into three major types, which are financial statements audits, compliance with regulations, and performance audits (INTOSAI, 2019a). Similarly, within the private sector, the objective of financial audit on public sector in Namibia is to provide opinions concerning the fairness of financial information presented in the financial reports with four classifications of audit opinions namely unqualified, qualified, adverse, and disclaimer opinion (Pamungkas, Ibtida, Avrian, & Ntim, 2018). Public sector auditing provides key instruments through which financial accountability is enforced within government institutions. All over the world, public sector auditing has been institutionalised through the establishment of the Offices of the Auditor-General, which act as supreme audit institutions (Ndlovu, 2016).

Before submitting the financial reports to the legislative, the Auditor- General has the power to audit the financial reports of both the central and local governments and produce the audit reports of the financial report (State Finance Act, 1991). Audits in the public sector have an essential purpose in assessing, assuring, and monitoring public sector accountability (Pamungkas, Ibtida, Avrian, & Ntim, 2018). Public auditing in Namibia originates from the constitution and state finance act (Strategic Plan 2017-2022). Whereby, every public OMA is held accountable to perform certain functions.

The audit findings are crucial factors in determining the quality of financial statements; as a result, a better financial statement should contain fewer problems either in the number of findings or the value. The types of audit findings on the government

financial statement audit in Namibia are grouped into two categories, namely the financial audit findings and the findings of compliance and audit of performance information.

2.4 The function of Public Sector Auditing

Public auditing is the means to ensure that funds are handled in a resourceful, effective and economic manner and that those responsible for the use of funds are held answerable (Adagye & Nuhu, 2015). Auditing is a significant role to public institutions as it supports the governance roles of public institution in respect of oversight, insight and foresight as explained below:

- **Oversight**

Auditing helps decision makers in implementing oversight by assessing whether public institutions are doing what they are supposed to do, such as using funds for the intended purposes/objectives, act in accordance with laws and regulations, designing and implementing effective internal control systems to minimize risks such as fraud and theft.

- **Insight**

Auditing provides insights to public institutions management team within vicinities, which need enhancement in their day-to-day managerial roles. For example, enhancement in internal control systems and governance processes.

- **Foresight**

Auditing helps public institutions to look forward by discovering trends and bringing attention to emerging challenges before they become catastrophes. Through risk – based audit approaches, auditing identifies potential risks such as possible occurrence of frauds and thefts. By focusing on foresight, auditing play a key role in helping public institutions to understand, initiate and implement risk management systems, which provide assurance for thriving accomplishment of objectives.

Overall, through these roles, public auditing protects core public institutions’ standards and principles. It additionally helps in ensuring that public institutions officials conduct their responsibilities or work transparently, fairly and honestly with justness and decency.

2.5 Types of Public Sector Auditing

As a short recap, an audit inspects institutions and company’s financial records and transactions to verify the accuracy, relevance and reliability of financial statements (Phillips, 2021). In general, audits look at the financial statements and accounting books to compare information. Public sectors have two main types of audits, the internal audits and external audits.

2.5.1 Internal auditing

The internal audits take place inside the institutions. The management initiates the audit and the internal auditors in the institution conduct it. The key objective of the internal audit is to increase the value of an institution’s operations and to observe the internal control, internal payments and risk management system of the entity. An internal audit is carried out by the internal auditors who are the employees of the

entity. It is a separate department within the organisation where endless audits are done throughout the year.

Internal audit plays an extensive spectrum of activities such as:

- Assessing the accounting and inner manipulate system.
- Inspecting the recurring operational activities.
- Physical affirmation of stock at ordinary intervals.
- Analysing monetary and non-monetary data of the organisation.
- Detection of frauds and errors

2.5.2 External auditing

The external audit is an examination of the financial statements of an organization by independent legal authorised auditors (Lawrence, Parker & Peters, 2012). The main purpose of the external audit is to provide an opinion on the financial statements. The external auditors are independent persons employed by an audit firm to examine and assess the financial statements of the clients or other agreed evaluations. Most external auditors are employed by accounting/auditing firms and engaged during the entire year. They are called upon demand and they do not come straight from the company, meaning they are outside people.

The function of the external audit is to give an opinion on whether the financial statements independently present the financial performance and financial condition of the organisation on a certain date, the results of its operations in agreement with certain accounting standards or policies (Schelker, 2009).

The external auditors have the right to access accounting books to gain required information and provide their opinion to the entity by way of the audit report. They have a choice of selecting between four different types of auditor opinion reports. An auditor opinion report is a communication that auditors attach to the legal audit report that reflects their opinion of the audit. According to Price (2022), the four types of auditor opinions are:

- **Unqualified Opinion – Clean Report**

An unqualified opinion is also known as a clean report. This is the type of report that auditors give frequently. This is likewise the kind of report that utmost organisation anticipates to obtain. An unqualified opinion does not have any kind of argumentative remarks and it does not include any disclaimers about any sections or the audit process. This type of report shows that the auditors are content with the organisation's financial reporting. The auditor accepts as true that the organisation's procedures are in decent compliance with governance values and relevant laws. The organisation, the auditors, the public and all stakeholders perceive such a report to be free from material misstatements.

- **Qualified Opinion-Qualified Report**

When an auditor is not assured about any precise process or transaction that avoids them from give out an unqualified, or clean, report, the auditor may select to issue a qualified opinion. Stakeholders do not find qualified opinions acceptable as they give

a bad opinion about an organisation's financial status. A qualified audit opinion is written in the same way as an unqualified opinion, but with the reasons why an unqualified opinion was not issued.

- **Disclaimer of Opinion-Disclaimer Report**

When an auditor issues a disclaimer of opinion report, it means that they are distancing themselves from issuing any opinion at all related to the financial statements. Some of the explanations that auditors may give a disclaimer of opinion are because they sensed that the organisation restricted their capability to carry out an in-depth audit or they could not acquire adequate clarifications for their queries. They may not have been capable to untangle the accurate nature of some transactions or to get sufficient proof to support decent financial reporting. If auditors are not allowed a chance to see operational procedures or to assess certain measures they may sense that they are not able to express a confident opinion, so they feel a disclaimer is needed and in order. The overall consensus is that a disclaimer of opinion establishes a very harsh position. As a result, it creates an adverse appearance of the organisation.

- **Adverse Opinion-Adverse Audit Report**

The final type of audit opinion is the adverse opinion. Auditors who are not at all pleased with the financial statements or who noticed a high level of material misstatements or wrongdoings know that this forms a condition in which stakeholders doubt the organisation's financial reports. An adverse opinion is a huge red flag as it shows that financial statements have many misstatements and have the possibility of fraud.

Auditors use all types of audit opinion reports to alert the public about the transparency, trustworthiness and accountability of organisations. Auditors' opinions place weight on organisations to transform their financial reporting procedures.

2.6 Categories of Audit

According to Adjei (2021), there are three main categories of audit, which are performed in public sectors sometimes based on what the parliament is searching for. Below are the three main types of public audit:

2.6.1 Financial audit

This is a type of audit that consists of a systematic examination and evaluation of the transactions, accounts and accounting systems of the organizations so as to put forward an opinion concerning the fairness, consistence and reliability of the financial statement preparation (Butcher, Harrison, & Ross, 2013). It involves assessing the financial and accounting control systems of public institution to ensure that they are functioning as they should and resourcefully, with all transactions well authorized and accurately accounted for. Therefore, financial audit considers mainly the accounting control system established and thus can reveal any poor documentation, inaccuracies, malfunctions to meet generally accepted accounting procedures or even calculated or intended deceitful or fraudulent activities or several other forms of abuse.

A financial audit presents an assurance that in all material respect, the accounts of the various spending organizations are presented in an appropriate behaviour and all transactions are correctly recorded.

2.6.2 Performance audit

According to INTOSAI (2013c), performance auditing is an independent and objective assessment of public sector institution's deeds, systems or programmes, aiming to show the means to improvement. This is a type of audit which brings uneasiness to every field of organizational activities. It has the most important objective of scrutinizing management performance at every rank of management to certify best possible performance according to predetermined criteria (Adjei, 2021). A set of recommendations should be made to the governing body. The audit might occupy setting efficiency standard, alongside, the usual budget targets and performance are assessed in terms of their standards.

