MAKERERE UNIVERSITY BUSINESS SCHOOL

AUDIT COMMITTEE CHARACTERISTICS, INTERNAL AUDIT PERSONNEL CHARACTERISTICS, PERCEPTIONS OF ORGANISATIONAL JUSTICE AND INTERNAL AUDIT QUALITY.

THE CASE OF MDIs and MFIs

BY

CATHERINE MWIRI WAMATSEMBE

(ACCA, Bsc Hons Applied Accounting, Oxford Brookes)

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DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT FOR THE AWARD OF THE DEGREE OF MASTERS OF SCIENCE IN ACCOUNTING AND FINANCE OF MAKERERE UNIVERSITY.

SUPERVISORS: ASSOC. PROF. SAMUEL SEJJAKA

HAJJI TWAHA KAAWAASE
DECLARATION

I, Catherine Mwiri Wamatsembe, declare that this dissertation is my original work resulting from my independent research and investigation, and has never been submitted or published in any university or any institution of higher learning. Due acknowledgement has been made where works of other scholars was used.

Signature:

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Date:

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APPROVAL

This is to certify that this dissertation has been submitted for the award of the degree of Master of Science (Accounting and finance) degree of Makerere University with my approval as the university supervisor.

Signature: ..............................................................

Date: .................................................................

ASSOC. PROF. SAMUEL SEJJAKA
MAKERERE UNIVERSITY BUSINESS SCHOOL.

Signature: ..............................................................

Date: .................................................................

HAJJI TWAHA KAAWAASE
SENIOR LECTURER
MAKERERE UNIVERSITY BUSINESS SCHOOL.
DEDICATION

I dedicate this work to my dear husband Mr. Wilson Wamatsembe and my lovely children: Cliff Albert, Edwin, Venny, Marvin and Doreen who endured my absenteeism from home as I pursued this course. I can’t forget my Dad Joah and Mum Kevin for their encouragement in my education since I started school.
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<td>Audit committee</td>
</tr>
<tr>
<td>IA</td>
<td>Internal audit</td>
</tr>
<tr>
<td>TEA</td>
<td>Texas Education Agency</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for economic cooperation and development.</td>
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<tr>
<td>MDI</td>
<td>Micro –Deposit Taking institutions</td>
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<td>Micro-finance institutions</td>
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<td>B.O.U</td>
<td>Bank of Uganda</td>
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<td>Securities and Exchange Commission</td>
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<td>Chief internal auditor</td>
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<td>Institute of internal auditors</td>
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ABSTRACT

According to B.O.U annual report 1999, the role of internal audit is an important part of corporate governance and one of the mechanisms of system checks and balances in any financial institution. The study evolved around the relationship between factors that could impact on the quality of internal audits in the MDIs and MFIs.

A conceptual framework adopted from Zain et al (2006) and modified to suit the study was developed to show the relationship between the variables.

The specific objectives were: to establish audit committee characteristics, audit personnel characteristics, perceptions of organizational justice, and audit quality. They also explained the relationship between the three variables and audit quality.

A cross sectional design was used based on qualitative and quantitative techniques. It targeted 150 employees in total; 40 from MDIs and 110 in MFIs purposively selected.

The findings revealed a positive correlation between the constructs of audit committee characteristics, audit personnel characteristics, perceptions of organizational justice and audit quality. It was also revealed that audit quality in these financial institutions is fairly good citing low competences and experience on the personnel characteristics and low commitment and loyalty on perceptions of organisational justice. As per the regression model, perceptions of organisational justice were the major predictors of audit quality.