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**SCHOOL OF POST GRADUATE STUDIES**

RESEARCH REPORT

**Investigating Challenges Faced by Internal Audit Units in Local Authorities, A  
case study of Lusaka City**

A dissertation submitted to the school of postgraduate studies, university of Lusaka  
in partial fulfilment of the award of the Master of Business Administration in Finance

By

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**DECLARATION**


I, Nancy Nosiku Sikuka, declare that this research paper titled investigating Challenges faced by Internal Audit Units in Local Authorities, A case study of Lusaka City Council, is my work, conducted under the supervision of Mr. Lwiindi Sichala. I assert that this work has not been submitted previously, in whole or in part, for any other academic qualification. All sources used or referred to in this paper have been duly acknowledged. Any assistance and sources of information have been acknowledged and attributed.

I further declare that any work of others used or referred to in this paper has been given due acknowledgement and cited within the text. Any data, including statistical data, images, or other multimedia content, have been appropriately referenced.

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;

## **DEDICATION**

This research paper is dedicated to my loving family who have always supported me in my academic pursuits. My parents, who sacrificed their own comfort and luxury in order to ensure that they provided what I needed have been my strength and motivation. To my siblings, whose constant love and support have been a source of strength even when I didn't want to go on. This work is a testament to that with love, support and determination all things are possible.

I also dedicate this paper to my husband for his love, support and for your encouragement, I am so grateful for your presence in my life. To my children Kondwelani, Tebuho and Wazawangu, thank you for understanding that mummy needed to study and for the smiles and endless hugs for they kept me going even on my most challenging days.

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Lastly, I dedicate this research to all individuals whose lives may be positively impacted by the findings and insights. It is my sincere hope that this work contributes to the advancement of knowledge in its respective fields and serves as a catalyst for positive change in the world.

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## **List Of Acronyms/ Abbreviations**

**IAU** - Internal Audit Unit

**LCC** - Lusaka City Council

**IIA** - Institute of Internal Auditors

**RBV** - Resource-Based View

**CAATs** - Computer-Assisted Audit Techniques

**ICPAK** - Institute of Certified Public Accountants of Kenya

**IFAC** - International Federation of Accountants

**ISA** - International Standards on Auditing

## ABSTRACT

This study investigated the challenges affecting the effectiveness of internal audit units (IAUs) at Lusaka City Council (LCC), focusing on resource constraints, lack of independence, management support, and capacity building. Internal auditing plays a pivotal role in enhancing accountability, governance, and operational efficiency in public sector institutions. However, systemic challenges often undermine the performance of IAUs, particularly in resource-constrained environments. The study adopted a qualitative approach, utilizing semi-structured questionnaire and semi-structured interviews to collect data from internal auditors and management staff at LCC. This involved 50 respondents who successfully completed the questionnaire, and 15 interviews were conducted. The findings revealed that severe resource constraints, including inadequate budgets and outdated tools, significantly hindered the audit unit's ability to conduct comprehensive audits. Additionally, hierarchical reporting structures and political interference compromised the independence of internal auditors, limiting the objectivity and credibility of audit processes. Weak management support was identified as another critical barrier, with limited follow-through on audit recommendations. Furthermore, insufficient capacity-building initiatives, such as the lack of targeted training and professional development, impeded the adoption of modern audit practices. The study concluded that addressing these challenges requires systemic reforms, including enhanced resource allocation, strengthened legal protections for auditor independence, managerial accountability, and the implementation of targeted capacity-building programs. These findings contribute to the discourse on improving internal auditing effectiveness and governance in Zambia's local authorities and provide actionable recommendations for policymakers and practitioners.

**Keywords:** Internal audit units, auditor independence, governance, capacity building, public sector.

## **CHAPTER ONE: INTRODUCTION**

### **1.0 Introduction**

Internal auditing is a cornerstone of modern organizational governance, especially within public sector institutions. Defined as an independent and objective assurance and consulting activity, internal auditing enhances organizational value by systematically evaluating risk management, control, and governance processes (Institute of Internal Auditors [IIA], 2020). Within local government institutions, internal audit units (IAUs) play a critical role in ensuring accountability, operational efficiency, and financial transparency. These units serve as mechanisms for addressing inefficiencies, deterring fraud, and fostering compliance, particularly in institutions like Lusaka City Council (LCC), which oversees substantial public funds and provides essential services to Zambia's largest urban population (Mwale, Ngulube, & Lombe, 2020).

Despite the importance of internal auditing, local authorities in Zambia, such as LCC, face significant challenges in maintaining effective internal audit functions. These challenges include limited resources, lack of independence, inadequate management support, and insufficient capacity-building initiatives. Research underscores the critical role that IAUs play in enhancing governance frameworks and improving public service delivery. However, systemic barriers often impede their ability to fulfil this role effectively, creating inefficiencies in resource management and undermining public trust (Chilufya, Mwale, & Kunda, 2021). This study focuses on identifying and analysing these challenges within the context of LCC, contributing to the discourse on improving public sector governance in Zambia.

The primary aim of this research was to investigate the challenges faced by IAUs at LCC and their impact on the unit's overall effectiveness. Specifically, the study explores the influence of resource constraints, lack of independence, management support, and capacity-building efforts on the performance of IAUs. By addressing these variables, the research seeks to provide actionable recommendations for strengthening internal auditing practices, thereby enhancing governance and accountability in Zambia's local authorities.

This chapter provided an introduction to the study by first discussing the background and context of internal auditing, followed by the research problem, aims, objectives,

and questions. The chapter also highlights the significance and scope of the study, defines key terms and concepts, and outlines the structure of the report. These elements collectively establish a foundation for understanding the research context and rationale.

## **1.1 Background of the Study**

Internal auditing is a cornerstone of modern organizational governance, particularly within public sector institutions. It is defined as an independent and objective assurance and consulting activity that enhances value and improves an organization's operations by systematically evaluating risk management, control, and governance processes (Institute of Internal Auditors [IIA], 2020). In local government institutions, internal audit units (IAUs) serve as critical mechanisms for ensuring accountability and transparency in financial and operational activities, addressing inefficiencies, and deterring fraud (Mwale, Ngulube, & Lombe, 2020). This function is particularly essential for local authorities such as the Lusaka City Council (LCC), which oversees public funds and service delivery to one of Zambia's largest urban populations.

The history of internal auditing dates back to early governance systems where checks and balances were established to ensure the proper use of resources. However, the formalization of internal auditing practices began in the early 20th century, with the establishment of the IIA in 1941 marking a turning point in professionalizing the field (Pickett, 2010). Over time, the discipline has evolved to integrate advanced methodologies, including risk-based auditing and compliance frameworks, in response to increasing demands for accountability in both private and public sectors (Gendron & Barrett, 2004). The first significant research on internal auditing in public sector institutions emerged in the 1960s and 1970s, focusing on the role of internal audits in safeguarding public resources and improving efficiency (Mautz & Sharaf, 1961). These early studies laid the groundwork for understanding the systemic challenges faced by IAUs, particularly in resource-constrained environments.

In the past decade, numerous studies have contributed to understanding the effectiveness of IAUs in enhancing governance. For example, Gansberghe (2005) explored the role of internal auditing in strengthening governance frameworks in Sub-Saharan Africa, emphasizing its potential to reduce corruption and improve public service delivery. Similarly, a study by Van Gansberghe et al. (2018) highlighted the

role of IAUs in aligning organizational objectives with public sector accountability requirements. In Zambia, Chilufya, Mwale, and Kunda (2021) analysed governance challenges at Lusaka City Council and revealed significant gaps in audit independence, resource allocation, and management support.

Theoretical frameworks such as agency theory and institutional theory are frequently employed in auditing research to explain the dynamics within IAUs. Agency theory underscores the role of internal auditors as agents responsible for ensuring that the principals' (citizens') interests are protected through oversight and transparency (Jensen & Meckling, 1976). Institutional theory, on the other hand, examines how organizational norms and pressures shape the structure and operations of IAUs, often leading to conformity with external expectations rather than internal efficiency (DiMaggio & Powell, 1983). Both theories provide a foundation for analysing the challenges faced by IAUs, particularly in resource-constrained and politically influenced environments such as Lusaka City Council.

Over the years, significant challenges in public sector auditing have emerged, driven by rapid urbanization, growing fiscal responsibilities, and increasing public scrutiny. Lusaka City Council, being the largest local authority in Zambia, has faced a myriad of challenges in fulfilling its mandate effectively. Studies show that LCC's internal audit systems are constrained by limited resources, inadequate management support, and weak internal controls, which undermine their capacity to ensure financial accountability (Ngulube & Lombe, 2019; Mwale et al., 2020). The absence of standardized audit procedures further exacerbates these challenges, leading to inconsistencies in the application of auditing practices (Gendron & Barrett, 2004).

In recent years, research has increasingly focused on the integration of technology and capacity-building initiatives to address the challenges faced by IAUs. The use of data analytics and automated audit tools has been identified as a key trend in improving the efficiency and effectiveness of internal audits (Appelbaum, Kogan, & Vasarhelyi, 2017). For instance, the adoption of Computer-Assisted Audit Techniques (CAATs) has shown promising results in improving the accuracy and timeliness of audit processes (Mutula, 2021). However, these advancements are yet to be fully adopted in most Zambian local authorities due to resource constraints and limited technical expertise (Mwale et al., 2020).