The Auditor-General in performing performance audit may consider, the management procedures used to plan, evaluate, authorized and manage the use of all funds. The rules, law and legal regulations in operation and analytical techniques such as value analysis, policy analysis organization, methods and the extent of their use.

The internal auditors in the public sector will perform performance audits on all aspect of an organization with respect to materials, stores, energy, transport, personnel, IT, Information systems, capital schemes, etc.

2.6.3 Compliance Audit

Compliance audit (also known as regularity audit) is an independent assessment on a particular matter carried out by examining whether material operations, financial transactions and information satisfy with the statutory, laws, regulations and procedures, identified as the criteria, which rule the institution (INTOSAI, 2013b). Compliance Audit is a type of audit that is much concerned with whether the incurrence of expenditures is in accordance with statutory regulating and whether the expenditures incurred were appropriately authorised (Adjei, 2021). Hence, the most important objective of the audit is for the auditor to satisfy himself of the fact that the proper laws and regulations have been followed or complied with by the spending institution.

Unlike audits in the private sector, compliance and audit of performance information in the public sector have an essential purpose in ensuring that the institution's operations have been carried out under related laws and regulations due to legal liability (Pamungkas, Avrian & Ibtida, 2019). Compliance audit provides assurance that in all material respect pending, institutions have spent the funds as described by the budget and as approved at the beginning of the budget or financial year. It also brings out the fact that the expenditures of the spending institutions were all regular and within the prescribed and governing authority (Adjei, 2021).

The objective of public sector compliance auditing is to examine whether the operations of public-sector entities are following the procedures and legislative, which regulate those institutions (INTOSAI, 2013b). Apart from the financial audit

assessment in acquiring sufficient assurance of the fairness of the financial statements, the Auditor- General must also assess whether public sector institutions activities have been complying with legislative related to public sector financial reporting (Pamungkas, Ibtida, Avrian, & Ntim, 2018). Compliance audits should not only be attached to financial audits, but can also be a separate independent audit on a regular or ad hoc basis related to a particular subject matter ((INTOSAI, 2013b).

2.7 Challenges Facing Public Auditing

The utmost challenge facing public sector auditing is the issue of accounting environment (Chukwunedu & Okafor, 2011). Auditors check and verify the works of accountants. In Namibia, the treasury under the Ministry of Finance and headed by the Accountant-General prepares the financial statements of state. Currently, the accounts of both the federal and state governments are prepared under the cash basis of accounting. Proponents of the cash basis system of accounting emphasis the overruling significance of cash flow in the management of any organization. Under the cash basis accounting model, transactions are documented only when cash is received or paid.

The accrual accounting principle, on the other hand, identify transactions on an accrual basis not minding whether cash has been received or not (Irvine, 2011). On this basis of accounting, the overruling deliberation is whether the transaction belongs to the relevant accounting period. The accrual accounting model is hyped as the best model for decision-making. Many countries of the world have moved to the accrual accounting model to procure government services.

2.8 Financial Accountability

According to Raimi, Suara and Fadipe (2013), financial accountability is a means of certifying that public funds have been utilized in a responsible and productive way. Public audits provide key instruments through which financial accountability is imposed within the public sector, across the world public auditing has been institutionalized through the establishment of offices of the Auditor-General which act as supreme audit institutions of every country (Inyang, Peter & Ejor, 2014).

Financial accountability in Namibia originates from the constitution and state finance act. The OAG in Namibia plays a significant role in this regard. Every public OMA is held accountable to perform certain functions.

2.9 Legal Framework Governing Public Sector Auditing in Namibia

Since the sunrise of democracy in 1990, the Republic of Namibia has taken numerous constructive strides to make over the public sector in order to improve public sector finance management. The Parliament developed the following various important laws that guide public sector auditing in Namibia and promotes accountability and transparency.

2.9.1 The constitution of Republic of Namibia

The relevant constitutional provisions that refer directly and indirectly to public sector auditing are in Article 127 (1) of the Constitution (1990), the section stated that “there shall be an Auditor-General appointed by the President on the recommendation of the Public Service Commission and with the approval of the National Assembly. The Auditor-General shall hold office for five (5) years unless removed earlier under Sub-

Article (4) hereof or unless he or she resigns. The Auditor-General shall be eligible for reappointment”. To this end, the Constitution of the Republic of Namibia (1990) provides a platform for sound financial accountability in the country.

2.9.2 State Finance Act, 1991 (Act 31 of 1991)

The State Finance Act, 1991 (Act 30 of 1991) came into force on date of publication: 30 December 1991 and is one of the most important pieces of legislation passed by the first democratic government in Namibia. The Act aspires to control the management and execution of finances in public sector institutions. The Act aims to secure transparency, accountability and sound financial management in public sector institutions. The Act exists to encourage the purpose of excellent financial management in order to maximize service delivery through the efficient and effective use of the restricted resources. Additionally, the Act establishes and assigns the duties, the power and functions of the Auditor-General. The Act also provides for the auditing of public sector institutions.

2.9.3 Public Procurement Act, 2015 (Act 15 of 2015)

The Public Procurement Act of 2015 came into effect on 1 April 2017, replaced the Tender Board Act of 1996. According to the Procurement Act of 2015, it was established to control the procurement of goods, works and services in Namibia. It controls disposal of assets, the leasing or hiring of anything and the purchase or granting of rights on behalf of public entities. It oversees the establishment of the Procurement Policy Unit and the Central Procurement Board of Namibia and it

outlines their powers and functions. The function of the board is to facilitate all procurement projects on behalf of public entities. This consists of conducting bidding processes on behalf of public entities, entering into procurement contracts, supervising accounting officers in administering the implementation of procurement contracts, and the awarding of contracts for the procurement or disposal of assets (Musheko, 2021).

2.9.4 Treasury Instructions

Treasury Instructions are issued under Section 24 of the Finance State Act, 1991(Act 31 of 1991). Treasury Instructions are the most important financial and accounting regulations in Government financial management. It contains instructions on managing budgets, revenues, expenses and public assets. They ensure proper controls and management of all Government assets.

Overall, the above-mentioned legal frameworks aim to secure transparency, accountability and sound management of the finances of public sector institution. Furthermore, they administer public financial management thereby enhancing the oversight role of Parliament of promoting financial accountability. In this regard, Parliament uses the Office of the Auditor-General as an accountability mechanism to perform the oversight role.

2.10 Office of the Auditor-General

The public sector auditor is called the Auditor General, who is an employee of the government but again his rank and organisational positioning makes his office independent of the public sector in which assignments are carried out (Adams, Diale & Richard, 2019). Registration with a professional body is not required to be working as a government auditor, but many government auditors are registered with professional bodies (Nzewi & Musokeru, 2014). Government auditors carry out a responsibility comparable to that of the internal auditor – but within government departments.

They will assess and examine the financial affairs of public institutions, reporting their findings to senior government. They support government in meeting its responsibilities in running the financial affairs of the country and increase the degree of assurance which the government has in its institutions indirectly, the assurance which the public has in the government's financial management.

In Namibia, the position of Auditor-General is established in terms of Section 25 of the State Finance A, 1991 (Act 31 of 1991) and Article 127 of the Constitution of Republic of Namibia. In term of Section 27, the Office is a public office yet does not form part of the public service. As stated in the strategic plan 2017-2022, the Auditor-General is the supreme audit institution (SAI) of Namibia. The Auditor-General is appointed by the President of Namibia on recommendation of the Public Service Commission.

2.10.1 Duties of the Auditor-General

The Auditor-General of Namibia is in charge of auditing the accounts of public sector entities on a regular and thorough basis and making suitable recommendations to address identified problems and concerns. The establishment and broad role of the Auditor-General are laid out in the Namibian Constitution in Article 127, which states: “(2) The Auditor-General shall audit the State Revenue Fund and shall perform all other functions assigned to him or her by the Government or by Act of Parliament and shall report annually to the National Assembly thereon.” The specific functions and powers are dealt with in the State Finance Act 31 of 1991. In addition, the Act also specifies procedures that should be followed by the Office of the Auditor-General when carrying out its tasks, such as how and when audit reports should be submitted to the Minister of Finance. Moreover, the law makes provision for the president to have the Auditor-General audit public entities, which are not statutory bodies – if the President makes a decision that, such an action is needed (Remmert, 2020).

