

**PUBLIC SECTOR AUDITING AND ITS IMPACT ON  
CORRUPTION IN UGANDA**

Research dissertation presented in partial fulfilment of the requirements  
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**MSc in Accounting and Finance Management**

Griffith College Dublin

Dissertation Supervisor: **Stergios Leventis**

**Student Name: Shanice Amutuhaire**

**06<sup>th</sup> September 2024**

## Candidate Declaration

Candidate Name: Shanice Amutuhaire

I certify that the dissertation entitled: Public Sector Auditing and its Impact on Corruption in Uganda.

submitted for the degree of **MSc in Accounting and Finance Management** is the result of my own work and that where reference is made to the work of others, due acknowledgment is given.

Candidate signature: 

Date: 6<sup>th</sup> September 2024

Supervisor Name: Stergios Leventis

Supervisor signature:

Date: 6<sup>th</sup> September 2024

## **Dedication**

This dissertation is dedicated to my lovely family and friends.

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Firstly, I thank God for his continual guidance and protection in my life, career, and academic journey. I would not have achieved this milestone without his grace, strength, and fortitude.

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## Table of Contents

CANDIDATE DECLARATION .....	II
DEDICATION .....	III
ACKNOWLEDGEMENTS .....	IV
LIST OF TABLES .....	VII
LIST OF FIGURES .....	VIII
LIST OF ABBREVIATIONS .....	IX
ABSTRACT .....	X
<b>1 INTRODUCTION .....</b>	<b>1</b>
1.1 OVERVIEW .....	1
1.2 RESEARCH PURPOSE .....	3
1.3 SIGNIFICANCE OF THE STUDY .....	3
1.4 RESEARCH OBJECTIVE .....	3
1.5 STRUCTURE OF THE STUDY .....	4
<b>2 LITERATURE REVIEW .....</b>	<b>5</b>
2.1 OVERVIEW .....	5
2.2 CORRUPTION .....	5
2.3 PUBLIC SECTOR AUDITING .....	5
2.4 PUBLIC SECTOR AUDITING AND CORRUPTION .....	6
2.5 AUDIT QUALITY .....	7
2.5.1 Competence of public sector auditors .....	8
2.5.2 Institutional support .....	8
2.5.3 Compliance of public auditors with standards .....	9
2.6 THEORETICAL FRAMEWORK .....	10
2.6.1 Institutional theory .....	10
2.6.2 Agency Theory .....	11
2.6.3 Deterrence theory .....	12
2.7 CONCEPTUAL FRAMEWORK .....	12
2.8 CONCLUSION .....	13
<b>3 METHODOLOGY AND RESEARCH DESIGN .....</b>	<b>15</b>
3.1 OVERVIEW .....	15
3.2 RESEARCH PHILOSOPHY AND APPROACH .....	15
3.3 RESEARCH STRATEGY .....	16
3.4 COLLECTION PRIMARY DATA .....	17
3.4.1 Sources .....	17
3.4.2 Population and sample size .....	17
3.4.3 Access and Ethical Issues .....	18
3.4.4 Nature of Data .....	18
3.4.5 Measures .....	19
3.4.6 Study Hypothesis .....	19
3.4.7 Validity of the Research .....	19

3.5	APPROACH TO DATA ANALYSIS .....	20
3.6	CONCLUSION .....	20
<b>4</b>	<b>PRESENTATION AND DISCUSSION OF THE FINDINGS .....</b>	<b>21</b>
4.1	OVERVIEW.....	21
4.2	FINDINGS.....	21
4.2.1	Demographic characteristics of respondents .....	21
4.2.2	Descriptive Statistics .....	22
4.2.3	Pearson’s correlation Results .....	23
4.2.4	Regression analysis results.....	25
4.2.5	Hierarchical regression results .....	26
4.3	DISCUSSION.....	27
4.3.1	Competence of public sector auditors and corruption mitigation.....	27
4.3.2	Institutional support and corruption mitigation .....	28
4.3.3	Compliance of auditors with standards and corruption mitigation.....	29
4.4	CONCLUSION .....	30
<b>5</b>	<b>CONCLUDING THOUGHTS ON THE CONTRIBUTION OF THIS RESEARCH, ITS LIMITATIONS AND SUGGESTIONS FOR FURTHER RESEARCH .....</b>	<b>31</b>
5.1	OVERVIEW.....	31
5.2	IMPLICATIONS OF FINDINGS FOR THE RESEARCH QUESTIONS.....	31
5.2.1	Competence of public sector auditors and corruption mitigation.....	31
5.2.2	Institutional support and corruption mitigation .....	31
5.2.3	Compliance of public sector auditors with standards and corruption mitigation .....	32
5.3	CONTRIBUTIONS AND LIMITATIONS OF THE RESEARCH.....	32
5.3.1	Contributions.....	32
5.3.2	Study limitations .....	33
5.4	RECOMMENDATIONS FOR PRACTICE.....	33
5.5	RECOMMENDATIONS FOR FUTURE RESEARCH.....	34
5.6	FINAL CONCLUSION AND REFLECTIONS .....	34
	<b>REFERENCES.....</b>	<b>35</b>
	APPENDICES .....	42
	APPENDIX A – QUESTIONNAIRE.....	42

## **List of Tables**

Table 1: Demographic characteristics of respondents .....	21
Table 2: Descriptive Statistics .....	23
Table 3: Pearson's correlation results .....	24
Table 4: Multiple Regression analysis results.....	25

**List of Figures**

Figure 1: Conceptual framework developed by the author ..... 13

## List of Abbreviations

ACCA	Chartered Certified Accountants
CISA	Certified Information System Auditors
CPA	Certified Public Accountants
CPI	Corruption Perception Index
IGG	Inspectorate of Government
INTOSAI	International Organisation of Supreme Audit Institutions
ISSAI	International Standards of Supreme Audit Institutions
OAG	Office of the Auditor General
OECD	Organisation for Economic Co-operation and Development
SD	Standard Deviation
SDG	Sustainable Development Goals
SPSS	Statistical Packages for Social Sciences
UN	United Nations
VIF	Variation Inflation Factor
ACCA	Chartered Certified Accountants

## **Abstract**

### **Public sector auditing and its impact on corruption in Uganda**

*Shanice Amutuhaire*

Public sector auditors play a crucial role in mitigating corruption. This study aimed to examine the role and impact of public sector auditing in mitigating corruption by investigating the elements of competence of public sector auditors, institutional support, and compliance of auditors with standards that influence the effectiveness of public sector auditing on corruption in Uganda. The study adopted a quantitative approach using a questionnaire survey of 105 public sector auditors. Pearson's correlation coefficient and multiple regression analysis were used to establish the relationship between independent and dependent variables.

The findings revealed that the competence of public sector auditors, institutional support, and auditors' compliance with standards have a significant positive relationship with corruption mitigation, with institutional support being the stronger predictor among the three independent variables. The study highlighted that higher competence of auditors, strong and positive institutional support, and strict adherence to auditing standards reduce corruption. The results also indicated that the combination of the three variables only explains 19.7% of the variance in corruption among government entities. This study highlighted the need for an increase in budgetary allocations to OAG and minimal political interference in the work of OAG to enhance its role in mitigating corruption.

**Keywords:** competence, institutional support, compliance, corruption mitigation, public sector auditors

# **1 Introduction**

## **1.1 Overview**

Corruption, a global scourge, severely damages public spending, markets, economic progress, justice, democracy, and the overall quality of life in affected countries (Enste and Heldman, 2017). The United Nations (UN) has identified corruption as a critical obstacle to achieving Sustainable Development Goals (SDGs), making it a pressing issue that must be addressed by 2030 to meet the SDGs (United Nations, 2023). The issue of corruption is evident in both developed and underdeveloped countries (Othman et al., 2014), and as a result, many countries have included anti-corruption efforts in reform projects, mainly in reaction to global agreements like the 1997 OECD Anti-Bribery Convention and the 2004 UN Convention against Corruption (Mugellini et al., 2021). Corruption poses a significant risk to the provision of public services and raises concerns about the integrity of public institutions on a global scale (Asongu, 2013). Citizens expect high-quality services, but corrupt practices such as bribery, embezzlement, fraudulent accounting, fraud, influence peddling, and nepotism persistently undermine administrative systems (Krylova, 2018).

Globally, in an effort to combat corruption and increase public sector accountability, the International Organisation of Supreme Audit Institutions (INTOSAI) was created in 1953 and currently has 195 full members. Additionally, INTOSAI has established several regional groups to promote cooperation and knowledge sharing among its members (INTOSAI, 2024). This institution has established a solid foundation for Supreme Audit Institutions (SAI) to enhance public sector accountability, strengthen governance and ultimately improve the lives of citizens (INTOSAI, 2024). Effective public sector audits are necessary in the fight against corruption and have a substantial and beneficial effect on national corruption (Hay and Cordery, 2018). Auditing helps public sector enterprises improve operations, accountability, and public trust. Through their diligent work, public sector auditors must monitor compliance and integrity in public sector organisations, especially those that utilise public funds, to prevent and uncover corruption (Goodson et al., 2012). According to Otalor et al. (2013), the general public perceives auditors as crucial in the effort to decrease corruption, and this expectation stems from the belief that audited data is accurate, complete, and impartial (Power, 1997).

Public organisations in several Sub-Saharan African countries have faced significant criticism for their bureaucracy's failure to evolve and meet the socio-economic needs of citizens, which has led to a compromise in the quality of services provided to citizens despite the higher costs (Chen et al., 2014; Denyer, 2018). For example, Asaju et al. (2019) highlighted that in Nigeria, corruption and red tape are endemic in the public sector and have hindered the development and

efficiency of public services, leading to increased poverty, unemployment, and low levels of infrastructural facilities, among others (Asare, 2009).