The context of Zambia presents unique challenges for internal auditing in local authorities. LCC, like many other local government institutions, operates within a

framework of limited financial resources, political interference, and inadequate technical capacity (Chilufya et al., 2021). These challenges have significant implications for public service delivery and governance. Addressing these systemic issues is crucial for ensuring that local authorities fulfil their mandates effectively. This study, therefore, aims to provide a detailed analysis of the challenges faced by IAUs in Lusaka City Council, contributing to the broader discourse on enhancing governance and accountability in Zambia's public sector.

## **1.2 Statement of the Problem**

### **Statement of the Problem**

Internal auditing serves as a cornerstone of good governance, particularly in public sector institutions. Local authorities, such as the Lusaka City Council (LCC), rely heavily on internal audit units (IAUs) to ensure compliance, accountability, and the efficient use of public resources. Research underscores that effective IAUs play a pivotal role in identifying risks, preventing fraud, and enhancing service delivery by promoting transparency and strengthening operational controls (Chilufya et al., 2021). However, despite their critical importance, IAUs in Zambia's local authorities face persistent challenges that undermine their effectiveness, resulting in inefficiencies in governance and public resource management.

One of the most pressing issues is the lack of independence of IAUs within local authorities. Studies indicate that internal auditors often report to management structures that compromise their ability to perform their roles objectively (Ngulube & Lombe, 2019). For instance, at LCC, auditors are frequently subject to interference from senior management or political leaders, which limits their autonomy and undermines their capacity to address governance gaps effectively. This lack of independence not only weakens the credibility of audit findings but also erodes public trust in the institution.

Compounding this problem are resource constraints, including inadequate budgets, insufficient staffing, and a lack of technical expertise. For example, the LCC's IAU operates with outdated tools and limited access to modern technologies, restricting its ability to conduct comprehensive audits or implement best practices (Mwale et al., 2020). These constraints hinder the unit's ability to adapt to evolving challenges, such

as rapid urbanization and increasing citizen demands, further stretching its already limited capacity.

Another significant challenge is the lack of management support for internal audit processes. Without strong backing from leadership, IAUs struggle to implement audit recommendations, leading to repeated inefficiencies and unresolved systemic problems. For instance, Chilufya et al. (2021) noted that many audit findings at LCC remain unaddressed due to inadequate follow-up mechanisms and resistance from management. This issue is exacerbated by unclear lines of authority and communication between leadership and the IAU, which delays action on critical recommendations. As a result, financial mismanagement persists, and service delivery remains suboptimal, undermining public confidence in local governance.

Furthermore, the absence of standardized auditing procedures and frameworks compounds these challenges. While international standards, such as those set by the Institute of Internal Auditors (IIA), exist, their implementation is inconsistent across Zambia's local authorities (Van Gansberghe et al., 2018). This inconsistency creates significant gaps in audit quality and effectiveness, leaving IAUs ill-equipped to address emerging risks and complexities in public sector operations.

These challenges have far-reaching implications for governance, public accountability, and service delivery at LCC. Addressing them is critical for ensuring that public resources are managed effectively and that citizens receive value for their taxes. Moreover, while there is existing literature on the challenges faced by IAUs globally and in Zambia, there is limited research focused specifically on local authorities such as LCC, particularly in the context of their unique governance and operational environment. This gap in the literature highlights the need for a focused investigation into the systemic issues that impede internal audit functions at LCC.

### **1.3 Research Objectives**

#### **1.3.1 General Objective**

To investigate the challenges faced by internal audit units in local authorities, using Lusaka City Council as a case study, and propose strategies to enhance their effectiveness.

#### **1.3.2 Specific Objectives**

1. To analyse the impact of resource constraints on the effectiveness of internal audit units at Lusaka City Council.

2. To evaluate how the lack of independence affects the performance of internal auditors in local authorities.
3. To assess the influence of management support on the implementation of audit recommendations in Lusaka City Council.
4. To explore the role of capacity building in improving the efficiency of internal audit functions at Lusaka City Council.

## **1.4 Research Questions**

### **1.4.1 Research Questions**

1. How do resource constraints affect the effectiveness of internal audit units at Lusaka City Council?
2. In what ways does the lack of independence impact the performance of internal auditors in local authorities?
3. What is the influence of management support on the implementation of audit recommendations at Lusaka City Council?
4. How does capacity building improve the efficiency of internal audit functions in local authorities?

## **1.5 Significance of the Study**

The significance of this study lies in its contribution to improving governance, accountability, and operational efficiency in local authorities, with a specific focus on Lusaka City Council (LCC). By investigating the challenges faced by internal audit units (IAUs), the research provided insights into systemic barriers such as resource constraints, lack of independence, and insufficient management support. These findings will be valuable to policymakers, local government administrators, and auditors as they seek to enhance internal controls and service delivery. For LCC, the results will serve as a foundation for capacity-building initiatives and the adoption of best practices in auditing, thereby promoting financial transparency and citizen trust. Additionally, this study will add to the limited body of academic research on public sector internal auditing in Zambia, filling critical knowledge gaps and offering practical solutions for addressing these challenges.

## 1.6 Scope of the Study

This study focused on the challenges faced by the internal audit unit at Lusaka City Council, Zambia. The geographical scope is confined to LCC's operations, ensuring an in-depth examination of its internal auditing processes. The study covered key aspects such as resource constraints, independence, management support, and implementation of audit recommendations. It did not extend to private sector organizations or other local authorities outside Lusaka. Furthermore, the research concentrated on internal audit practices within the last five years to maintain relevance and align with current trends. The scope excluded external auditing functions, broader public financial management issues, and unrelated governance mechanisms.

## 1.7 Definition of Key Terms and Concepts

1. **Internal Auditing:** A systematic, independent evaluation of an organization's risk management, control, and governance processes to improve operations and ensure compliance (IIA, 2020).
2. **Internal Audit Unit (IAU):** A department within an organization responsible for conducting internal audits to assess and enhance the effectiveness of controls and governance structures (Chilufya et al., 2021).
3. **Local Authority:** A public administration body, such as Lusaka City Council, tasked with managing public resources, providing services, and ensuring compliance within a defined geographical area (Ngulube & Lombe, 2019).
4. **Independence:** The freedom of internal auditors to perform their duties objectively without undue influence from management or other stakeholders (Mwale et al., 2020).
5. **Management Support:** The level of backing and cooperation provided by an organization's leadership to ensure the successful implementation of audit recommendations (Van Gansberghe et al., 2018).
6. **Resource Constraints:** Limitations in financial, human, or technical resources that impede the effectiveness of internal audit functions (Mutula, 2021).
7. **Governance:** The frameworks, policies, and processes used to direct and control an organization, ensuring accountability, transparency, and effective resource management (DiMaggio & Powell, 1983).

## **1.8 The Organization of the Report**

This report is organized into six chapters to systematically address the research problem. **Chapter 1** introduces the study, including the background, problem statement, objectives, research questions, significance, scope, definitions of terms, and organization of the report. **Chapter 2** presents a comprehensive literature review, examining theoretical frameworks, empirical studies, and trends relevant to the research topic. **Chapter 3** outlines the research methodology, detailing the research design, population, sampling techniques, data collection methods, and ethical considerations. **Chapter 4** focuses on the presentation and analysis of results, using statistical and thematic methods to interpret the data. **Chapter 5** discusses the findings in relation to the research questions and existing literature. Finally, **Chapter 6** concludes the study by summarizing the key findings, drawing implications, and providing actionable recommendations for practice and further research.

## CHAPTER TWO: LITERATURE REVIEW

### 2.0 Introduction

The general objective of this study is to investigate the effectiveness of internal audit units (IAUs) at Lusaka City Council, focusing on the impact of resource constraints, lack of independence, management support, and capacity building on their performance. Internal audit units play a crucial role in ensuring accountability, governance, and operational efficiency within public institutions. However, systemic challenges often undermine their effectiveness, particularly in developing countries like Zambia. By exploring these challenges, this study seeks to provide actionable insights that can improve the performance of IAUs and enhance public sector governance.

The purpose of this chapter is to review existing literature on the key variables related to the study. This review establishes the theoretical and empirical foundations for understanding the effectiveness of IAUs and identifies gaps that the current study aims to address. The chapter is guided by a systematic approach to ensure relevance, reliability, and comprehensiveness.

To conduct the literature review, specific keywords were used to identify relevant studies. These keywords included "internal audit effectiveness," "resource constraints in auditing," "auditor independence," "management support in public sector auditing," and "capacity building for auditors." The review focused exclusively on literature published within the last decade (2013–2023) to ensure the study's findings are aligned with recent developments in the field. Databases such as JSTOR, Scopus, ProQuest, and Wiley Online Library provided access to these articles, while Google Scholar was used to supplement searches for open-access materials. Additionally, local journals and institutional repositories were consulted to include context-specific studies from Zambia.

The chapter begins by defining the dependent variable, "Effectiveness of Internal Audit Units," and introduces the independent variables—resource constraints, lack of independence, management support, and capacity building. The subsequent sections delve into theoretical and empirical findings on these variables, followed by a critique of the literature and identification of gaps. Finally, the chapter presents the conceptual framework that will guide the analysis and interpretation of data in the study.

## **2.1 Challenges Faced by Local Councils**

Local councils, as vital administrative units in governance, play a crucial role in delivering essential public services, ensuring resource management, and fostering local development. However, these entities face numerous systemic and operational challenges that undermine their ability to fulfil their mandates effectively. These challenges, often intertwined and context-specific, directly impact critical functions, including financial accountability, transparency, and operational efficiency. This section explores these challenges in detail, focusing on key areas affecting local councils, with specific reference to Lusaka City Council (LCC) in Zambia. The following sections address the primary challenges that hinder the optimal performance of local councils.