2.11 Key audit findings in Namibia

According to the consolidate audit report on several public sector institutions in the financial year 2018, it was revealed that the majority of OMAs in Namibia have been exposed to fraud and financial errors due to the lack of effective internal audit and risk management functions. The report exposed that a number of government OMAs were irresponsible with state revenue funds during the same year. In his report, the auditor general found that most OMAs had no audit committees established while some had dormant audit committees.

Kandjeke (2019) also found that the majority of the ministries and other government agencies had no risk management policies in place during the year under review. The absence of these important financial control functions at most of the government OMAS, puts the government at a huge risk of not being able to avoid several financial errors and that fraud might not be detected and corrected and risks may not be dealt with on time (Iikela, 2020).

Apart from the absence of internal controls, numerous issues related to the continued overspending at some OMA were also flagged. Over the years, the OAG has repeatedly complained about overspending and the issue of unauthorized expenditures within the public sector (Ndjebela, 2018). According to the report, five ministries have overspent their budgets, mainly of which was utilised on the payroll.

On the audit recommendations, the audit report stated that there is a risk that internal audit reports are not reviewed independently to ensure the implementation of internal and external auditors' recommendations. According to Ndjebela (2018), common and recurring finding at various institutions are due to poor filing of financial reports, which often leads to funds being unaccounted for.

2.12 Factors hindering the implementation of audit recommendations in the World

Few studies were conducted to analyse the factors hindering the implementation of audit recommendations in the public sectors. In a study that the MWT reviewed

literature on challenges face by management in implementing audit recommendations in Zimbabwe (Wadesango et al., 2017). Factors such as financial constraints, staffing issues and bureaucracy system of the public service set up were mentioned as contributing factors to the hindering of implementation of audit recommendations. This finding is in line with the results of a study by Wadesango, Modondo, Sicha and Wadesango (2019) that show that key factors affecting the implementation of audit recommendations are financial constraints, time and the lack of follow-ups.

The authors were of the view that organisations do not have enough financial resources targeted towards implementation of audit recommendation and also manpower to administer and follow up on the progress of the implementation process. In spite of that, Dyah (2017) of Indonesia has argued that the follow-up of audit recommendations is not a responsibility of the management but rather the local government responsibility to improve their public financial accountability. However, both authors have agreed that without follow-ups, audit findings and recommendations are useless in creating accountability in the public sector auditing process.

However, the information and statistic in this study may not give a true reflection of what is really taking place in organisations, as authors focused on literature review only and there was no room to probe since it was not an empirical study. In the light of the studies discussed so far, this study sought to expand the literature on the issue through exploring of the factors hindering the implementation of audit recommendations in the MWT. Using a different methodology from Wadesango et al. (2017) and different research objectives from Mwilima (2018), an exploratory research was carried out among staff members in the Finance division in MWT. Emphasis was

given on the factors hindering the implementation of Audit recommendations and on the aspects of practices adapted by the management to implement audit recommendations. This study also examined the difficulties encountered by the management in the implementations of audit recommendations in the Ministry.

2.13 Chapter Summary

In summary, Public sector auditing contributes to enhanced public sector financial management by improving accountability, transparency and reassuring endless progress in the suitable use of state funds, assets and performance. The improvement in public sector accountability can be accomplished through audit findings and recommendations. The suitable and well-timed implementation of recommendations that the management has agreed to implement is a crucial part of recognizing the full benefit of an audit. Nevertheless, numerous researchers seem to agree that there are several factors that hinder the implementation of audit recommendations. Among them are lack of funds, bureaucracy set up of the public sector, political involvement, lack of management commitment, monitoring and follow up of audit recommendations, and staffing issues. Since there are no adequate studies conducted regarding affecting factor issues in the Ministry of Works and Transport, Namibia, pervasive studies for continuous improvements in the implementation of audit recommendations are needed in public sector entities to achieve the planned objective.

CHAPTER: 3

RESEARCH METHODS

3.1 Introduction

The purpose of the study was to explore factors hindering the implementation of audit recommendations in Ministry of Works and Transport, Namibia. Additionally, the research aimed to establish practices adopted by the management in MWT to implement audit recommendations and examine difficulties encountered by the management in implementing of audit recommendations in the Ministry. This chapter hence, describes the methods and procedures that were used in the research including research design, population, sample and sampling techniques, research instruments, data collection procedure, data analysis and research ethics.

3.1 Research Design

This study used an exploratory research design in order to help the research in understanding the problem more efficiently. Saunders et al. (2012) describe an exploratory research design as a research design utilised to examine a problem which is not evidently distinct. It is conducted to have a better perceptive of the existing problem, but will not provide decisive results. A qualitative research approach was used, so that participants can give their personal opinions and experiences on the process of implementation of audit recommendations in the MWT.

3.2 Population

Cooper and Schindler (2012), refers to the population as an aggregate or totality of all the objects, subjects or members that conform to a set of specifications. The study is based on the MWT, Namibia. For the purpose of this study, the focus was on the finance division, which is involved in the implementation of audit recommendations in the Ministry. The study targeted the sixty (60) staff members of the finance division in the MWT.

3.3 Sample Size and Sampling Technique

Salkind (2010) defines a sample as a group of a relatively smaller number of people selected from a population for inspection purpose. The sample size of this study was twenty (20) people; this was based on employees in the finance division with five (5) and more years of working experience in the Ministry. According to Oribhabor and Anyanwu (2019), a sampling technique is the process and procedure involved in selecting the particular subjects or participants for analysis in a research. Purposive sampling was used as a sampling technique to select a sample of twenty (20) people. Purposive sampling is a method broadly used in qualitative research for the identification and collection of information-rich cases for the most effective use of limited resources (Saunders et al., 2012). These participants were chosen through purposive sampling because the researcher wanted to select staff members who are informative, more experienced and are part of the implementation of audit recommendations.

3.4 Research Instruments

A research instrument is a tool used to gather, evaluate, and analyse data related to your topic (Gass & Mackey, 2011). Semi-structured interviews and self-administered questionnaires with open-ended questions were used as research instruments. Semi-structured interview guide was used to interview the key informants to allow them to talk in-depth about the topic of interest, while exposing them to the same questions. Furthermore, self-administered questionnaires were distributed to senior accountants and accountants to allow the participants to respond at their own time and pace in order to provide great opportunities to gather precise data and get details in depth to meet the research objectives. The questions for this study contained short and straightforward questions derived from the research objectives.

3.5 Procedure

Prior to the collection of data, permission to carry out the study was primarily approved by the University of Namibia's Centre for Postgraduate Studies and an ethical clearance certificate was issued. This allowed the researcher to ask for permission from the Chief of learning and development at the MWT to collect data from staff members in the finance division. After getting permission to carry out the research from the MWT, arrangements and appointments were made with relevant people within the targeted sections in the finance department. The questionnaire was filled in the absence of the researcher to allow the participants to respond at their own time and pace.

3.6 Data Analysis

Thematic analysis was used to analyse the data collected through semi-structured interviews and self-administered questionnaires. Kiger and Varpio (2020) define thematic analysis as a technique for analysing qualitative data that involve searching across a data set to categorize, analyse, and report repeated patterns. This helps to discover patterns of meaning across a dataset that provides an answer to the research question being addressed (Saunders et al., 2012). Therefore, techniques of data analysis were done as follows:

Step 1: Acquaint yourself with the data

The initial step in thematic analysis process is to become familiar with the whole data set, which brings about repeated and active reading through of the data (Vaismoradi & Snelgrove, 2019). On this study, the data set include semi-structured interviews and self-administered questionnaires. The researcher first familiarised herself with the entirety of the data set to provide a valuable orientation to the raw data and looking for patterns.