In Uganda, corruption is a significant obstacle to economic development and the provision of quality public services (Basheka, 2009). According to Transparency International's Corruption Perception Index (CPI) 2023, Uganda was ranked 141 out of 180 countries, with a score of 26 out of 100 (Transparency International, 2024) and ranked 19th most corrupt country in Africa (Correspondent, 2024), reflecting a high level of corruption in the public sector. Uganda's corruption rank has an average value of 120 between 1996 and 2023, with its lowest point being 43 in 1996 and its highest point 151 in 2016 (Trading Economics, 2024). The corruption rankings over the years highlight the ongoing, persistent nature of the challenges the government faces in addressing this issue. The Inspectorate of Government reported that Uganda loses 10 trillion Uganda shillings annually through bribery and maladministration in the procurement function, inflated payrolls, tax evasion, theft of government drugs, and other forms of corruption leading to the diversion of public resources from essential services (Inspectorate of Government, 2021). According to Muhumuza (2016), several Ugandan public institutions are corrupt, and Faller (2015) attributed this to socio-economic factors and political leadership's inability to punish offenders. Public organisations tasked with ensuring public financial accountability, such as the Inspectorate of Government, are generally tolerant due to political leadership and facilitation shortcomings (Muhumuza, 2016).

Office of the Auditor General (OAG) is the primary institution responsible for auditing government accounts and ensuring accountability in Uganda (Kakumba, 2012). The office derives its mandate from the National Audit Act (2008) and the Constitution of Uganda (1995) to audit and report on the accounts of all government ministries, departments, agencies, and local governments (Kakumba, 2012). The Auditor General's reports have consistently revealed significant financial mismanagement and irregularities in various government sectors, including education, health, and infrastructure projects. These audits have uncovered inflated procurement contracts, ghost payroll workers, and unaccounted funds, all contributing to corruption (Serugo, 2024).

Despite the crucial role of public sector auditing in uncovering corruption, challenges persist in ensuring the implementation of audit recommendations. One of the significant hurdles is the lack of political will to act on audit findings and hold officials accountable for the mismanagement of public funds (Olum, 2014). The Office of the Auditor General (OAG) in Uganda, for instance, faces several weaknesses, including low staffing levels and inadequate training, which affect the quality of audits conducted (Mulati, 2022). While efforts are being

made to enhance the effectiveness of public sector auditing in Uganda, such as the collaboration between OAG Uganda and international organisations like INTOSAI to improve the capacity of its auditing institutions and practices (Office of Auditor General, 2024), more work is needed to ensure that public sector auditing has a meaningful impact on reducing corruption.

Previous studies suggest that public sector auditing can mitigate corruption among government agencies (Qaid et al., 2022; Mugellini et al., 2021; Gherai et al., 2016; DiPietro, 2011; Olken, 2007), though it is dependent on audit quality (Qaid et al., 2022). Effective implementation of public sector audits and high-quality audits reduce corruption in a country (DiPietro, 2011). Although public sector auditing plays a crucial role in ensuring accountability, transparency and good governance, its effectiveness in doing so in developing countries has not been adequately demonstrated in previous research (Assakaf et al., 2018). Therefore, this research fills the research gap by examining the impact of public sector auditing on corruption in Uganda.

## **1.2 Research Purpose**

This study aims to explore the influence of public sector auditing on corruption in Uganda, with a specific focus on its role in promoting transparency, accountability, and good governance. This study is the first attempt to explore the impact of public sector auditing on corruption in Uganda. The research aims to answer the question: what is the impact of the competence of public sector auditors, institutional support, and compliance with standards on the effectiveness of public sector auditing in combating corruption in Uganda.

## **1.3 Significance of the Study**

This research enhances the knowledge of public sector auditing and corruption mitigation in Uganda. It is the first attempt to explore the impact of public sector auditing on corruption in Uganda. The study will aid scholars in understanding the variables of public sector auditing and corruption in Uganda, identify areas for further research, and serve as a foundation for additional literature on corruption among Ugandan government agencies.

The findings of this research will offer valuable insights into the effectiveness of public sector auditing in Uganda and provide practical recommendations for improving anti-corruption measures in the country. Ultimately, this study is hoped to contribute to the ongoing efforts to strengthen governance systems, fill knowledge gaps around the topic, and assist in mitigating corruption in Uganda.

## **1.4 Research Objective**

The overall objective of this study is to examine the role and impact of public sector auditing in promoting transparency, accountability, and good governance by investigating the elements of

competence of public sector auditors, institutional support, and compliance of auditors with standards that influence the effectiveness of auditing in combatting corruption. This is further broken down into four objectives:

1. To examine the impact of competence of public sector auditors on the effectiveness of public sector auditing in mitigating corruption.
2. To assess the impact of institutional support on the effectiveness of public sector auditing in mitigating corruption.
3. To examine the impact of compliance of auditors with standards on the effectiveness of public sector auditing in mitigating corruption.
4. To develop recommendations on enhancing the effectiveness of auditing in mitigating corruption in the public sector.

### **1.5 Structure of the Study**

This study is structured into five chapters; chapter one presents an overview of the study, the research purpose, significance, and objectives. Chapter two details a comprehensive literature review that aligns with the study objectives, delving into the concept of public sector auditing and its influence on corruption. It also includes a theoretical and conceptual framework for the study. Chapter three details the research methodology, covering the research philosophy, approach, strategy, primary data collection methods, sources, access, ethical considerations, and data analysis approach while providing the rationale for the chosen methods. Chapter four presents and discusses the research findings in detail and lastly chapter five consolidates the study's conclusions, contributions, limitations, recommendations, and suggestions for future studies.

## **2 Literature Review**

### **2.1 Overview**

This chapter provides a comprehensive analysis and evaluation of the literature relevant to the research topic. The review aims to examine the impact of public sector auditing on corruption, exploring the elements of competence of public sector auditors, institutional support, and compliance with standards that affect the effectiveness of auditing in mitigating corruption.

### **2.2 Corruption**

Corruption refers to exploiting one's public position for personal or private gain (Srivastava et al., 2016). Otalor et al. (2013) defined corruption as illegal acts involving the misappropriation of resources, abuse of power, and violations of laws and regulations, including fraud, embezzlement, bribery, and nepotism. Corruption involves various illicit gains such as bribery, extortion, embezzlement, fraud, nepotism, favouritism, and opportunism (Khan and Krishnan, 2019).

Corruption is a significant societal problem that can profoundly impact a country and harm public welfare (Khan and Krishnan, 2019). Corruption has spread globally, disrupting social, economic, and political structures (Otalor and Eiya, 2013). It leads to the diversion of public funds affecting the funding of government budgets and service delivery by public entities (Assakaf et al., 2018). Additionally, it decreases both local and international investments because of the risks involved in doing business in a corrupt environment (Myint, 2000). Corruption is inversely associated with growth and development, significantly harming economic and political stability (Papaconstantinou et al., 2013). Nevertheless, public sector auditing offers hope by playing a crucial role in combating corruption and enhancing transparency and accountability in governmental organisations (Gherai et al., 2016).

### **2.3 Public Sector Auditing**

Public sector auditing refers to the comprehensive evaluation of the performance of public sector entities, encompassing specific financial activities and all aspects of governmental operations, including organisational and administrative structures (Gekula and Isanzu, 2020). It ensures that government organisations keep adequate financial records for accountability and proper management of public funds, aiming to help public sector organisations get the most value for their money (Omigie and Irabor, 2023). Supreme Audit Institutions (SAIs) are usually mandated to audit public agencies. They are responsible for auditing public entities according to the International Standards of Supreme Audit Institutions (Assakaf et al., 2018) and operate in about 200 countries (Cordery and Hay, 2019). SAIs mainly conduct three types of audits:

financial audits, which assess the financial status of public organisations; compliance audits, which evaluate the legality of transactions undertaken by public institutions; and performance audits, which evaluate the efficiency and effectiveness of how public organisations utilise resources (Marie, 2018). In the 1990s, the focus of public sector auditing shifted from regulation compliance to achieving desired outcomes and maximising efficiency, prioritising service quality, efficiency, and customer satisfaction (Mattei et al., 2021). The audits have evolved to no longer monitor government spending but to assist public sector entities in making decisions (Grossi et al., 2023). Despite the primary objective of SAIs not being specifically focused on combating corruption, their responsibility to oversee Government revenue and expenditure grants them a significant role in preventing and detecting corruption within the public sector (Marie, 2018).

#### **2.4 Public sector auditing and corruption**

Auditing is crucial for maintaining national integrity by acting as a safeguard against corruption, with auditors advocating for the public interest and ensuring organisational compliance with established standards (Jeppesen, 2019). Effective auditing, which adheres to the principles of independence, professionalism, and acknowledging individuals as principals, has been shown to positively influence corruption mitigation in the public sector. This highlights that auditing aligned with these principles can significantly enhance the efficiency of public administrations (Gustavson and Sundström, 2018).

Auditing plays a crucial role in combating corruption, primarily preventing it rather than detecting it. Financial auditors, whether in the private or public sector, have not historically been successful in identifying significant instances of fraud through their audits (Jeppesen, 2019). However, SAIs can prevent corruption by advocating for effective public financial management systems that rely on accurate reporting and robust control mechanisms (Gherai et al., 2016). According to DiRienzo et al. (2007), strong public sector auditing mechanisms enhance accountability by holding public officials responsible for their actions. Regular and comprehensive audits are vital in reducing information asymmetry between public officials and the public, which increases transparency, making it significantly harder for corrupt individuals to conceal their illicit activities and evade accountability (Assakaf et al., 2018).

The role of public sector audits in reducing corruption has been empirically examined in several studies (Gherai et al., 2016; DiPietro, 2011; Olken, 2007). Gherai et al. (2016) examined the function of Supreme Audit Institutions in mitigating and managing corruption within the European Union. The study concluded that the more extensive the work of these institutions is, the more they contribute to the reduction of corruption and the independence of the SAI in a

country has a beneficial impact on its functioning. Olken (2007) conducted a field experiment in Indonesia and found that increased government auditing significantly reduced corruption in local road projects. The study showed that the threat of audits resulted in a decrease in the embezzlement of project funds by local officials. Similarly, Dye and Staphenurst (1998) found that strong audit institutions can reduce corruption in Latin American countries, especially when audit findings are made public. Public access to audit reports increases government pressure to address corruption as citizens demand accountability.