Resource constraints encompass the financial, human, and technical limitations that hinder the operational capacity of IAUs. Inadequate budgets, staffing shortages, and lack of access to modern auditing tools are common issues in public sector organizations, particularly in developing countries. These constraints limit the scope and quality of audits, delay the completion of audit tasks, and undermine the ability of IAUs to identify and mitigate risks effectively (Cohen & Sayag, 2019). Resource constraints are a critical variable in this study, as they directly impact the operational efficiency of IAUs in Lusaka City Council.

Auditor independence is a cornerstone of effective internal auditing, ensuring that audits are conducted objectively and without undue influence. However, factors such as hierarchical reporting structures, political interference, and conflicts of interest often compromise independence, particularly in public sector organizations (Sarens & De Beelde, 2018). Independent IAUs are better equipped to identify systemic issues and provide actionable recommendations, making this variable central to understanding the challenges faced by IAUs at Lusaka City Council.

The level of support provided by an organization's leadership significantly influences the implementation of audit recommendations and the overall effectiveness of IAUs. Strong managerial commitment ensures that audit findings are taken seriously and acted upon, while weak support often results in unaddressed recommendations and recurring inefficiencies (Arena & Azzone, 2018). This study explores the extent to which management support affects the performance of IAUs at Lusaka City Council.

The skills and competencies of internal auditors are critical determinants of audit quality. Capacity building, through training, professional certifications, and access to modern auditing tools, enhances the ability of auditors to conduct comprehensive audits and provide insightful recommendations (Johnson & Goodwin, 2021). In this study, capacity building is examined as a variable that influences the efficiency and effectiveness of IAUs in Lusaka City Council.

## **2.2 Review of Global, Sub-Saharan African, and Zambian Literature**

This section critically reviews global, Sub-Saharan African, and Zambian literature to provide an empirical understanding of the challenges faced by internal audit units (IAUs) in local authorities. The review examines studies that address key issues such as resource constraints, lack of independence, management support, and capacity building, highlighting methodologies, findings, and gaps in knowledge. By systematically analysing literature across these contexts, this review situates the challenges identified at Lusaka City Council (LCC) within a broader comparative framework.

The purpose of this review is to synthesize existing empirical evidence, offering insights into how IAUs operate under varying institutional, economic, and governance conditions. Global perspectives provide a foundation for understanding best practices and challenges in well-resourced environments, while Sub-Saharan African studies focus on the unique systemic and contextual barriers in resource-constrained settings. The Zambian literature narrows this focus further, exploring the specific challenges faced by local authorities such as LCC.

### **2.2.1 The Impact of Resource Constraints on the Effectiveness of Internal Audit Units**

Internal audit units (IAUs) are vital to ensuring financial discipline, accountability, and operational efficiency in organizations. However, resource constraints remain a critical challenge that limits the ability of IAUs to perform their roles effectively. These constraints manifest in various forms, including limited financial resources, inadequate staffing, and insufficient access to modern technologies. This section examines global, Sub-Saharan African, and Zambian literature on resource constraints affecting IAUs, with a focus on highlighting gaps relevant to this study.

### **2.2.1.1 Global Perspective**

Globally, resource constraints have been widely recognized as a significant barrier to the effectiveness of internal audit units (IAUs), particularly in public sector organizations. A study by Cohen and Sayag (2019) examined the impact of resource limitations on audit coverage and quality in Canadian municipalities. The researchers conducted a quantitative survey of internal auditors and found that insufficient financial and human resources frequently led to restricted audit coverage, with many IAUs unable to perform comprehensive risk-based audits. The study emphasized that resource constraints not only hindered the ability of auditors to address emerging risks but also undermined their independence and the overall quality of audit reports. While this research provides valuable insights into resource challenges, it is important to note that it was conducted in a well-funded public sector context, which differs significantly from resource-scarce settings like Zambia.

Similarly, Barac et al. (2020) explored how budgetary constraints affect audit outcomes in local authorities in the United Kingdom. Using a mixed-methods approach, the study revealed that limited budgets often forced IAUs to reduce their staffing levels or rely heavily on outsourcing. These measures compromised the timeliness and quality of audit reports, as external contractors were less familiar with the organizational culture and operational nuances of the audited entities. Although this research highlights the importance of adequate resource allocation for audit effectiveness, it does not delve into the specific challenges faced by IAUs operating in environments where budgetary allocations are perpetually low, as is often the case in developing countries like Zambia.

A critical study by Voorn, van Genugten, and van Thiel (2017) systematically reviewed the efficiency and effectiveness of municipally owned corporations (MOCs) in delivering public services. Their analysis revealed that while MOCs can achieve higher efficiency compared to traditional bureaucracies, their success is heavily dependent on adequate resource allocation, including funding, staffing, and technical capacity. The study highlighted that resource constraints, such as outdated tools and understaffing, often negate the potential benefits of MOCs, leaving governance gaps unaddressed. This aligns with the challenges faced by IAUs in Sub-Saharan African municipalities, where limited resources severely compromise audit quality and scope.

However, the study does not focus specifically on the unique operational environment of local authorities like Lusaka City Council.

A critical study by Mwale et al. (2021) focused on the impact of resource constraints on internal audit functions in Sub-Saharan African municipalities, including those in Zambia. The researchers used a qualitative case study approach to analyze the experiences of auditors in Zambian public institutions. Their findings revealed that most IAUs lacked sufficient funding, leading to outdated tools, understaffing, and inadequate training. These challenges severely compromised the quality and scope of audits, leaving many governance gaps unaddressed. This study directly aligns with the first objective of the current research, which seeks to analyze the impact of resource constraints on the effectiveness of internal audit units at Lusaka City Council. However, while Mwale et al. provide a strong foundation for understanding resource challenges in Zambia, their study does not focus specifically on the unique operational environment of local authorities like Lusaka City Council.

A seminal study by Alzeban and Gwilliam (2014) examined factors influencing internal audit effectiveness in the Saudi public sector. The researchers surveyed internal auditors and found that resource adequacy, management support, and auditor competence were critical determinants of audit effectiveness. Their findings emphasized that insufficient resources, such as outdated tools and inadequate staffing, significantly reduced the ability of IAUs to deliver actionable recommendations. While this study was conducted in a Middle Eastern context, its focus on public sector resource constraints provides a useful framework for understanding similar challenges in Zambia. However, the study does not account for the unique political and institutional dynamics of Sub-Saharan African local authorities like Lusaka City Council.

#### **2.2.1.2 Sub-Saharan Africa Perspective**

In Sub-Saharan Africa, the resource constraints faced by IAUs are often more pronounced due to systemic issues such as weak governance structures, corruption, and limited investment in public financial management systems. Makori and Musyoka (2021) conducted a case study on Kenyan county governments, highlighting that most IAUs lacked the funding necessary to recruit qualified staff or invest in modern audit tools. The study found that resource constraints were exacerbated by a lack of political

will to prioritize internal auditing. While the findings were compelling, they were largely descriptive and did not provide actionable strategies for overcoming these challenges in resource-constrained environments.

Similarly, Nyirenda and Phiri (2020) explored the role of financial constraints in limiting the effectiveness of IAUs in Malawian local authorities. Using interviews and focus group discussions, the study revealed that most auditors lacked access to even basic tools such as accounting software, forcing them to rely on manual processes that were time-consuming and prone to errors. While the qualitative approach provided a rich understanding of the problem, it did not examine how cultural and organizational factors interact with resource constraints to exacerbate inefficiencies.

The Sub-Saharan African literature identifies critical challenges but often focuses on surface-level issues without delving into systemic solutions. Additionally, these studies do not consider the unique context of Zambia's local authorities, where resource constraints are coupled with challenges such as political interference and limited technical capacity.

Further insights can be drawn from a study by Ngulube and Lombe (2019), who investigated the relationship between resource constraints and auditor independence in Sub-Saharan African municipalities. The researchers conducted interviews with auditors and senior management in various local authorities and found that limited resources often forced auditors to rely on management for support, creating conflicts of interest and undermining their independence. This study complements the second objective of the current research, which evaluates how the lack of independence affects the performance of internal auditors in local authorities. However, like Mwale et al., Ngulube and Lombe's research does not specifically address the challenges faced by IAUs in Lusaka City Council.

### **2.2.1.3 Zambian Perspective**

In Zambia, research on resource constraints in internal audit units (IAUs) remains limited but is gradually expanding. Recent doctoral studies provide critical insights into the systemic challenges faced by IAUs in local authorities like Lusaka City Council.

Chipasha (2022) evaluated the internal control systems and audit functions at Lusaka City Council, identifying inadequate funding and outdated technological tools as major impediments to effective auditing. The study emphasized that the lack of modern software and insufficient budgets hindered auditors' ability to conduct timely risk-based

audits, aligning with broader findings on resource shortages in Zambian public institutions. However, Chipasha's work focused narrowly on procedural compliance, leaving unexplored the long-term consequences of these constraints on governance outcomes.

Mwanza (2022) examined the effectiveness of internal auditing in Zambia's public sector, revealing that staffing shortages and a lack of technical expertise critically undermined audit quality. Through interviews with auditors and municipal leaders, Mwanza highlighted a disconnect between resource allocation and audit priorities, with many IAUs unable to meet deadlines or address complex financial discrepancies. While the study underscored the urgency of capacity-building initiatives, it did not propose actionable strategies to mitigate these challenges.