Step 2: Creating initial codes

After step 1's familiarization work, the researcher began to take notes on potential data items of interest and connections between data items, and other preliminary ideas. This stage of work created codes, not necessarily themes. Once the coding framework or template was defined, the researchers then applied the same codes to the entire data set by grouping data extracts with relevant codes, creation note of any prospective patterns or links between items that might put in the picture subsequent theme development.

Step 3: Searching for themes

The third step involved exploratory of the coded and collated data extracts to search for potential themes of broader significance. The researcher through analysing, combining, comparing, and even graphically mapping how codes communicate to one another, constructed themes. The researcher made note of any and all themes of potential significance, whether they seem directly related to the research objectives.

Step 4: Reviewing themes

The researcher looked at coded data positioned within every theme to make sure they suitable fit. Reviewed all relevant codes and data extracts under each theme and asks:

- Does every theme have sufficient supporting data?
- Are the data included logically in supporting that theme?
- Are some themes too big or dissimilar?

At this point, data extracts were re-sorted and themes were modified to better reflect and capture coded data in line with objectives of the study.

Step 5: Defining and naming themes

Once the thematic map has been refined, the researcher created a definition and narrative description of each theme, including why it is important to the broader research objectives. The names of themes to be included in the final report were reviewed to ensure they are brief and sufficiently descriptive. The researcher then honed in on the most important aspects of each theme.

Step 6: Producing the report/manuscript

This final step involved writing up the final analysis and description of findings.

3.7 Research Ethics

During data collection, the researcher clarified the objectives of the study to all the participants. All the participants were informed about their rights to decline to take part or to withdraw at any time during the study without any consequences (Saunders, et al., 2012). The anonymity and privacy of participants were honoured and personal information was kept confidential and secure. Furthermore, the data will be kept in a locked cabinet for a period of 5 years, where after it will be shredded and burnt.

3.8 Chapter Summary

This chapter presented the research methodology used in carrying out the study. Data were collected using interview guide and questionnaires, the questions for this study contained short and straightforward questions derived from the research objectives and analysed using thematic analysis. The next chapter presents the analyses, interpretation and discussion of the data collected.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND DISCUSSIONS

4.1 Introduction

This chapter focuses on the analysis, presentation and discussion of the research findings obtained from the semi-structured interviews and self-administered questions.

The researcher did the analysis of data, according to themes, taking into consideration the research objectives of the study.

4.1.1 Response rate

The total target population was sixty (60) staff members from the finance division and the target sample size was twenty (20) staff members. The researcher scheduled to conduct semi-structure interviews with the four key informant and handed-out sixteen (16) self- administered questions with open-ended questions. Self-administered questions were hand-delivered to participants' sections in the finance division namely, budget, account payables, revenue and payroll.

All the four (4) key informants' [participants] were successfully interviewed. On the other hand, of the sixteen (16) self-administered questions that were distributed, fourteen (14) were returned, while two (2) self-administered questions were not returned. The overall response rate for this research was therefore eighteen (18) out of twenty (20), (fourteen (14) self-administered questions and four (4) semi-structured

interviews, which translates to 90%, thus it is rational and sufficient to accomplish the set research objectives.

The total target sample size was 20 staff members from the finance division. The researcher scheduled to conduct semi-structure interviews with the four key informant and handed-out 16 self- administered questions with open-ended questions. Self-administered questions were hand-delivered to participants’ sections in the finance division namely, budget, account payables, revenue and payroll.

4.2 Demographic Characteristics of Participants

This section outlines the demographic characteristics of participants. Considering the demographic characteristics of participants, it is vital to authenticate reliability of data collected. This section aimed to put together and create a profile of the participants in terms of the level of education, working experience and respondent positions. The results of the analysis of the demographic characteristics where participants were asked to indicate their level of education, their working experience and position held are presented as follows:

4.2.1 Level of education of participants

Table 1: *Level of education*

Education Level	Number of employees	Percentages
Diploma in Accounting and Finance	1	6%
Bachelor Degree in Business and public management	3	17%

Bachelor Degree in Accounting and Finance	6	33%
Honours degree and above	8	44%
Total	18	100%

The table above present the level of education of the respondents' from both the semi-structured interviews and self-administered question. As observed in table 1 above, 6 % of the participants holds a diploma in Accounting and Finance, 17% holds a bachelor degree in either business management or public management, 33% have an academic qualification of a bachelor degree in Accounting and Finance and 17% of the participants have academic qualification of Honours degree and above which is flattering. The knowledge and skills of employees contribute to the implementation of audit recommendations. Knowledge and skills are obtained through education (Greenhill, 2010). Participants with the knowledge of accounting, finance and business or public management understand the concept of audit recommendations then others because they did Auditing as a subject during their studies. Therefore, this indicates that for the most part, employees of the division finance of Ministry of Works and Transport are qualified for their jobs and they were considered competent based on their qualifications to examine and implement audit recommendation in the Ministry.

Results from table 1 conclude that the study was comprised of participants with higher tertiary qualifications and that most of the participants had at least the academic teaching on the theory of audit recommendations.

4.2.2 Work experience

Table 2: Work experience

Years	Number of employees	Percentages
5 – 9 years	8	44%
10 years and more	10	55%
Total	18	100%

Table 2 above shows the years of working experience of the participants, the table demonstrate that out of 18 participants, 8 participants which is 44% of total participants represent a group that covers 5-9 years of experience. This shows that they are much experienced. On the other hand, the group that is most represented is above 10 years of experience which is 55 % of the participants which is pleasing. This implies that all participants have more than 5 years of experience working in the finance and accounting profession hence distribution of years of working experience that the participants had was fairly spread out among the participants. In summary, most of the participants were well experienced enough to respond to the semi-structured interview and self-administered questions and they had the knowledge and experiences to understand the audit environment.

4.2.3 Participants positions

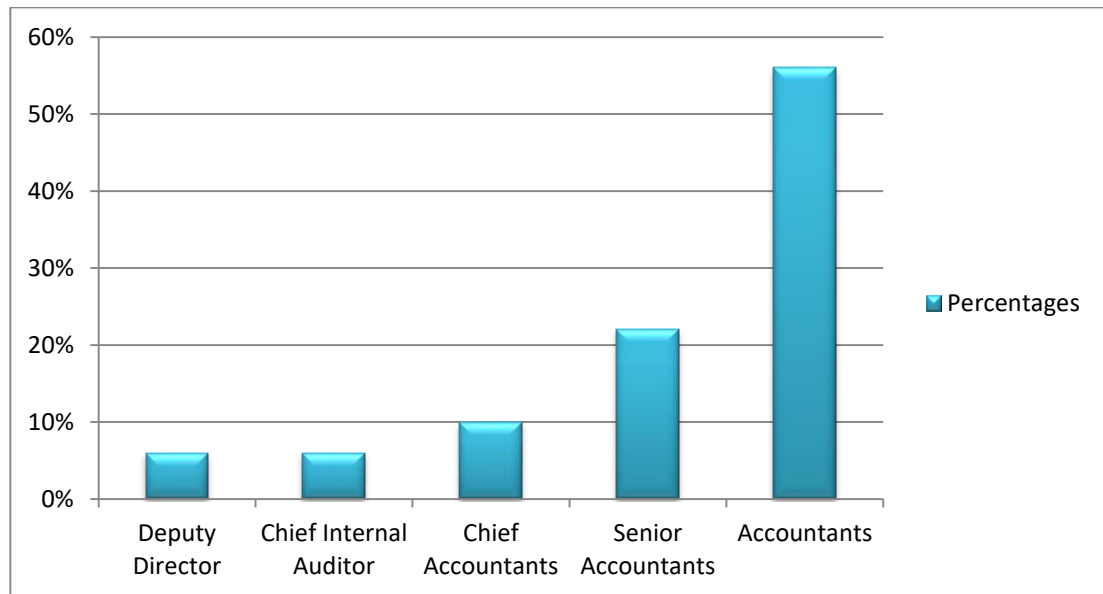


Figure 1: Participants positions

Respondents' positions were used as a general pointer of exposure to the MWT audit recommendation process. The data on the position of the participants are presented in figure 1 above. Results in figure 1 shows that 55% of the participants were accountants, 22% were senior accountants, 10% were chief accountants, and 5% were chief internal auditors and 5% deputy director. The figures conclude that all participants served in finance related positions of MWT meaning they were in a better position to understand MWT audit recommendations process and therefore they were capable of understanding the content of the semi-structured interviews and self-administered questions without assistance.