## **2.5 Audit Quality**

Most previous studies identify audit quality as a significant determinant of the effectiveness of public sector auditing in reducing corruption (Qaid et al., 2022; Gherai et al., 2016; DiPietro, 2011). Public sector transparency, accountability, and integrity depend on audit quality (Qaid et al., 2022); therefore, for corruption to be reduced, the audits conducted should be of high quality (DiPietro, 2011).

Public sector audit quality is challenged by a lack of independence, complex regulatory environment, limited resources, complex and diverse nature of public sector entities, inherent audit limitations, public accountability and expectations, and lack of maturity in the audit profession (Roberts, 2023). These issues undermine public sector audits and raise concerns about government operations' overall transparency and accountability. Understanding audit quality determinants can help improve audit quality, government accountability, and operational effectiveness (Qaid et al., 2022). Suyono (2012) conducted a study investigating factors affecting audit quality, such as auditor independence, expertise, and accountability, and concluded that independence and accountability simultaneously impact audit quality, but auditor experience does not significantly affect audit quality. This finding was challenged by Calocha and Herwiyanti's (2020) study, which concludes that auditor experience and expertise positively and significantly affect audit quality. Without expertise, officials become more reliant on the entity being audited and have fewer opportunities to critically evaluate audit information (Gustavson and Sundström, 2018). In addition to auditor expertise, Everett et al. (2007) highlight the importance of auditors' adherence to international standards and ethical guidelines on audit quality. The adherence of Supreme Audit Institutions (SAIs) to international auditing standards directly impacts the effectiveness of their audit operations (Roberts, 2023).

Caruana and Kowalczyk (2021) highlight that the independence of SAI from political leaders or executives affects audit quality. A Supreme Audit Institution (SAI) must maintain independence for effective performance, requiring a clear separation between its operational control and the overseeing public office (Gustavson and Sundström, 2018). Roberts (2023) examines a broader

viewpoint, emphasising that institutional pressures, including influence from political leaders or executive and resource availability, significantly affect the effectiveness of SAIs in combating fraud and corruption in the public sector.

Audit quality dimensions vary based on the perspective from which they are examined, and from the literature reviewed, the researcher maps out the competence of auditors, institutional support, and compliance with standards as areas to explore further to understand their impact on the effectiveness of public sector auditing in combating corruption.

### **2.5.1 Competence of public sector auditors**

An auditor must possess the necessary expertise to promptly and accurately identify instances of fraud, regardless of whether it is there or not, and only a highly competent auditor can detect fraud (Noch et al., 2022; Asiedu and Deffor, 2017). An empirical study by Sjam et al. (2020) demonstrates that auditor competence has a direct positive influence on audit quality; thus, the higher the competence of the auditor, the higher the audit quality. Other empirical studies (Mansouri et al., 2009; Ismail et al., 2020) also show that there is a relationship between auditor competence and audit quality. According to Mansouri et al. (2009), the specialisation of the Iranian Association of Certified Public Accounting (IACPA) and the competency of its members has a significant impact on fraud detection, and 99% of the participants reported that specialised training facilitates effective monitoring of distortion, enabling the detection of significant fraud within the public sector. In their assessment of the relevance of audit quality within the Malaysian Public sector, Ismail et al. (2020) demonstrate a positively significant relationship between auditor's competency in audit quality, and the results show that auditor competency is the most significant factor affecting public sector audit quality. As such, the study concludes that public sector auditors must improve their capabilities to do high-quality audits. Therefore, auditors ought to be competent enough to detect fraud by their professional competence. Competence of public sector auditors has an impact on the effectiveness of public sector auditing in combating corruption.

### **2.5.2 Institutional support**

According to Dubey et al. (2017), institutional influences come from the institutional environment's resources, procedures, and behaviours. These can impact an organisation's management decisions and initiatives. SAI audits are affected by laws, rules, and formal structures (Roberts, 2023). The highest level of audit quality is attained in an environment with support from and appropriate interactions among participants in the financial reporting supply chain (Ismail et al., 2020). Institutional pressures shape the quality of audits (Wang et al., 2017). The political environment is among the institutional factors that have an impact on SAIs.

Political leaders who want to show that they are committed to combating corruption may try to use their influence to restrict the scope or depth of audits; therefore, SAIs must balance these political pressures while maintaining their independence and audit quality (Roberts, 2023). Independence ensures auditors can carry out their duties without undue influence from political actors, public officials, or other stakeholders. According to DeFond and Francis (2005), it is in environments with clear legal standards and strict enforcement procedures that auditors can operate with greater authority, leading to higher-quality audits. In contrast, in countries where laws are ambiguous or where enforcement is weak, the quality of audits often declines, and audit recommendations may not be implemented. Arena and Azzone (2009) point out that underfunded audit institutions usually struggle to maintain audit quality due to a lack of sufficient personnel, outdated equipment, and limited access to training and development programs; thus, adequate budgetary allocations positively impact audit quality (Roberts, 2023). In summary, regulatory framework, leadership support, political will, and resource availability have an impact on the effectiveness of public sector auditing in combating corruption.

### **2.5.3 Compliance of public auditors with standards**

Adherence to international auditing standards, specifically the International Standards of Supreme Audit Institutions (ISSAI), is crucial for maintaining consistency, transparency, and accountability in audit practices in the public sector (DiPietro, 2011). Awunyo-Vitor et al. (2016) employed descriptive statistics and a logit regression model to examine the factors influencing adherence to principles of independence, objectivity, and integrity in Ghana. The findings indicate that several auditors fail to adhere to ethical standards, with the main challenge being the lack of education regarding non-compliance among auditors. The adoption of international accounting and auditing standards plays a significant role in combating corruption within a country (Kurniawati and Achjari, 2022). Compliance with these standards strengthens the reliability and credibility of audit reports, making it harder for corrupt practices to go unnoticed (Rothstein, 2021). Auditors who follow international standards and ethical guidelines are more inclined to generate high-quality, impartial audits. These standards are designed to enhance the chances of auditors detecting instances of fraud or manipulation in financial information. (Everett et al., 2007). This agrees with Roberts' (2023) finding that the quality of audit practices in SAIs is influenced by their compliance with international accounting standards. Compliance of auditors with International Standards of Supreme Audit Institutions (ISSAI), ethical principles, and national and international regulatory requirements have an impact on the effectiveness of public sector auditing in combating corruption.

## **2.6 Theoretical framework**

The Theoretical framework provides a foundation for understanding the impact that public sector auditing has on corruption. There is no comprehensive theory that can fully explain everything on its own, therefore the study used multiple theories which are institutional theory, agency theory and deterrence theory.

### **2.6.1 Institutional theory**

The institutional theory, a significant framework for understanding organisational behaviour, was developed from the works of Meyer and Rowan (1977) and DiMaggio and Powell (1983). It emphasises that organisations are influenced by their environment and adhere to powerful institutional rules and practices, which function as rationalised myths. These myths are adopted by organisations to gain legitimacy, resources, stability, and enhanced survival prospects. According to Berthod (2018), the institutional theory of organisations places institutions at the forefront of analysing organisations' design and conduct. It suggests that the behaviour of organisations, including government bodies and public audit institutions, is shaped by the formal and informal rules within the institutional environment. These rules encompass not only legal regulations but also norms, values, and cultural expectations that define appropriate or acceptable behaviour.

The institutional theory focuses on various elements of institutional pressures (coercive, mimetic, and normative). Coercive isomorphism results from political influence and legitimacy issues, mimetic behaviour stems from standard responses to ambiguity, and normative is associated with professionalisation or societal pressures (DiMaggio and Powell, 1983). In the context of public sector auditing, these forces can shape the structure and functioning of audit institutions, impacting their ability to combat corruption. Institutional isomorphism can have both positive and negative effects on public sector auditing for example adopting best practices from other countries or adhering to international standards can enhance audit quality and contribute to reducing corruption (Roberts, 2023). Conversely, Lenz and Hahn (2015) caution that isomorphism could result in a focus on procedural compliance at the expense of addressing the underlying causes of corruption, as audit institutions might prioritise fulfilling formal obligations over tackling corruption.

Government institutions must implement best practices by strictly adhering to legal and regulatory requirements and understanding the needs of key stakeholders to establish trust between an organisation and its stakeholders (Hay and Cordery, 2020). SAIs and public sector auditors are found to be under significant institutional pressures from various entities, such as the International Organisation of Supreme Audit Institutions (INTOSAI), the government,

auditees, and political executives when conducting their audits (Tetteh et al., 2022). These pressures impact the auditor's ability to maintain independence and objectivity during the audits. Certain Supreme Audit Institutions (SAIs) experience coercive pressure to fulfil the requests of political leaders because they rely on the central government for budget allocation and auditees for logistical support (Tetteh et al., 2022). The limitation of SAI's autonomy weakens its capacity to enforce accountability on auditees for their activities, and consequently, it increases the likelihood of corruption in public administration (Blume and Voigt, 2011). The theory is linked to the second specific objective of the study since it postulates that institutional support has an impact on the effectiveness of public sector auditing in combating corruption.

### **2.6.2 Agency Theory**

Jensen and Meckling's (1976) agency theory states that information asymmetry, opportunistic agent conduct, and principal-agent conflicts of interest produce agency issues. Agency dynamics are the focus of agency theory. When one person (agent) works on behalf of another (principal) and the principal distributes responsibilities, the principal must trust the agent to act in their best interests (Jahera and Colbert, 1988). Due to conflicts of interest that arise between the agent and the principal, auditing is a means to address agency costs (Jahera and Colbert, 1988). Jensen and Meckling (2019) emphasise the importance of control mechanisms such as audits to reduce agents' opportunistic behaviour.