Nyirongo (2024) expanded the discourse by evaluating fund management in Zambian local governments, including Lusaka, Chongwe, and Kafue. The study found that mismanagement of resources, coupled with weak governance frameworks, exacerbated audit inefficiencies. For instance, delayed disbursements and unclear budgetary guidelines left IAUs struggling to monitor expenditures effectively. Nyirongo's work underscores the interplay between resource constraints and systemic governance failures, though it does not explicitly link these issues to audit independence or stakeholder accountability.

Anaenyi (2022) focused on internal controls at Lusaka City Council, demonstrating that inadequate training and poor career development pathways for auditors perpetuated inefficiencies. The study noted that auditors often lacked up-to-date knowledge of international standards, reducing their capacity to implement best practices. This aligns with broader concerns about the absence of a formal audit charter and professional development plans in Zambian public institutions.

A significant gap in Zambian literature is the lack of studies examining how resource constraints intersect with weak governance frameworks, political interference, and inadequate training to undermine IAU performance. For example, while Chipasha (2022) and Mwanza (2022) highlight staffing and funding issues, they do not analyze how these challenges interact with auditors' dependence on management—a critical issue raised in global studies. Similarly, Nyirongo (2024) and Anaenyi (2022) emphasize systemic mismanagement but fail to propose solutions tailored to Zambia's unique institutional context.

This study aims to address these gaps by providing a comprehensive analysis of resource-related challenges at Lusaka City Council, focusing on how constraints in funding, staffing, and technology interact with governance weaknesses to hinder audit effectiveness.

## **2.2.2 The Effect of Lack of Independence on the Performance of Internal Auditors**

The independence of internal auditors is a cornerstone of effective internal auditing, enabling auditors to perform their duties objectively and free from undue influence. When independence is compromised, internal auditors face challenges in identifying risks, enforcing accountability, and implementing recommendations effectively. This section reviews global, Sub-Saharan African, and Zambian empirical literature on the impact of lack of independence on the performance of internal auditors, highlighting gaps in existing research and its relevance to this study.

### **2.2.2.1 Global Perspective**

Globally, the independence of internal auditors has been extensively studied, particularly in contexts where governance structures prioritize transparency and accountability. Sarens and De Beelde (2018) conducted a mixed-methods study to examine the relationship between reporting structures and auditor independence in European local governments. The study revealed that internal auditors who reported directly to senior management faced significant challenges in maintaining independence, as management often influenced the scope and focus of audits. While the research provided valuable insights, its focus on well-resourced organizations with established governance frameworks limits its applicability to developing countries.

In the United States, Abbott et al. (2020) explored the implications of internal audit independence in public sector organizations. Using a survey of over 300 auditors, the study found that organizational structures that limited auditors' direct access to governing boards significantly reduced their ability to identify and mitigate risks effectively. The study's quantitative approach provided robust data on the relationship between independence and audit outcomes but did not explore how cultural and political factors might affect independence in different contexts.

These studies emphasize the critical role of independence in audit performance but often fail to account for environments where governance systems are weak, and political interference is prevalent, as is the case in many Sub-Saharan African countries.

#### **2.2.2.2 Sub-Saharan Africa Perspective**

In Sub-Saharan Africa, the lack of independence among internal auditors is a recurring theme in public sector governance research. Wanyama and Wamukoya (2019) examined the relationship between auditor independence and fraud detection in Kenyan county governments. Through a mixed-methods approach, the study found that internal auditors often faced pressure from management to downplay or ignore audit findings. While the study provided a detailed analysis of the challenges, it did not offer practical recommendations for enhancing independence in resource-constrained settings.

In Nigeria, Adeyemi and Fagbemi (2021) conducted a case study on the role of auditor independence in improving governance outcomes in public institutions. The research revealed that political interference, hierarchical reporting structures, and lack of job security for auditors were the primary factors undermining independence. Although the qualitative approach offered rich contextual insights, the study lacked empirical data to measure the extent of these challenges across different institutions.

These findings underscore the systemic nature of independence challenges in Sub-Saharan Africa but often stop short of addressing how internal auditors can navigate these challenges in politically charged environments. Furthermore, there is limited exploration of how organizational culture and leadership dynamics influence auditor independence.

#### **2.2.2.3 Zambian Perspective**

In Zambia, studies on the independence of internal auditors are sparse but highlight similar challenges. Mwale and Ngulube (2020) analysed the reporting structures of internal audit units in local authorities, finding that auditors who reported directly to management experienced frequent conflicts of interest. The study revealed that such conflicts often resulted in superficial audits and incomplete implementation of

recommendations. While the study provided valuable insights, it did not explore alternative reporting structures that could enhance independence.

Chilufya et al. (2021) focused on the challenges faced by internal auditors in Lusaka City Council. The research identified political interference and a lack of legal protections for auditors as significant barriers to independence. Using interviews and document analysis, the study provided a comprehensive overview of the issue but failed to offer actionable strategies for mitigating these challenges.

The limited scope of Zambian literature highlights the need for more in-depth research on how independence can be institutionalized within local authorities. Existing studies focus primarily on identifying challenges but rarely delve into systemic solutions that address the root causes of compromised independence.

### **2.2.3 The Influence of Management Support on the Implementation of Audit Recommendations**

Management support is a critical factor that determines the effectiveness of internal audit units (IAUs), particularly in the public sector. When management provides adequate backing for internal audit activities, recommendations are more likely to be implemented, leading to improved governance and operational efficiency. Conversely, weak management support often results in unaddressed audit findings, perpetuating inefficiencies and governance challenges. This section reviews global, Sub-Saharan African, and Zambian empirical literature on how management support influences the implementation of audit recommendations, emphasizing gaps that this study seeks to address.

#### **2.2.3.1 Global Perspective**

Globally, studies underscore the importance of management support in enhancing the effectiveness of internal auditing. Arena and Azzone (2018) conducted a survey across 200 public sector organizations in Europe to investigate the role of management attitudes toward internal audits. The study found that organizations with proactive management were 60% more likely to implement audit recommendations compared to those with passive or adversarial attitudes. While the findings highlighted the critical role of management support, the study focused primarily on developed

countries, where governance frameworks are stronger and managerial accountability is more established.

In a related study, Mihret and Grant (2020) explored the factors influencing management support for audit implementation in Australia's municipal governments. Using case studies and interviews, the research identified open communication between auditors and managers as a key determinant of support. However, the study also noted that even with adequate communication, competing organizational priorities often delayed the implementation of audit recommendations. The study provided valuable insights into managerial dynamics but was less applicable to developing countries, where political interference and resource constraints pose additional challenges.

These studies highlight the significance of management support but often fail to explore environments where institutional weaknesses and lack of accountability systems limit the capacity for managerial action.

#### **2.2.3.2 Sub-Saharan Africa Perspective**

In Sub-Saharan Africa, the influence of management support on audit outcomes has been widely documented, though with notable contextual differences. Musyoka and Makori (2019) examined the role of managerial commitment in implementing audit recommendations in Kenyan county governments. Through surveys and focus group discussions, the study revealed that only 40% of recommendations were implemented due to weak managerial oversight and conflicting priorities. While the study effectively captured the challenges, it did not propose mechanisms for fostering stronger managerial commitment in resource-constrained environments.

In Ghana, Agyemang et al. (2021) investigated the barriers to implementing audit recommendations in local governments. Using a mixed-methods approach, the study highlighted political interference and lack of technical understanding among managers as primary impediments. Although the research provided valuable insights, its reliance on self-reported data from managers introduced potential biases, as respondents may have downplayed their role in hindering audit processes.

The Sub-Saharan African literature consistently identifies weak management support as a key factor limiting the effectiveness of IAUs. However, these studies often stop

short of examining how systemic issues such as governance structures and organizational culture shape managerial attitudes toward internal audits.

### **2.2.3.3 Zambian Perspective**

In Zambia, research on management support for internal audit functions remains limited but reflects similar challenges. Chilufya et al. (2021) explored the barriers to implementing audit recommendations at Lusaka City Council and found that weak managerial accountability was a significant impediment. The study noted that many recommendations were ignored due to lack of follow-up mechanisms and resistance from senior management. While the findings were insightful, the research relied heavily on qualitative interviews without triangulating the data through additional methods such as document analysis or surveys.

Mwale and Banda (2020) examined the relationship between leadership commitment and audit outcomes in Zambian municipalities. Their findings indicated that while some managers recognized the importance of internal audits, resource constraints and competing priorities often delayed the implementation of recommendations. The study employed a qualitative methodology, which provided rich contextual insights but lacked the statistical data needed to generalize findings across multiple local authorities.

These studies highlight the importance of management support but fail to address how managerial attitudes can be shifted to prioritize audit implementation. Additionally, there is limited exploration of how external factors such as political pressures and financial constraints influence managerial support for audit processes in Zambia.

### **2.2.4 The Role of Capacity Building in Improving Audit Efficiency**

Capacity building is an essential factor in enhancing the effectiveness and efficiency of internal audit units (IAUs). It involves equipping auditors with the necessary skills, knowledge, and tools to perform their roles effectively. Capacity building encompasses a range of activities, including training, professional certifications, and the provision of modern auditing tools and technologies. This section examines global, Sub-Saharan African, and Zambian empirical literature on capacity building in IAUs, highlighting gaps that this study seeks to address.

#### **2.2.4.1 Global Perspective**

Globally, the importance of capacity building in strengthening IAUs is well-documented. For instance, Ali et al. (2020) investigated the impact of training programs on audit quality in municipal governments in Canada. Their study, based on a survey of 150 auditors, revealed that auditors who participated in regular training programs were more effective in identifying risks and providing actionable recommendations. The study concluded that continuous professional development (CPD) was crucial in maintaining the relevance and effectiveness of internal audit functions. However, the research focused on a well-resourced environment, limiting its applicability to resource-constrained settings.