4.3 Key Informants [Participants]

This section deals with the findings from data collected through semi-structured interviews with the key informants (participants). It comprises of their views and opinions on factors hindering the implementation of audit recommendation in MWT.

The key informants were interviewed in a face-to-face session as it was deemed necessary to attain comprehensive detailed information from the key informants. The findings are presented as per the study objectives and consequently as per each key informant respondent. Each objective is analysed separately.

4.3.1 Factors hindering the implementation of audit recommendations in MWT

The implementation of audit recommendations is the last part of the audit process that apprehends the execution of audit goals and the full advantage of the audit. Sometimes due to various factors, the audit recommendations may not be implemented. Therefore, the aim of this research objective was to explore and find out factors hindering the implementation of audit recommendations in MWT. The key informants [participants] were four and they were asked to mention and give their opinions on what they think are factors hindering the implementation audit recommendations in the Ministry. The answers to the question were analysed and are interpreted in four themes namely, budgetary constraints, staffing issues and management support and monitoring and the nature of audit findings.

4.3.1.1 Budgetary constraints

Key informant 1 has stated that the Ministry is having some financial constraints due to budget cuts in the previous six financial years. He further explained that there has been a reduction in budgetary allocation of funds due to the prevailing unfavourable macroeconomics environment in the country and worldwide. This was in agreement

with key informant 2 who stated that mostly the budget allocation funds are not enough and are allocated to activities considered significant; therefore, the Ministry failed to undertake some activities recommended by the OAG. On the other hand, Key informant 3 disagreed with the two key informants. He was quoted saying

“Even though there are budget cuts in the government, the reason why there no funds to implement some audit recommendations is because the senior management of the Ministry do not see the importance of implementing audit recommendations therefore it is very difficult to get funds allocated to this activity.”

This however is not in agreement with Zhou and Zinyama (2012), who state that audit recommendations must be implemented even if the cost of implementing them is expensive especially if the involves violation of laws and policies. Audit findings which were issued to the MWT from 2015-2020 pointed out to some violation of law, guidelines, policies and non- compliance with statutory requirements.

Key informant 4 was also quoted saying

“We know the Ministry is currently facing some financial challenges but still the Ministry could get funds for implementation of audit recommendations provided that provision and motivation for the funds is made during the budgeting process”.

Furthermore, all the key informants have indicated that the Ministry has been facing capacity limitations necessitated by the deficiency of resources. One of the lack of resource is the loss of skilled and experienced personnel because of uncompetitive remuneration, which has adversely affected the quality and timeless preparation of

financial statements. Additionally, they stated that the MWT does not have enough funds to recruit additional personnel to help with the implementation of audit recommendations.

One key participant was quoted saying

“The government has put restriction on the personnel expenditure by freezing all vacant positions and only vacant position regarded as critical are filled with the Office of the Prime Minister’s approval.”

It was mentioned that due to the limitation put on vacant positions and new positions the Ministry is unable to recruit new personals to help in the implementations of the audit recommendations. Thus, it can be concluded that budgetary constraints is one of the factors hindering the implementation of audit recommendation at MWT.

4.3.1.2 Lack of education and training

The researcher wanted to find out whether the staff members of the finance division in the MWT have the capacity, education and experience to implement audit recommendations. Key informant one indicated that employees are well educated and the have the capability to implement audit recommendations. However, the other key informant 2 and 3 did not agree; they stated that even though the employees are educated most of them lack knowledge of public sector audit and they do not familiarise themselves with public entities accounting systems and legal frameworks. Yasin and Nelson (2012) believe that public financial knowledge plays a significant part in the implementation of audit recommendations and suggest that at least public entity accountants should have a postgraduate qualification in public management or they should at least receive some training on public finance management.

On the issue of whether employees get enough training to be able to facilitate and implement audit recommendations? All of the key informant participants indicated that the employees in finance division in the Ministry are not getting enough training and mentoring programs to facilitate the implementation of audit recommendations.

Key informant 4 was quoted saying

“some staff members in the finance division had not attended any training or refresher course in the past five (5) years, a condition which has made it challenging for them to adjust to the agility requirements of public financial management despite having academic qualifications”.

This implies that the finance division employees are not getting enough trainings and mentoring programs.

4.3.1.3 Management support and monitoring

Kandjeke (2019) stated that audit findings and recommendations would not serve much purpose except if management is committed to implementing them. About 75% of the key informants [participants] have indicated that there is not enough support and dedication from the management of the Ministry in the implementation of audit recommendations. They further stated that there is lack of inputs from the management to the division in the implementation of audit recommendations process. However, one key informant was quoted saying.

“The management discuss the audit findings in the management meetings and they come up with ways of implementing them but the management fails to communicate action to be taken”.

On the issue of monitoring and follow up, all key informant participants have indicated that the management do not follows – up on previous years’ audit to make sure recommendation are implemented.

4.3.1.4 Nature of audit findings

Approximately 50% of the key informant participants in the MWT stated that one of the factors hindering the implementation of audit recommendation is the nature of audit finding. They revealed that most of the audit finding recommended by the Office of the Auditor-General were not action oriented while some audit findings are not economical to implement. One key informant was quoted saying

“Some audit recommendations are not practical to implement while implementing some of the audit recommendation will not even improve the current problems of the Ministry”.

4.3.2 Practices adopted by the management in MWT to implement audit recommendations

The researcher wanted to find out if the MWT has an audit committee to assist, encourage, enforce and oversight the audit findings and recommendations.

All key informants [participants] have indicated that the Ministry have established an audit committee to assist, encourage, enforce and oversee the audit findings and recommendations. They further indicated that the Ministry has establish a section

called accounting and financial reporting specifically dealing with audit findings and recommendations.

According to Kandandu, Beukes and Benedict (2015), an audit committee is a governance control intended to administer and oversee financial reporting, internal controls to assess risk and audit activities in a company. Having an independent and proficient audit committee in place helps the institution to accomplish its objectives. It is hence significant for OMAs to have an audit committee since audit committee in association with the management and external auditors has the duty to review results of the audit to manage risk by ensuring that audit recommendations are implemented.

4.3.3 Difficulty encountered by the management in implementing of audit recommendations in the Ministry.

Key informant 1 stated that the internal audit section is understaffed, whereby the organisation structure of the Ministry makes provision for three (3) internal auditors but only one position is filled; as a result, the internal audit is unable to fully carry out its responsibilities including foreseeing the implementation of audit recommendations.

Key informant 2 was quoted saying

“The Ministry is only having one internal auditor despite having provision for three (3) in the ministry’s establishment. A critical lack of internal auditors within the MWT requires attention as one (1) auditor cannot carry out the audit processes for the entire ministry.”

Key informant 3 responded that the senior management does not value the importance of auditing neither the importance of implementing of audit recommendations;

therefore, it is very difficult to getting allocated funds regarding auditing issues. Key informant 4 stated that the audit recommendations are not well addressed to those who should implement them.

4.4 Self-Administered Questions

This section deals with the findings from data collected through self-administered questions. The aim of the self-administered questions was to get additional information on factors hindering the implementation of audit recommendation in MWT. The findings are presented as per the self-administered questions. Each research objective is analysed separately in themes. The results are presented and analysed as follows.

4.4.1 Factor hindering the implementation of audit recommendations in MWT

This research objective was to explore and find out factors that are hindering the implementation of audit recommendations in MWT. The section consisted of 4 themes, budgetary constraints, staffing issues, management support and monitoring and follow-up.

4.4.1.1 Budgetary constraints

The budgetary constraint theme consisted of two (2) questions. Firstly, the participants were asked to give their opinion on whether they believe the Ministry is having sufficient funds for new investments required by audit recommendations. Secondly, the participants were asked to give their opinion on whether the Ministry has enough

funds to recruit additional personnel to help with the implementation of audit recommendations.