Within the public sector, officials employed by public institutions serve as agents of the general public, utilising resources to deliver public services. There is an agency cost for the officials in charge of public funds who are utilising the funds for personal use (Cîmpan et al., 2023). Agency problems arise when public officials (agents) misuse public resources or engage in corrupt practices, leading to inefficiency, misallocation of resources, and a lack of accountability. Public sector auditing plays a critical role in addressing these agency problems by monitoring the activities of agents, detecting corruption, and ensuring that public resources are used appropriately in line with the principal's expectations.

Audits provide critical information to the government and the public about managing public resources and bridging the information gap between the principal and the agent (Fossung et al., 2022). Fraudulent schemes and discrepancies are uncovered, enabling the principal to intervene and prevent further misconduct. In addition, there is an objective conflict between the principal (SAIs) and the agent (public institutions), as the agent might manipulate and mismanage the information supplied to the principal (Oyetola et al., 2024). Overreliance by auditors on entities they audit reduces opportunities for fraud or corruption to be detected (Gustavson and

Sundström, 2018). The theory is linked to the objectives of the study since it postulates that public sector auditing has an impact on corruption.

### **2.6.3 Deterrence theory**

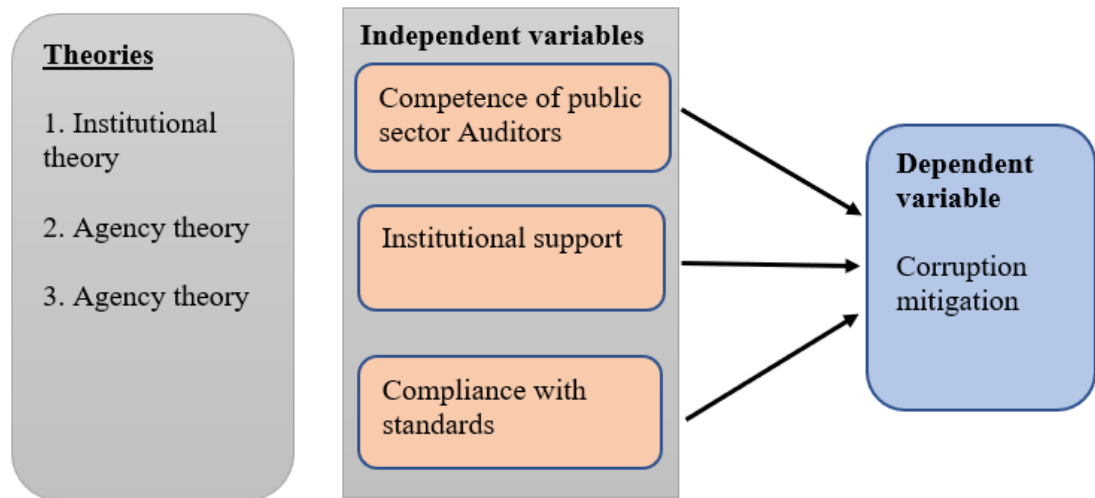
Deterrence theory suggests that individuals are more likely to engage in criminal behaviour if they perceive it to be advantageous and will refrain from engaging in criminal behaviour if they anticipate adverse outcomes (Cullen and Jonson, 2016). Deterrence theory is categorised into specific and general deterrence theories (Cullen and Jonson, 2016). The specific deterrence theory highlights that people who engage in illegal behaviour and are apprehended and penalised will be deterred from engaging in future criminal conduct. General deterrence theory suggests that the general population will be prevented from committing crimes when they observe others being caught and penalised (Tomlinson, 2016). In the context of public sector auditing and its impact on corruption, auditing can potentially reduce unethical behaviour if there are repercussions for unfavourable and horrible audit findings.

The General Deterrence Theory (GDT) suggests that the effectiveness of a deterrent is directly related to the likelihood of detecting unethical behaviour and the severity of the punishment for that behaviour. This is particularly relevant in the context of public sector auditing, where the mere presence of an auditing system creates an atmosphere of scrutiny. This scrutiny, as noted by Ugrin and Odom (2010), discourages management from committing fraud. In the context of public sector auditing, deterrence theory suggests that public officials are less likely to engage in corruption if they perceive a high probability that auditors will detect their wrongdoing and that they will face significant legal and professional consequences. The theory is linked to the objectives of the study since it postulates that public sector auditing has an impact on corruption.

## **2.7 Conceptual Framework**

The conceptual framework serves as a means of linking all components of the research process, including the researcher's interests and objectives, identity and positionality, context, theories, and methodologies (Ravitch and Riggan, 2016). From the literature reviewed, the researcher developed a conceptual framework illustrated in **Figure 1**. This framework reflects the variables to be observed in the research and how they interrelate in the context of the theories to enable the researcher to understand the dynamics surrounding public sector auditing and its impact on corruption.

## Public Sector Auditing and its impact on corruption



**Figure 1: Conceptual framework developed by the author**

Previous studies have established that public sector auditing impacts corruption in such a way that high-quality audits reduce corruption (Gherai et al., 2016; Gustavson and Sundström, 2018; Jeppesen, 2019). However, the mitigation of corruption is stringent on the competence of public sector auditors, institutional support and compliance with standards. Competence of public sector auditors, institutional support and compliance with standards are the independent variables of the study and corruption mitigation is the dependent variable of the study. Institutional theory, agency theory and deterrence theory provide a foundation for understanding the impact that public sector auditing has on corruption.

### 2.8 Conclusion

The literature review presents the theoretical and empirical literature that is linked to this study. The theories discussed comprise of the institutional theory, agency theory and deterrence theory. The empirical literature presents studies and literature that attempted to establish the influence of the competence of public sector auditors, institutional support and compliance with standards on the effectiveness of public sector auditing in mitigating corruption. It also provides the methodologies used to collect and analyse the data together with the research findings observed. Based on the reviewed literature (Gherai et al., 2016; DiPietro, 2011; Olken, 2007; Dye and Stapenhurst, 1998; Qaid et al., 2022); Suyono, 2012; Calocha and Herwiyanti, 2020; Mansouri et al., 2009; Ismail et al., 2020; Arena and Azzone, 2009; Awunyo-Vitor et al., (2016), there is limited research conducted to establish the influence of competence of public sector auditors, institutional support and compliance with standards on the effectiveness of public sector

auditing in mitigating corruption in developing countries specifically Uganda and this provides a basis for this study to address the research gap.

### **3 Methodology and Research Design**

#### **3.1 Overview**

This chapter outlines the research methodology, providing a comprehensive understanding of how the research was undertaken. It details the research philosophy and approach, research strategy, primary data collection, data sources, data analysis approach, access and ethical issues.

#### **3.2 Research Philosophy and Approach**

Saunders and Lewis (2019) defined philosophy in research terms as the development of knowledge and the nature of that knowledge, which ultimately shapes the research process and outcomes. According to Žukauskas et al. (2018), research is always based on assumptions of how researchers perceive and understand the world. A paradigm is a basic set of beliefs or assumptions that guide a researcher's inquiry in any study of interest (Kivunja and Kuyini, 2017); therefore, every researcher approaches research with varying philosophical assumptions and standpoints that influence their decisions and interpretations (Saunders and Lewis, 2019). It is vital for researchers to be aware of their philosophical assumptions to evaluate the implications of their research findings critically. This study considered two relevant types of research assumptions: ontology and epistemology. Ontology is the study of the nature of reality (Al-Fedaghi, 2020), and public sector auditing is a real phenomenon that has been the subject of previous research (Gherai et al., 2016; DiPietro, 2011; Olken, 2007). However, various researchers hold different perspectives on the most effective strategies for combating corruption. Diverse opinions on the nature of reality raise questions about how this reality is quantified and what defines knowledge of reality. Epistemology, on the other hand, relates to beliefs around knowledge, including what is considered acceptable, valid, and legitimate, as well as how knowledge can be effectively communicated to others (Saunders and Lewis, 2019). It concerns the nature and scope of knowledge, such as the relationships between truth, belief, and theories of justification through which reliable and verifiable knowledge is produced (Al-Ababneh, 2020).

According to Collis and Hussey (2021), positivism, interpretivism, and critical realism are common research philosophies used in social science research, and the choice of research paradigm depends on the research assumptions. According to Park et al. (2020), positivism focuses on analysing quantifiable, observable phenomena to generate credible and meaningful data. It also aligns with objectivism in epistemology by assuming direct individual access to the real world, believing in the possibility of obtaining reliable and unbiased knowledge of external reality (Park et al., 2020). Under positivism, the researcher uses existing theory to develop a

hypothesis, which is tested for acceptance or rejection (Park et al., 2020). The research philosophy for this study is rooted in positivism, as it aims to objectively investigate the relationship between public sector auditing and corruption in Uganda.

The research approach plays a significant role in guiding the research strategy. It includes the inductive approach, sometimes referred to as a 'bottom-up' approach, which emphasises data collection and analysis as the starting point for research, and the deductive approach, also known as a 'top-down' approach, which starts with a pre-existing theory or body of knowledge that the researcher aims to test or refine. This study will employ deductive reasoning that aligns with the positivist paradigm, facilitating theory testing through hypothesis formulation, data observation, trend interpretation, and validation with additional evidence (Saini, 2020). Deductive reasoning involves testing an existing theory by establishing relationships among variables (Collis and Hussey, 2021). As Snieder and Larner (2009) highlighted, deductive reasoning involves exploring a known theory or phenomenon and testing its validity in a given circumstance. This approach usually follows logic. Deductive reasoning involves formulating a hypothesis, quantitative data collection (for example, questionnaire surveys), and their subjection to testing during the research process (Pelissier, 2008).

### **3.3 Research Strategy**

Saunders and Lewis (2019) defined research strategy as a plan of how the researcher will answer the research question. The deciding factors for the research strategy are the research questions, objectives, and resources available to the researcher. The study adopted a quantitative descriptive research design to follow the original research objectives (Creswell and Creswell, 2018), as a quantitative research strategy is consistent with a deductive approach (Saunders and Lewis, 2019). The quantitative strategy, focusing on objectivity, enabled the researcher to arrive at reliable conclusions, test and confirm the hypothesis, and determine the causality/relationship between public sector auditing and corruption in Uganda.