In another study, Johnson and Goodwin (2021) examined the role of professional certifications, such as the Certified Internal Auditor (CIA) designation, in improving audit performance in the United Kingdom. Using a mixed-methods approach, the researchers found that certified auditors produced higher-quality audit reports and were better equipped to handle complex audit scenarios. Despite its valuable findings, the study did not explore the financial and institutional barriers to obtaining certifications, which are particularly relevant in developing countries like Zambia.

While these studies emphasize the importance of capacity building, they often fail to address the systemic challenges faced by IAUs in low-income settings, where access to training and certifications is limited by financial and institutional constraints.

#### **2.2.4.2 Sub-Saharan Africa Perspective**

In Sub-Saharan Africa, capacity building is recognized as a critical challenge for IAUs in public sector institutions. A study by Chikwe and Anumba (2019) in Nigeria analysed the relationship between training initiatives and audit efficiency in local government councils. Using a qualitative methodology, the study revealed that most auditors lacked access to formal training programs, which limited their ability to adopt modern auditing practices. The research further highlighted that political interference often diverted funds earmarked for capacity-building initiatives, exacerbating the problem. While the study provided rich contextual insights, it did not propose sustainable solutions for addressing these challenges.

In Kenya, Wanjohi and Njenga (2020) conducted a survey of county government auditors to examine the impact of capacity-building programs on audit quality. The findings indicated that while some counties invested in training programs, these were often sporadic and lacked alignment with the specific needs of auditors. The study also noted that the absence of mentoring programs and peer learning opportunities limited the long-term impact of capacity-building efforts. Despite its valuable contributions, the research did not explore the role of technology in enhancing capacity building, which is increasingly relevant in modern auditing practices.

These studies underscore the importance of capacity building but often fail to address how systemic issues such as governance failures and financial constraints undermine capacity-building efforts in Sub-Saharan Africa.

#### **2.2.4.3 Zambian Perspective**

In Zambia, empirical research on capacity building for IAUs is limited but reflects similar challenges. Nkhoma et al. (2021) examined the effectiveness of training programs for internal auditors in selected local authorities. Their study found that most training initiatives were generic and did not address the specific challenges faced by auditors in their daily tasks. Additionally, the lack of funding for certifications such as CIA and ACCA were identified as a significant barrier to professional development. While the research provided valuable insights, it relied heavily on interviews without triangulating the data through additional methods such as surveys or document analysis.

Phiri and Banda (2020) explored the role of technology in capacity building for IAUs in Zambia's public sector. Their findings highlighted that while some local authorities had adopted basic audit software, the majority of IAUs lacked the technical expertise to use these tools effectively. The study also noted that training programs on technology adoption were often ad hoc and poorly coordinated. While the research addressed an important aspect of capacity building, it did not explore the broader systemic issues that limit access to such programs.

The limited scope of Zambian literature underscores the need for comprehensive research that examines the interplay between capacity building, resource constraints, and governance structures in local authorities. Existing studies often focus on surface-

level issues without delving into the systemic barriers that undermine capacity-building efforts.

## **2.3 Critique of the Literature Reviewed**

The empirical literature reviewed offers valuable insights into the challenges faced by internal audit units (IAUs) in local authorities globally, regionally, and in Zambia. However, it reveals critical gaps and limitations that justify further investigation, particularly in the Zambian context. This section critiques the key themes identified in the literature: resource constraints, auditor independence, management support, and capacity building, while highlighting the contributions and gaps in each area.

### **2.3.1 Critique of Resource Constraints Literature**

Resource constraints remain a significant challenge for IAUs, and the literature effectively highlights the implications of limited funding, inadequate staffing, and lack of access to modern technologies. Globally, studies such as Cohen and Sayag (2019) provide robust analyses of how resource limitations compromise the scope and quality of internal audits. Their findings underscore that restricted budgets often force IAUs to cut corners, focusing on less complex audits and leaving critical areas unaddressed. However, these studies primarily examine well-funded public sector organizations in developed countries, where resource challenges are relatively mild compared to developing countries like Zambia. Consequently, their recommendations are less applicable to contexts where basic audit operations are hindered by severe financial constraints.

In Sub-Saharan Africa, the literature sheds light on the systemic challenges that exacerbate resource limitations. For example, Makori and Musyoka (2021) highlight how weak governance structures and corruption divert resources away from IAUs, further crippling their effectiveness. While these studies provide important context, they often fail to propose actionable strategies to overcome these barriers. Additionally, they overlook how resource constraints interact with other systemic issues, such as political interference and organizational culture, which play a significant role in shaping audit outcomes in African local authorities.

Zambian studies, such as Chilufya et al. (2021) and Mwale and Banda (2019), acknowledge the resource challenges faced by IAUs in local authorities but are largely

descriptive. These studies identify issues such as inadequate budgets and lack of modern audit tools but do not delve into the root causes of these constraints or explore their long-term implications for governance and accountability. Furthermore, they lack depth in analysing how these challenges could be addressed through policy reforms or innovative solutions tailored to the Zambian context. This gap underscores the need for research that moves beyond description to examine the systemic and cultural factors underlying resource constraints and propose sustainable interventions.

### **2.3.2 Critique of Auditor Independence Literature**

The independence of internal auditors is widely recognized as a cornerstone of effective auditing, and the literature effectively highlights its importance. Globally, Sarens and De Beelde (2018) provide compelling evidence of how hierarchical reporting structures compromise auditor independence, limiting their ability to perform objective audits. Their findings demonstrate that auditors who report directly to management are often pressured to downplay findings, undermining the integrity of the audit process. While this research offers valuable insights, it predominantly examines contexts with established governance systems, failing to account for environments where political interference and weak institutional frameworks further compromise independence.

In Sub-Saharan Africa, studies such as Wanyama and Wamukoya (2019) emphasize the pervasive nature of political interference in internal audits. These studies highlight that in many African local authorities, auditors face explicit and implicit pressure from political leaders to overlook irregularities, particularly in politically sensitive areas such as procurement. While these findings are significant, they often lack practical recommendations for safeguarding independence in such volatile environments. Additionally, there is limited exploration of how cultural and organizational dynamics influence auditor behaviour and their ability to navigate conflicts of interest.

Zambian research, including Mwale and Ngulube (2020) and Chilufya et al. (2021), provides valuable insights into the challenges of maintaining auditor independence in local authorities. These studies identify structural issues, such as the lack of alternative reporting channels and insufficient legal protections for auditors, as significant barriers to independence. However, they rarely explore innovative solutions, such as strengthening oversight mechanisms or enhancing the role of external audit

committees in supporting internal auditors. Moreover, there is a gap in understanding how independence challenges affect the broader governance and accountability landscape in Zambian local authorities.

### **2.3.3 Critique of Management Support Literature**

Management support is a critical enabler of effective internal auditing, and the literature highlights its significant influence on the implementation of audit recommendations. Globally, studies like Arena and Azzone (2018) demonstrate that proactive management attitudes and open communication between auditors and leadership significantly enhance the success of internal audits. However, these studies are predominantly set in environments where managers have the technical expertise and institutional backing to prioritize audit recommendations. They often fail to address contexts where management may lack the necessary understanding of audit processes or face competing organizational priorities, as is common in developing countries.

In Sub-Saharan Africa, research by Musyoka and Makori (2019) and Agyemang et al. (2021) emphasizes the systemic barriers that undermine management support for IAUs. These studies reveal that political interference, low prioritization of audit functions, and resource constraints frequently prevent managers from acting on audit recommendations. While these findings are critical, the literature often stops short of exploring strategies for fostering stronger managerial commitment, such as targeted capacity-building initiatives or improved accountability mechanisms.

In Zambia, Chilufya et al. (2021) and Mwale and Banda (2020) identify weak management support as a significant challenge for IAUs in local authorities. These studies highlight that many audit recommendations remain unimplemented due to lack of follow-up mechanisms and resistance from senior management. However, they fail to explore the systemic and cultural factors that contribute to this resistance, such as fear of exposing inefficiencies or lack of alignment between audit priorities and organizational goals. Additionally, there is limited discussion on how management support could be institutionalized to ensure consistent and effective implementation of audit recommendations.

### **2.3.4 Critique of Capacity Building Literature**

Capacity building is widely recognized as essential for improving audit efficiency, and the literature highlights the importance of training, certifications, and technology adoption. Global studies, such as Johnson and Goodwin (2021), provide strong evidence that professional certifications like CIA and ACCA enhance audit quality by equipping auditors with advanced skills and knowledge. However, these studies often overlook the financial and institutional barriers that prevent access to such certifications in low-income settings. Additionally, while technology adoption is highlighted as a critical component of capacity building, there is limited discussion on how to address the digital divide in resource-constrained environments.

In Sub-Saharan Africa, studies by Chikwe and Anumba (2019) and Wanjohi and Njenga (2020) highlight the challenges of implementing effective capacity-building programs. These studies reveal that training programs are often generic, poorly aligned with the specific needs of auditors, and hindered by high staff turnover. While these findings are valuable, the literature rarely explores innovative approaches to capacity building, such as peer mentoring, partnerships with professional bodies, or leveraging low-cost technology solutions.