Responses to Question 1 (Availability of funds to implement audit recommendations)

Firstly, participants were asked to present their opinions on whether they believe MWT has sufficient funds for new investments required by audit recommendations. The study discovered that majority (79%) of the participants who answered the self-administered questions indicated that the Ministry does not have sufficient funds as the Government is going through a financial crisis and funds are allocated to more important projects as set by Ministry of Finance. About 14% of the participants believe there are no sufficient funds but there would be, if management could make provision in the annual budget, while 7% of the total participants believe that the Ministry has sufficient funds but those in control do not value the importance of audit recommendation implementation.

Responses to Question 2 (Availability of funds to recruit additional personnel)

Secondly, participants were asked to provide their opinions on whether they believe the MWT has enough funds to recruit additional personnel to help with the implementation of audit recommendations. Information obtained on the availability of funds in the MWT for recruitment of additional personnel shows that almost 86% of the self-administered questions participants, which is the majority of the participants indicated that the Ministry does not have enough funds to recruit additional personnel

to help with the implementation of audit recommendations. 14% participants believe the Ministry does not budget and make provision in the budget to recruit additional personnel, therefore no funds get allocated to additional personnel expenditure. Therefore all participants believe the Ministry does not have enough funds to recruit additional personnels.

4.4.1.2 Staffing Issues

The theme of staffing issues consisted of three questions. The results to these questions are as follow.

Responses to Question 3 (capacity, education and experience)

To begin with, the participants were asked whether they believe they have the capacity, education and experience to implement audit recommendations. Majority (71%) of the self-administered questions participants believe they have the capacity, education and experience to implement audit recommendations as they have learned the theory on audit recommendation during their studies. However, 29% of the respondents indicated that they do not have the capacity, education and experience to implement audit recommendations.

Responses to Question 4 (lack of educational and experienced employees)

Secondly, the participants were asked to give their opinion on whether they believe the MWT lack educational and experienced employees to implement audit recommendations. Furthermore, 64 % of the respondents, which is the majority indicated that the employees of finance division have enough education and experience to implement audit recommendations. However, 36% of the participants indicated that there is lack of education and experience in auditing to implement audit recommendations.

Responses to Question 5 (training and mentoring programmes)

Participants were further asked if they get enough training and systematic mentoring programs to facilitate the implementation of audit recommendations. The study discovered that 43 % of the participants indicated that they have never received an training on auditing or what is required from OAG. More data showed that 36% of the participants indicated that they hardly go for training as the last training they got was 5 years ago.. Furthermore, 14% of the participants indicated that the MWT has lack of funds for trainings while 7% of the participants have indicated that due to a shortage of staff members, they can not go for training as no one will perform their task.

Results from the theme of staffing indicated that the majority of employees in finance division of MWT have never received an training on auditing. Some have not attendent any traing is the last 5 year due to lack of funds and shortage of staff members in the division.

4.4.1.3 Management support

The theme of management support consisted of three questions.

Responses to Question 6 (Management knowledge of audit recommendations)

Firstly, the participants were asked to indicate if the management has knowledge of audit recommendations. Results obtained indicated that 64% of the participants, which represents majority of the participants believe that the management has knowledge of audit recommendations because outcomes of the audit report is discussed at the exit meeting and the senior management meeting. They further indicated that management has enough years of experience; therefore, they have the knowledge while 36% of the participants have indicated that the management of MWT does not have knowledge of audit recommendations.

Responses to Question 7 (management support and dedication)

The participants were as well asked to indicate if there is enough support and dedication from the management to implement audit recommendations. A number of (57%) of the participants which are the majority indicated that there is no support and dedication from the management to implement audit recommendations as management is ignorant. At least 36% of the participants indicated that there is no support and dedication from the management to implement audit recommendations, as management does not value the importance of audit recommendations implementation. However, 7% have indicated that there is support from management but it is not satisfactory.

4.4.1.4 Monitoring and follow-up

The theme of Monitoring and follow-up consisted of 3 questions.

Responses to Question 8 (management follow –ups on previous year audits)

The participants were asked to indicate if management do follow-ups on previous year's audit to make sure recommendations are implemented. Most of the participants (79%) indicated that the management does not do follow-up on previous year's audits, while 14% of the participants indicated that the management does follow-ups in previous year's audits to make sure recommendations are implemented. Only 7% of the participants did not attempt to answer the question.

Responses to Question 9 (Management communication)

Stephen (2012) suggested that effective monitoring and controlling is essential for the implementation of the audit recommendations. Failure to do this may be a challenge for the implementation of the audit recommendations. Therefore, this question asked participants to render their opinions on whether there is enough monitoring from management to ensure audit recommendations are implemented. The majority of the participants (71%) indicated that the management does not communicate action to be taken on time; in fact, some have indicated that the management does not communicate any actions to be taken at all. However, 29% or the participants have indicated that the management does communicate action to be taken on time. Results obtained were presented in the table below

Responses to Question 10 (Other factors hindering the implementation of audit recommendations in the Ministry)

Moreover, participants were asked to mention other factors hindering the implementation of audit recommendations in the Ministry apart from factors mentioned above. The study revealed that 43% of the participants indicated that lack of accountability and responsibility is another factor that is hindering the implementation of audit recommendations in the Ministry. About 36% have indicated that management ignorance is one of the other factors, while 7% have indicated poor communication from management. Furthermore, perception that the recommendations will not improve the current problems, Unfeasible recommendations by the OAG and political involvement were also mentioned by 14 % as other factors hindering the implementation of audit recommendations in the MWT.

4.4.2 Practises adopted by the management in MWT to implement audit recommendations

Section C aimed to discover what practices the management of MWT has adopted in ensuring that audit recommendations are implemented. The section had three questions which intent to find out if the Ministry have put up any measures in place to ensure that audit recommendations are implemented.

Responses to Question 11 (The Internal Auditors involvement in the audit recommendations implementation process)

The self-administered participants were firstly asked to indicate whether the Internal Auditors get involved in the implementation of audit recommendations. From the participants, 64%, which is majority of the participants indicated that internal auditors do not get involved in the implementation of audit recommendation; they further stated that they rarely see the function of the internal auditor in the Ministry. On the contrary, 36% of the participants have indicated that internal auditors get involved in the audit recommendation process in the Ministry. Hence, results from the study indicated that majority of the participants considered that the internal auditors are not involved in the implementation of audit recommendations in MWT.

Responses to Question 12 (The Ministry of Works and Transport have an audit committee to assist, encourage, enforce and oversight the audit findings and recommendations)

The second question intended to determine whether there is an audit committee in existence at MWT. The study discovered that majority of the questionnaire participants 79% indicated that there was no audit committee at Ministry of Works and Transport while 21 % of the respondents indicated that there is an audit committee in the Ministry. This finding is in contradiction with the key informant participants' findings, which have indicated that the Ministry in having an audit committee. Furthermore, investigation with management revealed that an audit committee was established in the Ministry; however, the committee is not active and functional. Therefore, results from the study determine that at large, there is an audit committee but since it is not active it cannot assist, encourage, enforce and oversight the audit findings and recommendation in the MWT.

Responses to Question 13 (Preparation of action plan for implementation of audit findings)

For audit recommendations to be implemented it requires the management to set a clear implementation plan outlining the responsibilities and timeframes to address the action required by the audit findings (Zinyama, 2013). Therefore, the study further investigated if the staff member has action plans on how to implement and when to implement audit recommendations. The study discovered that 71 % participants do not have an action plan. However very few participants (29%) have indicated that they have action plans detailing how to implement audit recommendations and when to implement them. In summary, the study indicated that at large, no action plans are prepared in the finance division pertaining to audit recommendations implementation.

Responses to Question 14 (other practices adopted by the management to implement audit recommendations)

This question intended to discover other practices that the management had adopted in ensuring that audit recommendations are implemented. The study discovered that the major practice that the management adopted was the establishment of an Accounting and Financial reporting section to deal with all reporting and audit issues. Further revelations from the study showed that the least practice was senior audit meetings whereby the division have meeting to discuss the audit findings.