Using questionnaires in quantitative research is advantageous for collecting standardised data from a large number of respondents (Saunders and Lewis, 2019), ensuring a wide range of opinions. In line with this, a structured questionnaire was administered to public sector auditors to collect data, enumerate it, and later subject it to statistical treatment to draw conclusions about the study phenomenon.

Furthermore, this method enabled the researcher to quantify and reflect in numbers the behaviours and perceptions related to public sector auditing and corruption of respondents to arrive at more informed decisions about the study. In contrast to the qualitative method, which is more suitable for small samples (Collis and Hussey, 2021), quantitative research was deemed

more appropriate for this study, given its focus on large sample size, enabling a comprehensive analysis of the relationship between public sector auditing and corruption in Uganda. The questionnaire was utilised for structured data collection and easy comparison, ensuring reliable data collection from numerous respondents in a short period.

The cross-sectional research design in Uganda surveyed a diverse group of public sector auditors to assess the current state of public sector auditing and corruption, offering valuable insights into the relationship between these variables; however, the challenge of using a quantitative approach was that in-depth insight could not be obtained from the data, as the respondents were limited to the options provided in the questionnaire.

### **3.4 Collection Primary Data**

#### **3.4.1 Sources**

A quantitative research methodology was employed to address the study's objectives; thus, primary data was collected through questionnaires. Questionnaires are a cost-effective, efficient method for gathering substantial volumes of data quickly, with the ability to draw conclusions based on the results (Saini, 2020). The questionnaire was designed using Google Forms, a platform known for its user-friendly interface and ease of data collection, which made the process comfortable and straightforward for both the researcher and the respondents. The link to the survey was shared with the participants via email. The questionnaire had close-ended questions designed on a 5-point Likert scale, and it was structured into five sections: the first section gathered demographic data, the following three sections concentrated on the study's independent variables, and the final section explored participants' views on corruption in Uganda. Primary data was used because it is original and provides the most accurate and relevant information for the study, as it was collected from targeted respondents.

#### **3.4.2 Population and sample size**

The target population was auditors in the Office of the Auditor General, responsible for conducting public sector audits in Uganda. The Office of the Auditor General has a population of 139 auditors, and 102 auditors were considered as the study's sample size, based on the Krejcie and Morgan (1970) table, which is a commonly employed method for determining the sample size for a given population.

The formula below was used to determine the sample size:

$$S = \frac{X^2 NP (1-P)}{d^2 (N-1) + X^2 P(1-P)}$$

S = required sample size

$X^2$  = the table value of chi-square for one degree of freedom at the desired confidence level

N = the population size

P = the population proportion (assumed to be .50 since this would provide the maximum sample size).

d = the degree of accuracy expressed as a proportion (.05)

Using this formula, the minimum sample size needed for this study was 102. However, 105 auditors were sampled in total.

A purposive sampling technique was used after deriving the sample size to select the auditors so that the respondents will be selected based on their involvement, experience, and role in relation to public sector auditing and its impact on corruption, as a deep understanding of audit practice and corruption dynamics was needed. The purposive sampling method gave valuable insights from various levels due to their direct involvement in audit activities.

### **3.4.3 Access and Ethical Issues**

Ethics refers to the appropriate behaviour regarding those who will become the subject of the research, and research ethics is related to questions regarding how the topic is formulated and explained, methods employed to collect data, store, analyse and report the findings morally and responsibly (Saunders and Lewis, 2019).

As this was a primary study, the researcher sought ethical clearance from Griffith College and ensured that the data was fully anonymised and that no personal questions were asked. At the start of the questionnaire, there was an introduction describing the study's aim, the questionnaire's duration and who the target audience was.

In addition, informed consent was sought by the researcher, and all participants were allowed to express their voluntary participation by ticking a checkbox stating, "I have read and understood the Participant Information Sheet, and I am participating voluntarily without coercion." This process underscored the voluntary nature of participation, as they were informed of their right to withdraw from the study at any time, request the withdrawal or destruction of any data provided, and have the right to decline participation.

### **3.4.4 Nature of Data**

The data gathered in the study was a mixture of nominal, ordinal and continuous variables. However, the data was mainly categorical, with data on demographics, such as gender, which were nominal, while data on age and level of experience were ordinal. A Likert scale was used

to measure the impact of public sector auditing on corruption. Likert scale data is ranked or ordinal, allowing a more nuanced understanding of participants' opinions.

### **3.4.5 Measures**

It is generally recommended to use consistent measures and methods of analysis to facilitate comparisons with other studies; however, from the literature review done, it was found that there were no standardised measures and methods of data collection and analysis varied from different studies. Snyder (2019) also noted that a thorough literature review is excellent for synthesising research questions and findings to uncover more research areas. As a result, the researcher incorporated some aspects from previous studies to develop her measures based on the existing literature. The questions were derived mainly from research done by (Asiedu and Deffor, 2017; Mansouri et al., 2009; Wang et al., 2017; Awunyo-Vitor et al. (2016). The dependent variable in the study was corruption mitigation, while the independent variables were the competence of public sector auditors, institutional support, and compliance with standards.

### **3.4.6 Study Hypothesis**

The impact of public sector auditing on corruption in Uganda is a topic of significant interest and importance and to further explore this relationship, developing a clear hypothesis that can guide the research and analysis is essential; thus, the following hypotheses were formed:

**Hypothesis 1:** *There is a positive relationship between the competence of public sector auditors and corruption mitigation in Uganda.*

**Hypothesis 2:** *There is a positive relationship between strong institutional support and corruption mitigation in Uganda.*

**Hypothesis 3:** *There is a positive relationship between compliance of auditors with standards and corruption mitigation in Uganda.*

### **3.4.7 Validity of the Research**

Validity is the degree to which a research study accurately measures what it claims to measure (Andrade, 2018). It is a critical aspect of research that ensures the researcher's results are credible and trustworthy. Validation of research equipment is necessary to ensure that the phenomenon under study is measured reliably. To ensure the validity of the research instrument, the survey was pretested among a small sample of 10 auditors to identify potential issues, such as clarity of the questions. Additionally, the researchers employed reflexivity to critically examine their own biases and assumptions throughout the research process.

### **3.5 Approach to Data Analysis**

Since this research used a quantitative approach, statistical methods were required for analysis. Both descriptive and inferential statistics were used to analyse the data gathered from the surveys. Data was entered and analysed using Statistical Packages for Social Sciences (SPSS) version 23 to establish the relationship between the dependent and independent variables. Correlation analysis using Pearson's Correlation coefficient was done to establish the relationship between the variables under study, and multiple regression analysis was conducted to determine the degree to which the independent variables explain the dependent variable.

### **3.6 Conclusion**

In conclusion, the study employed a quantitative research design using a deductive approach. It used a questionnaire to establish the impact of public sector auditing on corruption. The research design, which included ethical considerations and the validation of the research instrument, guaranteed the quality of the data.

## 4 Presentation and Discussion of the Findings

### 4.1 Overview

This chapter presents the findings and discussion from the statistical analysis of the study that was analysed using SPSS. It contains the descriptive statistics of the study variables, Pearson's correlation coefficient, and multiple regression analysis results for the study objectives. The chapter concludes by discussing the findings from the study.

### 4.2 Findings

#### 4.2.1 Demographic characteristics of respondents

A survey questionnaire was administered to a sample of 105 auditors working in the Office of the Auditor General, and a total of 105 responses were used for the analysis.

**Table 1** shows the demographic characteristics of the respondents who took part in the study. It includes the gender, age group, educational background, professional qualification, and level of experience of the respondents.

**Table 1: Demographic characteristics of respondents**

<b>Category</b>		<b>Frequency</b>	<b>Percent</b>
Gender	Male	45	42.9
	Female	60	57.1
	<b>Total</b>	<b>105</b>	<b>100.0</b>
Age	25-35 years	71	67.6
	36-45 years	18	17.1
	46-55 years	9	8.6
	Above 55 years	7	6.7
	<b>Total</b>	<b>105</b>	<b>100.0</b>
Job title	Audit trainee/Specialist	31	29.5
	Auditor/Specialist	27	25.7
	Senior Auditor/Specialist	19	18.1
	Principal Auditor/Specialist	13	12.4
	Senior Principal Auditor	9	8.6
	Assistant Director of Audit	4	3.8
	Director of Audit	2	1.9
	<b>Total</b>	<b>105</b>	<b>100.0</b>
Education	Bachelor's degree	66	62.9
	Master's degree	36	34.3
	Others	3	2.9
	<b>Total</b>	<b>105</b>	<b>100.0</b>
Professional qualification	CPA	42	40.0
	ACCA	38	36.2
	CISA	1	1.0
	None	17	16.2
	Others	7	6.7
	<b>Total</b>	<b>105</b>	<b>100.0</b>

Level of experience	Less than 5 years	48	45.7
	6-10 years	27	25.7
	11-15 years	11	10.5
	16-20 years	10	9.5
	Above 20 years	9	8.6
	<b>Total</b>	<b>105</b>	<b>100.0</b>

*Source: Primary data*

From the table above, 57.1% of the respondents were females, and 42.9% accounted for males. Most respondents fell within the 25–35 age group (67.6%), followed by 17.1% in the 36-45 years range, 8.6% in the 46-55 years range, and 6.7% above 55 years old. Among respondents, the majority were audit trainees/specialists (29.5%), followed by auditors/specialists (25.7%), senior auditors/specialists (18.1%), principal auditors/specialists (12.4%), senior principal auditors (8.6%), assistant directors of audit (3.8%), and directors of the audit as the minority (1.9%). The majority of respondents held a bachelor's degree as their highest level of education (62.9%). Additionally, 34.3% of the respondents held master's degrees, while 2.9% had other levels of education in the sample. This suggests that the respondents who took part in the study were predominantly educated.