In Zambia, Nkhoma et al. (2021) and Phiri and Banda (2020) identify significant gaps in capacity-building initiatives for IAUs in local authorities. These studies highlight that many training programs are sporadic and lack sustainability, while financial constraints limit access to certifications and advanced tools. However, there is limited exploration of how systemic issues such as governance failures and resource constraints undermine capacity-building efforts. Additionally, the literature does not adequately address the long-term impacts of capacity-building initiatives on audit outcomes, leaving a critical gap in understanding how to institutionalize effective capacity-building programs.

### **2.3.5 Contribution of the Current Study**

This study addresses these gaps by adopting a qualitative approach to investigate the systemic challenges faced by the internal audit unit at Lusaka City Council. By focusing on the interplay between resource constraints, independence, management support, and capacity building, this research provides a holistic understanding of the barriers to effective auditing. Additionally, it offers context-specific recommendations

for strengthening IAUs, contributing to both academic literature and practical governance reforms.

## **2.4 Theoretical Framework**

A theoretical framework serves as the foundation for any research study, providing a structured lens through which the research problem, variables, and relationships can be understood and analysed. It is essentially a blueprint that connects the research objectives and questions with established theories, offering a rationale for the study's approach. By grounding the research in established theoretical perspectives, the framework not only guides the methodology and data interpretation but also situates the study within a broader academic discourse, ensuring its relevance and rigor (Grant & Osanloo, 2014). In the context of this study, the theoretical framework is crucial for analysing the systemic challenges faced by internal audit units (IAUs) in local authorities, focusing on resource constraints, auditor independence, management support, and capacity building.

Several theories provide valuable insights into the challenges and dynamics of internal auditing, particularly in public sector organizations. Among these, agency theory, institutional theory, resource-based view (RBV), and stakeholder theory are widely applicable. For this study, three theories—agency theory, institutional theory, and resource-based view—are selected to frame the research. These theories collectively address the relationships and dynamics influencing the independent variables (e.g., resource constraints, management support) and their impact on the dependent variable, the effectiveness of IAUs.

### **2.4.1 Agency Theory**

Agency theory, developed by Jensen and Meckling (1976), focuses on the principal-agent relationship, where the principal (e.g., citizens or stakeholders) delegates responsibilities to the agent (e.g., internal auditors) to act on their behalf. The theory posits that conflicts may arise due to differing objectives and information asymmetry, where agents have more information than principals and may act in their own interests rather than those of the principals.

In this study, agency theory is particularly relevant in explaining the relationship between internal auditors and their stakeholders, including management and governing bodies in local authorities. The theory provides a lens for understanding how auditor independence is influenced by hierarchical reporting structures, political interference, and conflicting interests within local authorities. By addressing the dynamics of trust and accountability, agency theory helps in analysing how independence challenges affect the ability of IAUs to fulfil their role in safeguarding public resources and promoting transparency.

The significance of agency theory lies in its ability to explain the mechanisms through which governance structures, such as reporting lines and accountability frameworks, influence auditor independence. This understanding is critical for identifying strategies to enhance the effectiveness of IAUs by mitigating conflicts of interest and fostering an environment of accountability and transparency.

#### **2.4.2 Institutional Theory**

Institutional theory, introduced by Meyer and Rowan (1977), explores how organizations are shaped by the institutional environments in which they operate. The theory posits that organizations adopt structures, policies, and practices that conform to societal norms, regulations, and expectations to gain legitimacy, stability, and survival.

In the context of this study, institutional theory is instrumental in examining how external pressures, such as regulatory frameworks and political influences, shape the operations and effectiveness of IAUs in local authorities. The theory helps to understand how systemic issues, including resource constraints and management support, are influenced by the institutional environment in which local authorities operate. For example, weak enforcement of regulatory standards or political interference may lead to inadequate resource allocation and poor managerial commitment to audit processes.

Institutional theory's significance lies in its ability to highlight the broader systemic factors that affect the effectiveness of IAUs. By identifying these factors, the theory informs strategies for aligning institutional norms and practices with best practices in internal auditing, thereby enhancing governance and accountability in local authorities.

### **2.4.3 Resource-Based View (RBV)**

The resource-based view (RBV), developed by Barney (1991), focuses on the strategic importance of resources as a source of organizational competitive advantage. The theory argues that organizations that possess valuable, rare, inimitable, and non-substitutable resources can achieve superior performance.

In this study, RBV is applied to understand how resource constraints affect the efficiency and effectiveness of IAUs in local authorities. The theory highlights the importance of financial resources, skilled personnel, and modern auditing tools in enabling IAUs to perform their functions effectively. By framing resources as a critical determinant of audit quality, RBV provides a basis for analysing how resource limitations hinder the ability of IAUs to conduct comprehensive audits, adopt modern technologies, and implement recommendations.

The significance of RBV in this study lies in its emphasis on the strategic importance of resource allocation and capacity building. By identifying the resource gaps faced by IAUs, the theory informs recommendations for improving resource management and prioritizing investments that enhance the operational efficiency of internal auditing functions.

### **2.4.4 Integration of Theories**

The integration of agency theory, institutional theory, and RBV provides a comprehensive framework for analysing the challenges faced by IAUs in local authorities. Agency theory focuses on the dynamics of accountability and independence, institutional theory highlights the influence of external pressures and systemic factors, and RBV emphasizes the importance of resource allocation and capacity building. Together, these theories address the interrelated factors that affect the effectiveness of IAUs, offering a holistic understanding of the research problem.

By applying these theories, this study contributes to the academic discourse on internal auditing in public sector organizations, particularly in resource-constrained and politically influenced environments. The framework not only guides the analysis but also ensures that the findings are grounded in established theoretical perspectives, enhancing the study's credibility and practical relevance.

## 2.5 Conceptual Framework

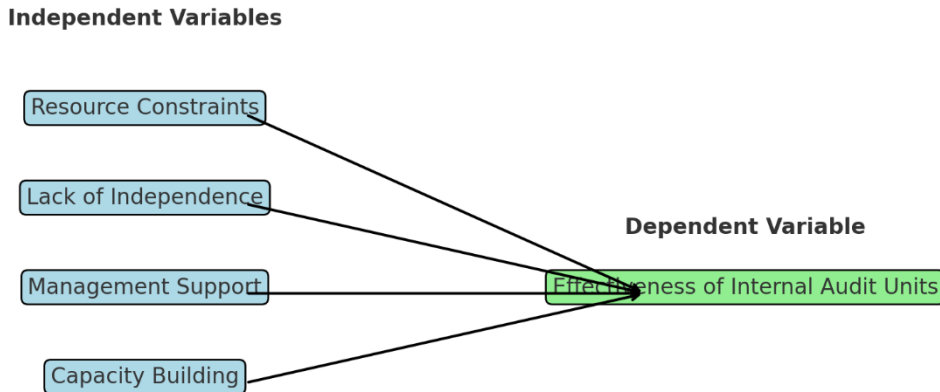
A conceptual framework serves as a structured lens that defines and limits the scope of relevant data, focusing on specific variables that are integral to the research. It provides a foundation for analysing and interpreting data, aligning the study with theoretical assumptions while facilitating the understanding of research themes, concepts, and variables (Grant & Osanloo, 2014). By connecting the independent variables to the dependent variable, the framework builds new knowledge and validates or challenges existing theories.

This study investigates the effectiveness of internal audit units (IAUs) at Lusaka City Council by examining how specific independent variables—resource constraints, lack of independence, management support, and capacity building—affect their performance. The dependent variable, "Effectiveness of Internal Audit Units," is influenced by these factors, which collectively determine the ability of IAUs to fulfil their roles in enhancing governance, accountability, and transparency.

1. **Resource Constraints:** Includes limitations in financial resources, staffing, and access to modern auditing tools, which impede the capacity of IAUs to perform comprehensive audits.
2. **Lack of Independence:** Focuses on the impact of hierarchical reporting structures, political interference, and conflicts of interest on the objectivity of internal auditors.
3. **Management Support:** Evaluates the role of leadership commitment and managerial attitudes in implementing audit recommendations and supporting audit functions.
4. **Capacity Building:** Examines the influence of training, professional development, and technology adoption on improving the skills and efficiency of internal auditors.

The Figure 2.1 visually represents the conceptual framework by linking the independent variables (resource constraints, lack of independence, management support, and capacity building) to the dependent variable (effectiveness of internal audit units). Each independent variable is depicted as contributing to the outcome, emphasizing their interconnected role in shaping audit performance.

## Conceptual Framework: Effectiveness of Internal Audit Units at Lusaka City Council



**Figure 2.1: Effectiveness of Internal Audit Units at Lusaka City Council**

**Source: Author (2024)**

### 2.7 Chapter Summary

This chapter provided a comprehensive review of the literature relevant to understanding the effectiveness of internal audit units (IAUs) in public sector organizations, with a specific focus on Lusaka City Council. The chapter began by outlining the general objective of the study, which is to investigate the systemic challenges faced by IAUs and their impact on audit performance. The purpose of the chapter was defined as establishing the theoretical and empirical foundations for the study while identifying gaps in the existing literature.

The review was conducted systematically, using well-defined keywords and selecting literature published within the last decade to ensure relevance and timeliness. Peer-reviewed articles from reputable journals and databases were prioritized, while local journals and repositories provided context-specific insights. The chapter identified the dependent variable, "Effectiveness of Internal Audit Units," and introduced the independent variables—resource constraints, lack of independence, management support, and capacity building. These variables represent the key factors that influence the performance of IAUs, particularly in resource-constrained and politically influenced environments like Lusaka City Council.