4.4.3 Difficulties encountered by the management in implementing of audit recommendations in the Ministry

This section aimed to discover difficulties being encountered in the implementation of audit recommendations in the Ministry of Works and Transport. The Section consisted of four questions. Results from the responded are presented as follow.

Responses to Question 15 (Audit recommendations are well addressed to those who should implement them)

First, questionnaire participants were asked if they believe audit recommendations are well addressed to those who should implement them. The study showed that most of the participants (64%) believe audit recommendations are not well addressed to the right people as they are addressed to the management when its junior staff who are responsible for the implementation of audit recommendations. Some participants (36%) believe that the audit recommendations are addressed to the right people (management) but there is lack of communication between the management and junior staff, which is a delaying factor in the implementation of audit recommendations. Hence, the results shown that in general, the audit recommendations are not well addressed to those who should implement them in the MWT.

Responses to Question 16 (Audit recommendations are clear and comprehensible to implement)

Participants were further asked to present their opinions on whether audit recommendations are clear and comprehensible to implement. The study revealed that

almost 79% of the participants have pointed out that audit recommendations are clear and comprehensible to implement. However, 14% of the participants indicated that audit recommendations are not clear and comprehensive as they lack fundamental basis on how to implement them. Only 7 % of the self-administered questions participants did not attempt to answer the question.

Responses to Question 17 (Audit recommendations are objective to implement)

Participants were additional asked if they believe audit recommendations are objective – meaning they have adequate and suitable audit evidence, to implement. The study showed that most of the participants (57%) consider the audit recommendations to be not objective, they further indicated that most of audit finding are due to miscommunication between the Ministry and the Office of the Auditor-General. Contrary, 29% of the participants consider audit recommendations to be objective. Nevertheless, 14 % of the participants did not attempt to answer the question. Moreover, the combined results indicate that audit recommendations are not objective – meaning they do not have adequate and suitable audit evidence, to implement.

Responses to Question 18 (The implementation of audit recommendations is influenced by political pressures and personal interest)

Participants were additional questioned if they believe the implementation of audit recommendations are influenced by political pressures and personal interest. The study unveiled that a higher percentage (86%) of the participants indicated that the implementation of audit recommendations is not influence by political and personnel

interest. On the other hand, 14% have indicated that political pressures and personal interested influence the implementation of audit recommendations.

4.5 Chapter Summary

This chapter presented the analysis and discussion on information drawn from the qualitative data collected through semi-structure interviews and self-administered questions. The data reviewed has indicated that there is a lack of finances to implement audit recommendations and many numerous factors hindering the implementation of audit recommendations. The results further give an indication that the management does little to ensure audit recommendations are implemented. The following chapter presents the conclusion of the findings and recommendations.

CHAPTER 5

CONCLUSION AND RECOMMENDATIONS

5.1 Introductions

The preceding chapter focused on presentation, interpretation and analysis of the results of this study. This chapter portrays conclusions on the study and suggests recommendations to address factors hindering the implementation of audit recommendations in MWT, Namibia. Additionally, the chapter touches on the future study on the topic to tackle the factors pointed out in this research. The study makes its conclusions by addressing the research objectives, which were:

1. To explore factors hindering the implementation of audit recommendations in MWT Namibia.
2. To establish practices adopted by the management in MWT to implement audit recommendations.
3. To examine difficulties encountered by the management in implementing of audit recommendations in the Ministry.

5.2 Conclusions

The study was, driven by the re-occurrence of audit findings in MWT. The study concentrated on the factors hindering the implementation of audit recommendations in MWT, Namibia. Interviews guide and self-administered questionnaires were used to collect data from the MWT.

Based on the data collected, analysed and presented, the study has effectively embarked on to explore factors hindering the implementation of Audit recommendations in MWT, Namibia. The study concludes as follows.

5.2.1 Factors hindering the implementation of audit recommendations

The study found the following 6 factors hindering the implementation of audit recommendation in the Ministry of Works and Transport, Namibia

Budgetary constraints

- No sufficient funds for new investments required by audit recommendations.
- Those in control of funds do not value the importance of audit recommendations.
- Management does not make provision to budget for audit recommendation implementation.
- Lack of funds to recruit additional personnel to help with the implementation of audit recommendations.

Lack of knowledge and skills

- Lack of public sector auditing knowledge.
- Lack of public financial management skills.
- The Ministry has shortage of staff.
- Lack of training and mentoring programs to facilitate the implementation of audit recommendations.

Lack of management support

- Lack of support and dedication from management.
- Management does not value the importance of implementation of audit recommendations
- Lack of accountability and responsibility
- Management ignorance

Absence of monitoring and follow-up

- Lack of management follow-up on previous years' audits
- Lack and slow communication on actions to be taken.
- Lack of monitoring from management

The issue of audit finding itself

- Unfeasible recommendations by the auditors
- Perception that the recommendations will not improve the current problems
- Political involvement.

5.2.2 Practices adopted by the management in MWT to implement audit recommendations.

Findings on practices adopted by the management in MWT to implement audit recommendations

- The MWT has set up an Accounting and Financial Reporting section under finance division that deals with all reporting and audit issues. The primary

functions of the Accounting and Financial Reporting section are to track, report, execute, and predict financial transactions of the Ministry. The basic function of financial accounting is to also prepare financial statements of the MWT. The section was established to ensure that audit information's are prepared is the required standards and all external and internal audit queries are responded to. It is also the duty of the section to ensure that the management is implementing audit recommendations raised in audit reports.

- The Ministry has established an audit committee, the primary function of the MWT audit committee is to assist, encourage, enforce and provide oversight of the financial reporting process, the audit process, the Ministry's system of internal controls and compliance with laws and regulations. It is also the duty of the audit committed to review the findings of the audit with the auditors and the management. The audit committee follow up with management on the implementation of the audit recommendations.

5.2.3 Difficulties encountered by the management in implementing of audit recommendations in the Ministry.

Findings difficulties encountered by the management in implementing of audit recommendations in the Ministry of Works and Transport

- The internal auditors function is rarely noticed at MWT, as they do not help or get involved in the implementation of audit recommendations. Additionally, the division of internal auditors is under-staffed.
- Audit recommendations are not well addressed to those who should implement them.

5.3 Theoretical implications

In the current study, theories related to factors that hinder the implementation of Audit recommendations were explored. Theories such as budgetary constraints, lack of knowledge and skills and lack of management support were explored. This study provides a sound basis for the future and the transformation of management thinking towards the implementation of audit recommendations. It helps create strategies and practices for effective implementation of audit recommendation. Moreover, it contributes to the existing literature and fill the gap in literature as it sets out the route for upcoming research, as there has a been few studies on factors that hinder the implementation of audit recommendation in the public sector of Namibia.

5.4 Recommendations

The recommendations presented in this study are based on the conclusions that were found and they are stipulated below:

- The MWT is strongly advised to take heed on all audit recommendations, which help to reduce risk of fraud, theft, corruption and mismanagement of public funds and resources (Rudison & Daniela, 2015).
- The Management of MWT should budget and make provision for funds required for investments needed for audit recommendations to be able to be implemented.
- The researcher recommends that the management should ensure that the audit committee is fully functional and active to ensure proper functioning of internal audit unit.

- The management should always follow-up and monitor the implementation of audit recommendations. The Ministry is further urged to come up with action plans that details what, how and when audit recommendations should be implemented.
- It is also further recommended that the management be dedicated and give adequate support towards the implementation of audit recommendations.

5.5 Recommendations for further Studies

In view of the fact that this study explored the factors hindering the implementation of audit recommendations in MWT, Namibia, it will be of huge significance for a future study to establish the impact of not implementing audit recommendations on the performance of any given public entity. In future studies, theories related to the OAG, such as the theory of efficiency, can be explored to understand the effectiveness of the Office of the Auditor-General. It is also very important to investigate the effectiveness of the OAG. Thus, an analysis of this theory will be an important inclusion in the future. Therefore, potential researchers are encouraged to carry out research that will focus into the effectiveness of the Office of the Auditor-General.