In terms of professional qualifications, 40% of the respondents were Certified Public Accountants (CPAs), 36.8% were members of the Association of Chartered Certified Accountants (ACCA), 16.2% had no professional qualifications, 6.7% had other qualifications, and only 1% were members of Certified Information System Auditors (CISA).

In terms of the respondents' experience in public sector auditing, the majority had less than five years of experience (45.7%), followed by those with 6-10 years (25.7%), 11-15 years (10.5%), 16-20 years (9.5%), and a minority of 8.6% had over 20 years of experience. This indicates that most respondents had significant experience in public sector auditing, indicating their suitability for the study.

#### **4.2.2 Descriptive Statistics**

The summary descriptive statistics of the independent and dependent variables included in the analyses are presented in **Table 2**. This study's dependent variable is corruption mitigation, while the independent variables are competence of public sector auditors, institutional support, and compliance of public sector auditors with standards. Descriptive statistics determine if the calculated means accurately reflect the observed data, ensuring that the mean is a reliable representation of reality (Field, 2009; Saunders et al., 2014). The descriptive statistics of variables include measures such as means, standard deviations (SD), and the range of values from minimum to maximum, as shown in **Table 2** below. SD is the extent to which the views obtained from the respondents vary from the mean scores. A higher SD (above 1) indicates

diverse opinions regarding the response, while a lower SD (closer to 0) suggests consistency in the views expressed in the study.

**Table 2: Descriptive Statistics**

	N	Minimum	Maximum	Mean	SD
Competence of public sector auditors	105	1.00	5.00	3.7222	.54678
Institutional support	105	2.00	5.00	3.4267	.55613
Compliance of auditors with standards	105	1.75	5.00	3.7952	.54019
Corruption mitigation	105	1.20	4.60	3.2667	.69596
Valid N (listwise)	105				

*Source: Primary data*

The majority of respondents agreed that the competence of public sector auditors is crucial in mitigating corruption. This was justified by a mean value of 3.722 and a standard deviation below 1.00, indicating that most of the respondents agreed that competent auditors are essential in reducing corruption.

The study's findings were able to observe that institutional support contributes to the effectiveness of public sector audits in mitigating corruption, as evidenced by the mean value of 3.423 and standard deviation below 1.00.

The mean value of 3.795 for auditors' compliance with standards is the highest among all the variables, indicating that respondents agree that adherence to auditing standards is critical in mitigating corruption. The consistency in this view, reflected by the low standard deviation, shows that respondents believe strict compliance ensures audit integrity and accountability in the public sector.

#### **4.2.3 Pearson's correlation Results**

Pearson's correlation coefficient analysis was conducted to establish the relationships between the independent and dependent variables, and the results are presented in **Table 3**. The intention was to evaluate whether linear relationships existed between independent variables (competence of public sector auditors, institutional support, and compliance of auditors with standards) and the dependent variable (corruption mitigation). Pearson's correlation coefficient, denoted as  $r$ , was selected due to its parametric nature, which is appropriate for this analysis, as it necessitates interval data for both variables, as outlined by Garson (2012). As a result, bivariate correlation analyses were performed, and Pearson correlation coefficients were generated to measure the direction and size of the relationship between the study variables (Field, 2009).

**Table 3: Pearson's correlation results**

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
Competence of public sector auditors (1)	1			
Institutional support (2)	.483**	1		
Compliance of auditors with standards (3)	.257**	.284**	1	
Corruption mitigation in Uganda (4)	.207*	.446**	.264**	1

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

\*Correlation is significant at the 0.05 level (2-tailed).

*Source: primary data*

The study observed a positive and significant relationship ( $r=.207^*$ ,  $p<.01$ ) between the competence of public sector auditors and corruption mitigation in Uganda. This implies that an increase in the level of competence of public sector auditors results in an increase in the mitigation of corruption. The correlation of 0.207 indicates a positive, though relatively weak, relationship between auditor competence and corruption mitigation; therefore, an increase in the competence of public sector auditors moderately contributes to reducing corruption in Uganda. The research hypothesis of this study, which examines the relationship between the competence of public sector auditors and corruption mitigation in Uganda, was tested and accepted.

The study also observed a positive and significant relationship between institutional support and corruption mitigation in Uganda ( $r = .446^{**}$ ,  $p = .01$ ). This implies that a positive and strong institutional support translates into an improvement in the mitigation of corruption in Uganda by 44.6%. The correlation coefficient of 0.446 indicates a strong positive relationship between institutional support and corruption mitigation, highlighting its substantial impact on reducing corruption in Uganda. The research hypothesis, examining the relationship between institutional support and corruption mitigation in Uganda, was tested and accepted.

The study also observed that there is a positive and significant relationship between auditors' compliance with standards and corruption in Uganda ( $r = .264^{**}$ ,  $p = .01$ ). This implies that a positive increase in auditors' compliance with standards translates into an improvement in mitigation of corruption among public sectors in Uganda by 26.4%. A positive correlation of 0.264 suggests a moderate relationship between auditors' compliance with standards and corruption mitigation. Adherence to auditing standards significantly contributes to reducing corruption in Uganda, although the impact is not as strong as that of institutional support. The research hypothesis, examining the relationship between auditors' compliance with standards and corruption mitigation, was tested and accepted.

#### 4.2.4 Regression analysis results

The regression model was used to determine the extent to which the competence of public sector auditors, institutional support, and auditors' compliance with standards predict corruption mitigation in Uganda and the results are presented in the **Table 4**.

**Table 4: Multiple Regression analysis results**

	Unstandardised Coefficients		Standardised Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.881	.555		1.587	.116		
Competence of public sector auditors	-.044	.129	-.034	-.338	.736	.751	1.332
Institutional support	.523	.128	.418	4.092	.000	.739	1.353
Compliance of auditors with standards	.199	.119	.154	1.666	.099	.901	1.110
<b>R=.469 R<sup>2</sup>=.220, Adjusted R<sup>2</sup>=.197, F=9.496, Sig=.000, e=.62371</b>							

a. Dependent Variable: Corruption mitigation.

*Source: primary data*

The results in **Table 4** show that the competence of public sector auditors, institutional support, and auditors' compliance with standards predict 19.7% of the variance of corruption mitigation in Uganda (Adjusted R<sup>2</sup> =.197). This means that other factors explain the remaining 80.3% of the variance. The adjusted R<sup>2</sup> was used as a better goodness of fit measure (Field, 2009) as it is sensitive to sample size and gives an idea of how well the regression model generalises the study variables. This study has a shrinkage (loss of predictive power) of 2.3% (0.220-0.197=0.023) between R<sup>2</sup> and Adjusted R<sup>2</sup>. This means that if the model were derived from the population rather than a sample, it would account for approximately 2.3% less variance in corruption mitigation. Furthermore, the results indicate standardised coefficients in relation to competence of public sector auditors ( $\beta=-.034$ ,  $t=-0.338$ ,  $p<.05$ ), institutional support ( $\beta=.418$ ,  $t=4.092$ ,  $p<.05$ ), and compliance of auditors with standards ( $\beta=.154$ ,  $t=1.666$ ,  $p<.05$ ), implying that a unit change in competence of public sector auditors, institutional support and compliance of auditors with standards leads to an adverse change of (3.4%, 41.8% and 15.74%) in corruption respectively.

In relation to corruption, the p-values signify that both institutional support and compliance of auditors with standards significantly predict corruption mitigation in Uganda, but the competence of public sector auditors does not significantly predict corruption mitigation in Uganda. The results further confirm that institutional support is a significant predictor of corruption at a 5% significance level, and compliance of auditors with standards is a significant predictor of corruption at a 1% significance level. However, the competence of public sector auditors is not a significant predictor of corruption.

A further test for multicollinearity using tolerance statistics and variance inflation factor (VIF) was done to indicate whether predictors have a strong relationship with other predictors, as highlighted by Field (2009), further stating that VIF indicates a strong relationship between predictors and a VIF value below 10 indicates no multicollinearity, while a VIF greater than 1 suggests potential bias in the regression model. The VIF values for my main study variables are below 10 and not significantly greater than 1, while the tolerance values are all above 0.2. This means that there are no multicollinearity problems with the results.

#### 4.2.5 Hierarchical regression results

Bananuka et al. (2019) highlighted that correlation analysis provides preliminary evidence on whether the hypothesis is supported; thus, a hierarchical regression analysis, which is one of the multivariate analysis tools, was run further to confirm the hypotheses and results are shown in **Table 5**. The hierarchical regression analysis is powerful in testing which independent variable contributes more to the variances in the dependent variable and also indicates the incremental power of an additional independent variable to the already existing variable(s) in explaining the dependent variable (Field, 2009).

**Table 5:** Hierarchical regression results

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>
Constant	2.284	1.383	.881
Competence of auditors	0.207*	-0.010*	-.034
Institutional support		0.450**	0.418**
Compliance with standards			0.154*
Model F	4.633*	12.636**	9.496**
Adjusted R <sup>2</sup>	0.034	0.183	0.197
F Change	4.633*	19.793**	2.777**
R <sup>2</sup> Change	0.043	0.156	0.021
Durbin waston			1.774

*Source: Primary Data*

The standardised  $\beta$  coefficients for the predictor variables are presented in models 1-3. Standardised versions of the  $\beta$  values were used because they are easier to interpret, provide better insight into the importance of a predictor in the model and are not dependent on the units

of measurement of the variables (Field, 2009). The standardised beta values tell us the number of SDs that the outcome will change due to one SD change in the predictor.