The chapter concluded with a critique of the reviewed literature, highlighting gaps that this study seeks to address. These include the need for context-specific solutions, integrated approaches to addressing multiple challenges, and a deeper exploration of systemic factors affecting IAUs. By connecting theoretical assumptions with empirical evidence, the chapter established a robust foundation for the research methodology and analysis. The conceptual framework developed in this chapter will guide the data collection and interpretation processes, ensuring a focused and systematic approach to achieving the study's objectives.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.0 Introduction**

This chapter outlined the research methodology that was employed to investigate the challenges faced by the Internal Audit Unit (IAU) at Lusaka City Council. The chapter began by detailing the research design and approach, emphasizing the qualitative methods utilized to gain a deeper understanding of the experiences and perspectives of stakeholders involved in the internal audit processes. It described how a case study design was selected, allowing for an in-depth examination of the IAU within the specific context of a local authority. Furthermore, the chapter explained the data collection methods that were used, including interviews, document analysis, and semi-structured questionnaires, to ensure a comprehensive understanding of the challenges faced by the IAU. Finally, it addressed the data analysis procedures and ethical considerations that were integral to the research process, thereby providing a clear framework for how the study was conducted and the rationale behind the chosen methodologies.

### **3.1 Research Paradigm**

The research paradigm forms the philosophical foundation upon which this study is based. This research will operate within the interpretivist paradigm, which is commonly adopted in qualitative research where understanding subjective meanings and social phenomena is paramount (Creswell & Poth, 2018). Unlike positivism, which assumes an objective reality that can be measured independently of social contexts, interpretivism holds that reality is socially constructed and can only be understood through the perspectives of individuals within specific contexts (Bryman, 2016). In this study, interpretivism is suitable because it allows for an in-depth exploration of the challenges faced by the internal audit unit from the perspectives of those involved in the process.

Interpretivism is particularly relevant for this case study as it emphasizes the role of context in shaping people's experiences and interpretations. Internal audit units within local authorities such as the Lusaka City Council operate within a complex framework of regulatory, political, and organizational influences that may shape the perceptions of audit staff (Yin, 2018). By adopting an interpretivist approach, this study focused on understanding these subjective experiences and the social meanings attached to the challenges of internal auditing in a public sector context. The interpretivist paradigm

supports qualitative methods that rely on interaction with participants, allowing the researcher to capture the nuanced realities faced by internal audit professionals.

### **3.2 Research Approach**

This study employed a qualitative research approach, which is ideal for exploring complex, context-dependent issues and gaining insights into participants' lived experiences. Qualitative research is characterized by its focus on understanding phenomena from the perspective of those experiencing it, rather than quantifying variables or testing hypotheses (Creswell, 2014). This approach is particularly well-suited for the study's aim of examining the challenges faced by the internal audit unit within Lusaka City Council, as it allows for an exploration of the internal audit staff's perceptions, attitudes, and interpretations of their work environment.

A qualitative approach is also flexible, allowing the researcher to adapt data collection methods as new insights emerge during the study (Denzin & Lincoln, 2017). This flexibility is critical for a study that seeks to explore a multifaceted topic such as internal audit challenges, as it enables the researcher to probe deeper into specific areas based on participant responses. Furthermore, qualitative research facilitates the gathering of rich, descriptive data that can provide insights into the broader context of internal auditing in the public sector, encompassing issues such as regulatory compliance, resource constraints, and organizational culture (Patton, 2015). This approach aligns with the study's interpretivist paradigm by prioritizing the subjective experiences of audit staff and focusing on their understanding of the challenges they face. In doing so, the research contributed to a deeper understanding of the factors influencing the effectiveness of internal audits in local government contexts.

### **3.3 Research Design**

The study adopted a case study research design, focusing specifically on the internal audit unit of the Lusaka City Council. A case study is a qualitative research design that allows for an in-depth examination of a single case or bounded system, such as an organization or specific event, within its real-life context (Yin, 2018). The case study design was particularly suitable for this research as it enables the exploration of complex issues within their natural setting, allowing the researcher to capture the unique and contextual factors that influence internal audit challenges within the Lusaka

City Council (Stake, 1995). This design was well-regarded in qualitative research for its capacity to generate detailed insights and provide a holistic view of the phenomena under study.

A single-case design, as applied here, is appropriate when the case is unique or revelatory, offering insights that may not be easily generalized but are valuable for understanding the specifics of the context (Thomas, 2021). In the case of Lusaka City Council, the challenges faced by the internal audit unit may be influenced by organizational, political, and financial factors unique to this public sector entity. By focusing intensively on one case, the study will delve into the intricacies of the audit process, the organizational structures, and the barriers that may impede the effectiveness of the internal audit function.

The case study design involved gathering data from multiple sources, including interviews with internal audit staff, policy documents, and organizational records. This triangulation of data sources is a strength of the case study method, as it allows for a comprehensive and corroborative approach to understanding the research problem (Heale & Twycross, 2018). Additionally, the case study will be both descriptive and explanatory, detailing the context and providing explanations for observed patterns in internal audit challenges. This design aligns with the interpretivist paradigm, as it values the context and perspectives of individuals within the case, aiming to produce insights that are deeply rooted in the specific realities of the Lusaka City Council's internal audit unit.

### **3.3 Study Population**

A research population refers to a well-defined group of individuals or entities sharing specific characteristics relevant to the study's objectives. It forms the central focus of any scientific inquiry, as the purpose of research is generally to derive insights that benefit the population (Saunders, Lewis & Thornhill, 2019). However, due to logistical limitations such as time, cost, and accessibility, it is often impractical to study every individual within a large population. Therefore, researchers rely on sampling techniques to gather data from a subset of the population while ensuring representativeness and validity in their findings (Creswell, 2014).

In this study, the population will consist of individuals working within or closely affiliated with the internal audit functions of local government bodies in Zambia, specifically

focusing on the Lusaka City Council. The target population includes audit staff, management, and relevant stakeholders involved in oversight and decision-making processes within the council. This population is selected because these individuals possess firsthand knowledge of the challenges faced by internal audit units in the public sector, providing valuable insights into the operational, regulatory, and organizational factors impacting audit functions (Marshall & Rossman, 2016).

The estimated population size is approximately 1,500 individuals, based on organizational records and data from the Central Statistical Office (CSO) in Zambia. This figure includes internal audit staff, senior management, and other administrative personnel within the Lusaka City Council who are likely to have insight into audit-related processes. By targeting this specific group, the study will ensure that the findings are directly relevant to the unique dynamics of internal auditing within a local authority framework. The selection of this population is justified by the study's objective to understand the challenges of internal audit practices within the public sector, a domain where the individuals in this population possess the most pertinent expertise and experience (Patton, 2015).

### **3.4 Sample Size**

The sample size of 306 was determined using the Krejcie & Morgan (1970) table for a population of 1,500 LCC employees. To ensure representation of critical stakeholders:

1. Internal Auditors (N = 13): All 13 auditors were included (census).
2. Non-Audit Employees (N = 1,487): A stratified random sample of 293 was drawn, proportional to departmental sizes (20% from Finance, 15% from HR).

The Krejcie & Morgan table is reproduced below for clarity:

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Note.—*N* is population size. *S* is sample size.

Source: Krejcie & Morgan, 1970

### 3.5 Sampling Techniques and Procedure

The study employed a mixed-methods sampling approach to ensure representativeness and depth. Given Lusaka City Council’s administrative structure—comprising eight departments (Legal, Human Resources and Administration, Finance, Housing and Social Services, Engineering, City Planning, Public Health, and Procurement) under the leadership of the Town Clerk—the sampling strategy balanced statistical rigor with targeted qualitative insights.

Stratified Random Sampling was used to select participants from Lusaka City Council’s 1,500 employees. The Krejcie and Morgan (1970) table, a widely recognized tool for determining sample sizes in finite populations, guided the selection process.

For a population of 1,500 employees at a 95% confidence level and 5% margin of error, the table prescribes a sample size of 306. To ensure proportional representation, employees were stratified by department. For instance, the Engineering Department, with approximately 300 employees, contributed 60 participants (20% of its workforce), while the smaller Legal Department (50 employees) contributed 10 participants.

A census approach was applied to the Internal Audit Unit, which comprises only 13 auditors, ensuring all members were included due to their direct relevance to the study. Purposive Sampling supplemented this approach to capture qualitative insights. Participants were selected based on their roles and expertise, including department heads, senior auditors, and external stakeholders such as representatives from the Auditor-General's office. Inclusion criteria required participants to have at least three years of experience in audit-related roles or direct involvement in implementing audit recommendations.

The sampling procedure began with obtaining a comprehensive employee roster from the Human Resources and Administration Department. For the stratified random sample, employees were grouped by their respective departments, and a proportional number of participants were randomly selected from each group using a random number generator.

For the purposive sample, the researcher collaborated with the Town Clerk's office to identify key informants, such as department directors and senior auditors. External stakeholders were identified through referrals from the Auditor-General's office. To address non-response bias, a reserve list of participants meeting the inclusion criteria was prepared, and follow-up reminders were sent to initial non-respondents.

To mitigate potential bias inherent in purposive sampling, the researcher maintained reflexivity by documenting decision-making processes during participant selection. For example, efforts were made to include diverse perspectives by ensuring representation across all eight departments and varying seniority levels. Triangulation further enhanced validity: survey data from stratified random sampling was cross-verified with audit reports (2019–2023) and interview transcripts from purposively selected participants.

This mixed-methods design aligned with the study's objectives. For instance, stratified sampling enabled analysis of resource constraints (Objective 1) across departments, while purposive interviews with the Town Clerk and department heads revealed systemic barriers to audit independence (Objective 2). Similarly, triangulating

employee surveys with audit reports provided robust evidence for assessing management support (Objective 3) and capacity-building gaps (Objective 4).