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APPENDIX A: ETHICAL CLEARANCE CERTIFICATE



ETHICAL CLEARANCE CERTIFICATE

Ethical Clearance Reference Number: DEC FOC/09/08 Date: 01/01/2021

This Ethical Clearance Certificate is issued by the University of Namibia Ethics Committee (REC) in accordance with the University of Namibia's Research Ethics Policy and Guidelines. Ethical approval is given in respect of undertakings contained in the Research Project outlined below. This Certificate is issued on the recommendations of the ethical evaluation done by the ethics committee.

Title of Project: Exploring factors hindering the Implementation of Audit recommendations in Ministry of Works and Transport, Namibia

Student: Patemoshela Ndapandula Erkie

Student Number: (201136872)

Supervisor(s): Dr Abner Shopati

Centre for Research Services

Take note of the following:

1. Any significant changes in the conditions or undertakings outlined in the approved Proposal must be communicated to the ethics committee. An application to make amendments may be necessary.
2. Any breaches of ethical undertakings or practices that have an impact on ethical conduct of the research must be reported to the ethics committee
3. The Principal Researcher must report issues of ethical compliance to the ethics committee (through the Chairperson) at the end of the Project or as may be requested by the ethics committee
4. The ethics committee retains the right to:
 - i) Withdraw or amend this Ethical Clearance if any unethical practices (as outlined in the Research Ethics Policy) have been detected or suspected,
 - ii) Request for an ethical compliance report at any point during the course of the research.

The ethics committee wishes you the best in your research.

A handwritten signature in blue ink, appearing to read 'Precious Mushendami'.

Precious Mushendami (Chairperson Ethics Committee)

A handwritten signature in blue ink, appearing to read 'Davis Mumbengegwi'.

Prof. Davis Mumbengegwi (Head, Multidisciplinary Research)

APPENDIX B: REQUEST FOR PERMISSION (MWT)

Chief Learning & Development Officer

Ministry of Works and Transport

Private Bag 13341,

Windhoek

15 December 2021

Dear Sir/ Madam

SUBJECT: PERMISSION TO CONDUCT AN EDUCATIONAL RESEARCH STUDY AT
MINISTRY OF WORKS AND TRANSPORT.

I am Patemoshela Ndapandula Erkie a Master of Science in Accounting and Finance student at the University of Namibia and an accountant in the Accounting and Financial Reporting division of the Ministry of Works and Transport. I am intending to conduct educational research for my thesis in order to fulfil the requirements for the M.Sc. in Accounting and Finance Degree. The title of the study is Exploring factors that hinder the implementation of audit recommendations in the Ministry of Works and Transport, Namibia.

The study will provide a sound basis for the future and the transformation of management thinking towards the implementation of audit recommendations. It helps create strategies and practices for effective implementation of audit recommendation. Moreover, it will contribute to the existing literature and fill the gap in literature.

The instruments to be used for data collection will be semi-structured interview guides and a self-administered questionnaire with open-ended questions. I will personally manage the collection of data within the Finance division staff members of Ministry of Works and Transport as they are the key informants.

I hope my request will receive your utmost attention.

Yours sincerely

.....

Patemoshela Ndapandula Erkie

MSc. Accounting & Finance student

University of Namibia

Cell phone: 081 6147 567, Email address: patemaerkie@gmail.com

APPENDIX C: SELF-ADMINISTERED QUESTIONNAIRE

Dear Respondent

I am Patemoshela Ndapandula Erkie, a Master's of Science in Accounting and Finance student at the University of Namibia, Department of Accounting, Auditing and Income Tax. I am conducting a research titled: "Exploring factors hindering the implementation of audit recommendations in Ministry of Works and Transport, Namibia, in partial fulfilment of the requirements of the study. The information collected is exclusively for academic reasons and will therefore not be used for any other motive. It is significant you answer all the questions as truthfully as possible as your answers to this questionnaire will be treated with utmost confidentiality. Participation in the study is voluntary and hence you have the right to decline to take part or to withdraw at any time without any justification.

Your anonymity and privacy is respected, personal information is kept confidential and secure and information contained in the conclusion of this study will only disclose comprehensive results.

Your cooperation is highly appreciated

Yours Sincerely

.....

Patemoshela Ndapandula Erkie
MSc. Accounting & Finance student
Faculty of Economics and Management Sciences
University of Namibia
Cell phone: 081 6147 567
Email address: patemaerkie@gmail.com

Instructions:

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

SECTION A: Demographic characteristics

- a) **Educational Level:** Certificate Diploma Degree
Honour and above
- b) **Field of Qualification:** Accounting Management Economics
Others
- c) **Work Experience:** 4 years and below 5-9 years
10 years and more
- d) **Position:** Senior Accountant Accountant

**SECTION B: Factors hindering the implementation of audit recommendations
in MWT**

Budgetary constraints

1. In your opinion do you believe the Ministry is having sufficient funds for new investments required by audit recommendations? If Yes/No explain

2. Do you believe the Ministry has enough funds to recruitment additional personnel to help with the implementation of audit recommendations? If Yes/No explain

Factor of staffing issues

3. Do you believe you have the capacity, education and experience to implement audit recommendations? If Yes/No explain

4. In your opinion do you believe the MWT lack educational and experienced employees to implement audit recommendations? If Yes/No explain

5. As an employee in finance division in the Ministry, do you believe you are getting sufficient training and systematic mentoring programs to facilitate the implementation of audit recommendations? If Yes/No explain

Factors of management support

6. Does the management have knowledge of audit recommendations? If Yes/No explain

7. Is there enough support and dedication from management to implement audit recommendations? If Yes/No explain

Factor of monitoring and follow-up

8. Does the management do follow-ups on previous year's audit to make sure recommendations are implemented? If Yes/No explain

9. Does the management communicate actions to be taken on audit recommendations on time? If Yes/No explain

10. Kindly name other factors you believe are hindering the implementation of audit recommendations in the Ministry?

SECTION C: Practices adopted by the management in MWT to implement audit recommendations

11. Does the Internal Auditors get involved in the audit recommendations implementation process? If Yes/No explain

12. Does the Ministry of Works and Transport have an audit committee to assist, encourage, enforce and oversight the audit findings and recommendations? If Yes/No explain

13. Do you prepare an action plan for your sub-division audit findings? In order to implements the audit recommendations? If Yes/No explain

14. Kindly mention practices adopted by the management in MWT to implement audit recommendations

SECTION D: Difficulties encountered by the management in implementing of audit recommendations in the Ministry

15. Do you believe audit recommendations are well addressed to those who should implement them? If Yes/No explain

16. In your opinion, are audit recommendations clear and comprehensible to implement? If Yes/No explain

17. Do you believe audit recommendations are objective – meaning they have adequate and suitable audit evidence, to implement? If Yes/No explain

18. Do you believe the implementation of audit recommendations are influenced by political pressures and personal interest? If Yes/No explain

19. Kindly mention difficulties you encounter in the implementation of audit recommendations

THANK YOU

~ THE END ~

APPENDIX D: SEMI-STRUCTURE INTERVIEW

QUESTIONS

Title: Exploring factors hindering the implementation of audit recommendations in Ministry of Works and Transport, Namibia.

Topic: Key informants

I, the undersigned respondent, hereby declare that I understand the purpose of this study and have been informed that the information I have provided will only be used for this purpose and that under no circumstance will any of my particulars be linked with any information that I provide. I also know that I can withdraw from participating at any time. I, therefore, willingly consent to participate in the discussion on the above mentioned topic.

Signed at _____ on the _____ day of _____ 2021

Signature: _____

Time _____

Interviewee number _____

SECTION A: Demographic characteristics

1. **Educational Level:** Certificate Diploma Degree

Above degree

2. **Field of Qualification:** Accounting Management Economics

Others

3. **Work Experience:** 4 years and below 5-9 years

10 years and more

4. **Designation:** Deputy Director Chief Accountant
Chief Internal Auditor

5. What factors are hindering the Implementation of Audit recommendations in MWT?

6. What practices has the Ministry adopted in ensuring that Audit recommendations are implemented?

7. What do you think the Ministry of Works and Transport should do to ensure that audit recommendations are implemented in the future?

~The End~