From the hierarchical regression results in **Table 5** above, model 1 reports the baseline model with the competence of public sector auditors. According to Adjusted R<sup>2</sup> 0.034 in Model I, the study shows that public sector auditors' competence has a weaker significant variance in corruption. This suggests that study models are not sensitive to confounding factors and are highly acceptable. Results in model 2 reveal that institutional support is a significant predictor of corruption when used as the only predictor (standardised  $\beta = .450^{**}$ ,  $p < .01$ ), accounting for 18.3% of the variation in corruption. However, when compliance of auditors with standards is introduced in model 3, the variation in corruption increases to 19.7% (standardised  $\beta = .154^{**}$ ,  $p < .01$ ). The final model results support the hypothesis that institutional support and compliance with standards are significant predictors of corruption, but competence of public sector auditors is not a significant predictor.

Durbin–Watson test was carried out to test for serial correlations between errors in regression models to test whether adjacent residuals are correlated. Field (2009) suggests that values closer to 2 are generally considered better than those less than one or greater than 3, as a conservative rule of thumb. For this study, the Durbin-Watson statistic was 1.774, which justifies the assumption of independent errors or no serial correlation.

### **4.3 Discussion**

From the results of the analysis, there was significant correlation between competence of public sector auditors, institutional support, compliances of auditors with standards and corruption mitigation. This discussion section is structured based on the study objectives and hypotheses.

#### **4.3.1 Competence of public sector auditors and corruption mitigation**

The study observed a positive and significant correlation between the competence of public sector auditors and corruption mitigation in Uganda. The findings are supported by the agency theory of Jensen and Meckling (1976), which states that auditors serve as agents responsible for ensuring that public resources (the principals' assets) are used responsibly and ethically. Competent public sector auditors are more capable of detecting fraud and misappropriation of funds, which helps mitigate agency problems such as corruption (Cîmpan et al., 2023).

In this study, it is evident that most respondents agreed that auditors have the necessary educational qualifications, comprehensive knowledge of auditing standards (ISSAIs) and expertise in identifying and assessing risks that ultimately lead to the identification and exposure of corruption during their audits. Additionally, most respondents agreed that auditors

prepare clear, well-structured high-quality audit reports and provide appropriate recommendations based on their audit findings, leading to the desired quality of auditing outcomes and mitigation of corruption among government entities in Uganda.

The findings highlighted above align with DiPietro's (2011) conclusion that for corruption to be reduced, the audits conducted should be of high quality and are also in agreement with the empirical studies by Mansouri et al. (2009) and Ismail et al. (2020) which found that competent auditors are more likely to conduct high-quality audits that expose financial irregularities and promote good governance and effective use of public resources. Competent auditors are less likely to become reliant on the audited entity and have higher opportunities to critically evaluate audit information (Gustavson and Sundström, 2018).

However, from the regression analysis, the competence of public sector auditors alone does not significantly predict the mitigation of corruption in Uganda. Other factors play a crucial role in combating corruption for example, previous studies by Bjørnskov (2011), Jain (2001), and Mungiu-Pippidi (2015) highlighted the importance of effective anti-corruption laws, levels of transparency and accountability within government institutions, and sociocultural norms in reducing corruption respectively.

#### **4.3.2 Institutional support and corruption mitigation**

The study observed a positive and significant correlation between institutional support and corruption mitigation in Uganda. Strong institutional support for Supreme Audit Institutions, such as clear regulatory framework, leadership support, political will, and resource availability, were found to significantly impact the effectiveness of public sector auditing in combating corruption. Strong and positive institutional support allows auditors to perform their duties without fear of political interference, ensuring greater independence and objectivity in their assessments (Roberts, 2023). The majority of the respondents were unanimously in agreement that auditors have access to necessary resources; the Government administrative environment supports the autonomy of the Office of Auditor General (OAG), there is minimal political interference in the work of auditors in OAG and the legal framework governing public sector auditing in Uganda is comprehensive and precise which improves the effectiveness of public sector auditing in combating corruption. The findings are supported by the institutional theory by Meyer and Rowan (1977) and DiMaggio and Powell (1983), which emphasises the role of institutional frameworks, policies, and governance structures in shaping the behaviour of organisations. According to this theory, institutional pressures shape the structure and functioning of audit institutions, impacting their ability to combat corruption, and this is reflected in the strong correlation between institutional support and corruption mitigation.

Adequate budgetary allocations and minimal political interference positively impact audit quality (Roberts, 2023; Caruana and Kowalczyk, 2021). This was supported by the findings that audit institutions must have sufficient resources and independence to effectively fulfil their mandate in combating corruption.

The regression analysis results showed that institutional support significantly predicted the mitigation of corruption compared to the competence of public sector auditors and compliance with standards by auditors.

#### **4.3.3 Compliance of auditors with standards and corruption mitigation**

The study observed a positive and significant correlation between auditors' compliance with standards and corruption mitigation in Uganda. Adherence to auditing standards significantly contributes to reducing corruption in Uganda, although the impact is not as strong as that of institutional support. Public sector audits that adhere to international auditing standards, particularly the International Standards of Supreme Audit Institutions (ISSAI), ensure consistency, transparency, and accountability in audit practices (DiPietro, 2011). Auditors who adhere to international standards and ethical guidelines are more likely to produce high-quality, unbiased audits. These standards ensure that audits are conducted to increase the likelihood of auditors identifying fraud or manipulation of financial information. (Everett et al., 2007). The findings agreed that compliance with auditing standards enhances the quality of auditing outcomes but must be supported by enforcement mechanisms and follow-up actions to reduce corruption effectively. In this study, the majority of the respondents agreed that auditors strictly follow the International Standards of Supreme Audit Institutions (ISSAI), ethical principles, and national and international regulatory requirements, and the audits are regularly reviewed to ensure they meet the required quality standard which achieves the desired quality audits thus mitigating corruption among government entities in Uganda.

Compliance with these auditing standards strengthens the reliability and credibility of audit reports, making it harder for corrupt practices to go unnoticed (Rothstein, 2021). Respondents agreed that enforcing auditing standards and regular assessments of public entities creates an environment where corruption is less likely to occur. This is supported by deterrence theory, which suggests that public officials are less likely to engage in corruption if they perceive a high probability that auditors will detect their wrongdoing.

From the regression analysis, a unit change in auditors' compliance with standards leads to a 15.74% change in corruption, implying that this alone cannot mitigate corruption in the country.

#### **4.4 Conclusion**

The findings of the study observed that the competence of public sector auditors, institutional support and compliance of auditors with standards lead to a reduction in corruption; however, the combination of the three variables accounts for a 19.7 reduction in corruption in Uganda.

## **5 Concluding Thoughts on the Contribution of this Research, its Limitations and Suggestions for Further Research**

### **5.1 Overview**

The objectives of this study were to investigate the impact of the competence of public sector auditors, institutional support and compliance of auditors with standards on the effectiveness of public sector auditing in combating corruption in Uganda. The objectives were achieved through a questionnaire of 105 respondents composed of auditors in the Office of the Auditor General Uganda. Descriptive Pearson's correlation coefficient and multiple regression analysis were done, and the findings are summarised in this chapter. This chapter also highlights the contributions and limitations of the study and recommendations for further research.

### **5.2 Implications of Findings for the Research Questions**

#### **5.2.1 Competence of public sector auditors and corruption mitigation**

The study results show a positive and significant relationship between the competence of public sector auditors and corruption mitigation in Uganda. It takes highly competent auditors with the necessary expertise to accurately and promptly detect fraud or corruption. The study's findings concurred with Mansouri et al. (2009) and Ismail et al. (2020), who observed that competent auditors are more likely to conduct high-quality audits that expose financial irregularities and promote good governance and effective use of public resources. The findings show a positive impact of the competence of public sector auditors on the effectiveness of public sector auditing in mitigating corruption, which answers the first research objective. The Office of Auditor General should continuously train the auditors and improve their expertise to enhance their ability to detect discrepancies, fraud and corruption when conducting audits. Although the competence of public sector auditors is important in mitigating corruption, it does not have a substantial impact on reducing corruption in Uganda; thus, more research needs to be conducted on other factors that could have a substantial effect on the effectiveness of public sector auditing in mitigating corruption.

#### **5.2.2 Institutional support and corruption mitigation**

The study's findings show a positive and significant relationship between institutional support and corruption mitigation in Uganda. The results of the study noted that adequate resources, a clear and comprehensive regulatory framework for public sector auditing, and minimal interference from political leaders improve the effectiveness of public sector auditing in combating corruption. The findings of the study agree with Wang et al. (2017), DeFond and Francis (2005), Roberts (2023), and Arena and Azzone (2009), who noted that strong and positive institutional support to a Supreme Audit Institution has a positive impact on the quality

of audit which results to corruption mitigation. Among the three elements of competence of public sector auditors, institutional support and compliance of auditors with standards, institutional support was the most significant predictor of corruption mitigation. The government should consider increasing the budget allocation for public sector audits so that OAG can recruit more skilled staff, train the existing staff, and employ advanced technologies that can improve the efficiency of audits. In conclusion, the findings show a positive impact of institutional support on the effectiveness of public sector auditing in mitigating corruption, which answers the second research objective.

### **5.2.3 Compliance of public sector auditors with standards and corruption mitigation**

The findings observed a positive and significant relationship between public sector auditors' compliance with standards and regulations and corruption mitigation in Uganda. This concurred with Kurniawati and Achjari (2022), who observed that the adoption of international accounting and auditing standards plays a significant role in combating corruption within a country. Public sector auditors who follow international standards and ethical guidelines are more inclined to generate high-quality, impartial audits, which enhances the chances of auditors detecting instances of fraud or manipulation of financial information (Everett et al.,2007). The Office of Auditor General should enforce strict adherence to International Standards of Supreme Audit Institutions (ISSAIs), ethical principles, and national and international regulatory requirements to achieve the desired audit outcomes, including detection of fraud and corruption. Compliance of public sector auditors with standards predicts only a 15.74% reduction in corruption. The findings show a positive impact of compliance of public sector auditors with standards on the effectiveness of public sector auditing in mitigating corruption, which answers the third research objective.

## **5.3 Contributions and Limitations of the Research**

### **5.3.1 Contributions**

Few studies have examined the relationship between public sector auditing and corruption, and most of the empirical studies on corruption were conducted in developed countries (Assakaf et al., 2018). therefore, this research fills the research gap of limited research examining the impact of public sector auditing on corruption in developing countries. This study is the first attempt to explore the impact of public sector auditing on corruption in Uganda. It will provide a foundation for futuristic research on this topic.

This research provides valuable insights into how public-sector auditing can help mitigate corruption by shedding light on factors that impact its effectiveness. Supreme Audit Institutions will use this research to strengthen their institutions and promote transparency, accountability, and good governance in the public sector.

### **5.3.2 Study limitations**

The study had four limitations.

First, it focused on a single geographic location (Uganda) and a specific group of participants (public sector auditors), potentially limiting its applicability to other populations or regions.

Secondly, the methodological approach was limited to exclusively quantitative analysis, which may have overlooked critical qualitative insights that could provide a deeper understanding of the phenomena being studied. The study could have been enhanced by incorporating qualitative methods such as interviews or focus groups to complement the quantitative data and provide a more comprehensive understanding of the topic.

The third limitation was the inability to establish causal relationships between variables due to the cross-sectional study design, which only measured participants at one point. This design does not allow for behavioural change, so people's perceptions over time may not be captured accurately.

Finally, the research was conducted over a short time (cross-sectional time horizon study) due to the rigorous academic deadlines that had to be met; therefore, some identified factors may become irrelevant with time, and some new factors may emerge. Despite these limitations, the study effectively highlighted the significant role of public sector auditors' competence, institutional support, and auditors' compliance with standards in mitigating corruption among government entities in Uganda.

### **5.4 Recommendations for Practice**

As years evolve, people in charge of managing public funds get creative about committing fraud or corruption; therefore, Supreme Audit Institutions should prioritise improving auditors' skills and expertise through forensic audit training to equip auditors with the necessary tools to detect fraudulent activities effectively. In addition to the forensic audit training, the Supreme Audit Institution should continuously train auditors on the International Standards for Supreme Audit Institutions and implement measures to ensure strict adherence to the standards and ethical principles. This can be done through strict supervision and detailed quality reviews of the audits. The Government of Uganda should increase the budgetary allocation of the Office of the Auditor General to support the SAI in attaining all the resources needed to conduct effective audits. Improving the competence of auditors, provision of institutional support to OAG, and strict adherence to standards by auditors will enhance the quality of audits done, thus reducing corruption among government entities in Uganda.

## **5.5 Recommendations for Future Research**

This study focused on the impact of the competence of auditors, institutional support, and compliance of auditors with standards for mitigating corruption among government entities in Uganda. Further studies could be conducted in other countries. Additionally, a mixed-method research or qualitative approach could be conducted on public sector auditing and its impact on corruption in Uganda to provide more in-depth information on the subject. Further studies may also be undertaken to ascertain other predictors of corruption in Uganda given that the independent variables (competence of public sector auditors, institutional support, and compliance of auditors with standards) only predict 19.7% of the corruption in the country.

## **5.6 Final Conclusion and Reflections**

This research examined the impact of public sector auditing on corruption, specifically assessing the impact of auditor competence, institutional support, and compliance with standards on the effectiveness of public sector auditing in mitigating corruption. The quantitative study revealed that all three factors played a significant role in mitigating corruption. However, the study's findings indicated that the independent variables predict 19.7% of the variance in corruption in Uganda.

The research process was an insightful and challenging experience for me, as this was my first exposure to conducting a research project. By conducting this research, I have developed professionally and academically and acquired skills such as formulating research questions, collecting and analysing data, critical thinking, and drawing meaningful conclusions. As the research involved several processes, including feedback and incorporating corrections into my work, I was able to reflect on the entire process, especially the personal biases I had before conducting the study. This process has helped me understand various sampling and methodological approaches, mostly quantitative methods, ethical considerations, and the importance of rigour in research. I was able to attain a deep understanding of public sector auditing, its unique nature and its impact on corruption mitigation. I have learned the concepts taught in research methods, such as critically reviewing the literature and developing research methodology by putting the theory into practice. I have also realised the significance of attention to detail and the need for perseverance when facing challenges. Overall, this experience has broadened my knowledge in public sector auditing and equipped me with valuable research skills that I can apply in future academic and professional endeavours.

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## Appendices

### Appendix A – Questionnaire

## Questionnaire for study on Public Sector Auditing and its Impact on Corruption in Uganda

### INFORMATION SHEET FOR PARTICIPANTS

I am Shanice Amutuhaire, a student of Griffith College Dublin pursuing a Master's in Accounting and Finance Management. This questionnaire aims to gather data for my research study on *"Public Sector Auditing and its Impact on Corruption in Uganda"*.

#### PARTICIPANTS' RIGHTS

Participation is entirely out of your own will and have liberty to withdraw from the study at any time. You are also entitled to request the withdrawal or destruction of any data you have provided and have the right to decline to provide an answer or response that is posed to you.

#### CONFIDENTIALITY/ANONYMITY

The data collected does not contain any personal information about you except your anonymous perspectives on the stated subject. The data obtained in the study will be used only for academic purposes and will be treated with maximum confidentiality.

#### INFORMED CONSENT

By checking the box below, you are agreeing that:

- (1) You have read and understood the Participant Information Sheet,
- (2) Questions you have about your participation in this study have been answered satisfactorily,
- (3) You are aware of the potential risks (if any), and
- (4) You are taking part in this research study voluntarily (without coercion).

Thank you for your time and contribution.

*\* Indicates required question*

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#### Background Information of Respondent

1. **Gender \***

*Mark only one oval.*

Male

Female

2. **Age group \***

*Mark only one oval.*

- 25 - 35 years
- 36 - 45 years
- 46 - 55 years
- Above 55 years

3. **Job Title \***

*Mark only one oval.*

- Audit trainee/ Specialist
- Auditor/Specialist
- Senior Auditor/ Specialist
- Principal Auditor/ Specialist
- Senior Principal Auditor
- Assistant Director of Audit
- Director of Audit

4. **Education background (highest attained) \***

*Mark only one oval.*

- Diploma
- Bachelors degree
- Masters degree
- PhD
- Others

5. **Professional qualification \***

*Mark only one oval.*

- CPA
- ACCA
- CISA
- None
- Others

6. **Level of experience \***

*Mark only one oval.*

- Less than 5 years
- 6 - 10 years
- 11 - 15 years
- 16 - 20 years
- Above 20 years

**Competence of Public sector auditors**

Choose the most appropriate response

7. **Auditors have the necessary educational qualifications to conduct audits \***

*Mark only one oval.*

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

8. Auditors possess comprehensive knowledge of auditing standards (ISSAIs). \*

*Mark only one oval.*

- Strongly disagree  
 Disagree  
 Neutral  
 Agree  
 Strongly agree

9. Auditors have expertise in identifying and assessing risks during the audit process. \*

*Mark only one oval.*

- Strongly disagree  
 Disagree  
 Neutral  
 Agree  
 Strongly agree

10. Auditors often identify and report all significant cases of fraud/corruption during their audits. \*

*Mark only one oval.*

- Strongly disagree  
 Disagree  
 Neutral  
 Agree  
 Strongly agree

11. Auditors often prepare clear, well structured and high quality audit reports \*

*Mark only one oval.*

- Strongly disagree  
 Disagree  
 Neutral  
 Agree  
 Strongly agree

12. Auditors provide appropriate recommendations based on their audit findings \*

*Mark only one oval.*

- Strongly disagree  
 Disagree  
 Neutral  
 Agree  
 Strongly agree

### **Institutional support**

Choose the most appropriate response

13. Auditors have access to necessary resources, including technology to carry out effective audits \*

*Mark only one oval.*

- Strongly disagree  
 Disagree  
 Neutral  
 Agree  
 Strongly agree

14. The Government administrative environment supports the autonomy of Office of Auditor General (OAG) \*

*Mark only one oval.*

- Strongly disagree  
 Disagree  
 Neutral  
 Agree  
 Strongly Agree

15. There is minimal political interference in the work of auditors in OAG \*

*Mark only one oval.*

- Strongly disagree  
 Disagree  
 Neutral  
 Agree  
 Strongly agree

16. Adequate funding is provided to the OAG to carry out its functions \*

*Mark only one oval.*

- Strongly disagree  
 Disagree  
 Neutral  
 Agree  
 Strongly agree

17. The legal framework governing public sector auditing in Uganda is comprehensive and clear. \*

*Mark only one oval.*

- Strongly disagree  
 Disagree  
 Neutral  
 Agree  
 Strongly agree

**Compliance of auditors with standards**

Choose the most appropriate response

18. Auditors strictly follow the International Standards of Supreme Audit Institutions (ISSAI) while conducting the audits \*

*Mark only one oval.*

- Strongly disagree  
 Disagree  
 Neutral  
 Agree  
 Strongly agree

19. Auditors comply with ethical principles and standards set by professional bodies \*

*Mark only one oval.*

- Strongly agree  
 Agree  
 Neutral  
 Disagree  
 Strongly Disagree

20. Auditors ensure compliance with national and international regulatory requirements \*

*Mark only one oval.*

- Strongly agree  
 Agree  
 Neutral  
 Disagree  
 Strongly Disagree

21. Audits are regularly reviewed to ensure they meet the required quality standard \*

*Mark only one oval.*

- Strongly agree  
 Agree  
 Neutral  
 Disagree  
 Strongly Disagree

### **Corruption in Uganda**

Choose the most appropriate response

22. The legal framework in Uganda is adequate to combat corruption \*

*Mark only one oval.*

- Strongly agree  
 Agree  
 Neutral  
 Disagree  
 Strongly Disagree

23. Government entities operate with a high level of transparency \*

*Mark only one oval.*

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

24. Government institutions maintain integrity in their operations \*

*Mark only one oval.*

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

25. Individuals are held accountable for misuse of public funds \*

*Mark only one oval.*

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

26.

\*

Regular audits are conducted to ensure proper use of resources.

*Mark only one oval.*

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

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