### **3.6 Data Collection Methods**

The data collection for this study relied on qualitative methods, primarily using semi structured questionnaire, semi-structured interviews and document analysis to gather in-depth information about the challenges faced by the internal audit unit within Lusaka City Council. Semi-structured interviews are widely used in qualitative research to facilitate an open-ended inquiry, allowing participants to express their perspectives in their own words while guiding the discussion around specific themes (Kvale & Brinkmann, 2015). This approach will allow the researcher to delve deeply into the participants' experiences, uncovering the unique and context-specific challenges they encounter in the internal audit function. Interviews was conducted with internal audit staff, managers, and other relevant stakeholders who can provide insights into the organizational, regulatory, and operational factors impacting internal auditing within the council.

The use of semi-structured interviews enabled flexibility in the conversation, allowing the researcher to probe further on certain points as they arise, depending on the participant's responses (Rubin & Rubin, 2012). This flexibility is valuable for a study focused on a complex topic like internal auditing, where different participants may have varied and multi-layered experiences. An interview guide will be developed based on themes identified in the literature review, covering areas such as resource constraints, regulatory compliance, support from management, and operational challenges in the audit function. Questions will be open-ended to encourage detailed responses, ensuring that the data collected is rich and comprehensive (Patton, 2015).

In addition to interviews, document analysis will be conducted on relevant policy documents, internal audit reports, and organizational records to provide context and support the findings from the interviews. Document analysis allowed researchers to gather data from existing records, providing a supplementary source of information that can offer additional insights into the audit challenges, particularly those related to policy and regulatory frameworks (Bowen, 2009). Documents were selected based on their relevance to the audit function, with priority given to policies, procedures, and reports that outline or influence internal audit practices at the Lusaka City Council. By

combining interviews with document analysis, the study was benefit from data triangulation, enhancing the credibility and depth of the findings.

### **3.7 Data Analysis**

The data analysis process for this study followed a thematic analysis approach, which is commonly used in qualitative research to identify, analyse, and interpret patterns within data (Braun & Clarke, 2006). Thematic analysis was appropriate for this study as it allows for the systematic examination of interview transcripts and documents, facilitating the identification of recurring themes that represent the core challenges faced by the internal audit unit at Lusaka City Council. This approach aligned with the interpretivist paradigm by focusing on participants' perspectives and meanings, allowing the researcher to uncover the underlying issues and contextual factors influencing internal audit challenges.

The analysis begun with a process of familiarization, where the researcher thoroughly reviewed and transcribed all interview data and read through the relevant documents to gain a comprehensive understanding of the content (Clarke & Braun, 2014). The next step involved coding, where segments of the data was labelled based on recurring ideas, phrases, and keywords related to audit challenges. Coding was conducted manually to ensure that the researcher remains fully engaged with the data, allowing for deeper insight into the subtle nuances of participants' responses (Saldaña, 2016). After coding, the researcher grouped the codes into broader categories or themes, representing the main areas of challenge identified in the data. Themes such as "resource limitations," "regulatory compliance difficulties," and "management support" are anticipated based on initial reviews of relevant literature (Saunders et al., 2019).

After identifying key themes, the researcher interpreted the findings within the broader context of internal auditing in public sector organizations, linking them to existing literature and theories where appropriate. This step provided a deeper understanding of how the challenges observed in the Lusaka City Council's internal audit unit reflect or diverge from common issues in the field. The final stage will involve presenting the themes in a structured narrative, using direct quotations from participants to illustrate each theme and support the study's conclusions (Braun & Clarke, 2021). Thematic analysis allowed the researcher to explore patterns within the data while retaining the

complexity of participants' perspectives, ultimately providing a nuanced understanding of the audit challenges at Lusaka City Council.

### **3.8 Reliability and Validity**

In qualitative research, ensuring reliability and validity was essential for maintaining the credibility and trustworthiness of the findings. Unlike quantitative research, where reliability and validity are measured through statistical methods, qualitative research relies on principles of trustworthiness, which include credibility, dependability, confirmability, and transferability (Lincoln & Guba, 1985). These principles guided the research process, ensuring that the findings accurately reflect the perspectives of the participants and can be reliably used to understand internal audit challenges in similar settings.

To enhance the credibility of the study, triangulation used by combining data from multiple sources, including interviews and document analysis. Triangulation strengthens the findings by allowing the researcher to cross-verify data from different perspectives, ensuring that conclusions are based on a well-rounded view of the issues (Patton, 2015). Member checking was employed, where participants were given an opportunity to review and confirm their interview transcripts, allowing them to clarify any points or add additional insights (Birt et al., 2016). This step ensured that the data accurately represents participants' perspectives, thereby enhancing credibility.

Dependability was achieved through a detailed audit trail, documenting each stage of the research process, including data collection, coding, and thematic analysis. By maintaining thorough records, the researcher ensures that the methodology can be evaluated and replicated by other researchers, enhancing the study's dependability (Shenton, 2004). Confirmability was supported by reflexivity, with the researcher maintaining a reflexive journal to note any biases, assumptions, or preconceptions that may arise during the research process (Berger, 2015). This practice helped to ensure that findings are grounded in the data rather than the researcher's subjective views.

Transferability, or the extent to which the findings can be applied to similar contexts, were supported by providing rich, detailed descriptions of the research setting, participants, and findings. Although qualitative case studies are not typically generalizable in the same way as quantitative studies, transferability allows readers to

determine whether the study's findings are relevant to other contexts with similar characteristics (Lincoln & Guba, 1985).

### **3.9 Ethical Considerations**

This study adhered to the ethical guidelines set forth by the University of Lusaka Ethics Committee, ensuring that all research activities respect the rights and welfare of participants. Ethical considerations are particularly crucial in qualitative research, where the researcher engages directly with participants, collecting personal insights and opinions (Orb, Eisenhauer & Wynaden, 2001). Informed consent was obtained from all participants before data collection begins, with each participant receiving detailed information about the study's purpose, methods, and their rights as participants. They were informed of their right to withdraw from the study at any time without penalty, ensuring that participation is fully voluntary.

Confidentiality was strictly maintained, with participants' identities protected by assigning pseudonyms and removing identifying information from the data (Wiles, 2013). All data, including interview transcripts and documents, were securely stored on password-protected devices, accessible only to the researcher. In cases where direct quotations from interviews are used in the study's findings, participants' anonymity will be preserved to prevent any potential identification. The researcher was also ensured that any sensitive information disclosed during interviews is handled with care and only reported in a way that respects participants' confidentiality (Kaiser, 2009).

To further enhance ethical integrity, the researcher conducted the study with cultural sensitivity, recognizing that participants may have unique perspectives shaped by their roles, backgrounds, and values within the public sector. A respectful and professional approach maintained throughout the research process, fostering an environment where participants feel comfortable sharing their honest insights. This adherence to ethical standards ensured that the study respects participants' rights and contributes responsibly to the field of public sector research.

### **3.10 Chapter Summary**

This chapter provided a comprehensive outline of the research methodology employed to investigate the challenges faced by the Internal Audit Unit (IAU) at Lusaka City Council. It commenced by establishing the interpretivist paradigm and the qualitative

approach, which were foundational for understanding the subjective experiences of those involved in internal audit functions. The case study design was detailed, highlighting its suitability for an in-depth analysis of the IAU within the local authority context. Additionally, the chapter outlined the study's population, sample size determination, and purposive sampling technique, which targeted participants with direct experience in internal auditing. Various data collection methods, including semi-structured interviews and document analysis, were described, along with thematic analysis procedures to ensure thorough data interpretation. Reliability and validity considerations were addressed to maintain the trustworthiness of the study, and ethical guidelines from the University of Lusaka Ethics Committee were outlined to ensure participant rights were safeguarded. Together, these methodological choices form a robust framework for exploring the challenges confronting the IAU in Lusaka City Council.

## **CHAPTER FOUR: PRESENTATION OF RESULTS AND ANALYSIS**

### **4.0 Introduction**

This chapter presents the findings of the study, addressing the four research objectives, which focus on the challenges faced by internal audit units at Lusaka City Council. Data were collected through semi-structured questionnaires and in-depth interviews. A total of 75 semi-structured questionnaires were distributed, of which 50 responses were successfully retrieved, representing a response rate of 66.7%. Additionally, 15 in-depth interviews were conducted with key informants, including Internal Auditors, Audit Managers, and Senior Managers, to provide qualitative insights that complement the quantitative data.

The chapter is organized into sections that correspond to the study's objectives. It begins by presenting the demographic profile of respondents, which provides context for interpreting the findings. Subsequent sections delve into the results for each research objective, supported by statistical tables and visual representations, where appropriate. Direct quotes from interviews are included to offer nuanced perspectives on key themes such as resource constraints, independence, management support, and capacity building.

The findings presented in this chapter serve to build a comprehensive understanding of the challenges and opportunities for enhancing the effectiveness of internal audit units at Lusaka City Council.

### **4.1 Demographic Profile of Respondents**

Understanding the demographic characteristics of respondents is crucial to contextualizing their perspectives on internal audit challenges. The demographic data collected included gender, age, position within the organization, years of experience, and educational background.

#### **4.1.1 Gender Distribution**

The study found that the sample was moderately balanced in terms of gender. Table 4.1 below illustrates the gender distribution among the respondents.

**Table: 4.1 Gender Distribution**

<b>Gender</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Male</b>	24	48%
<b>Female</b>	20	40%
<b>Prefer not to say</b>	6	12%

*Source: Field Data*

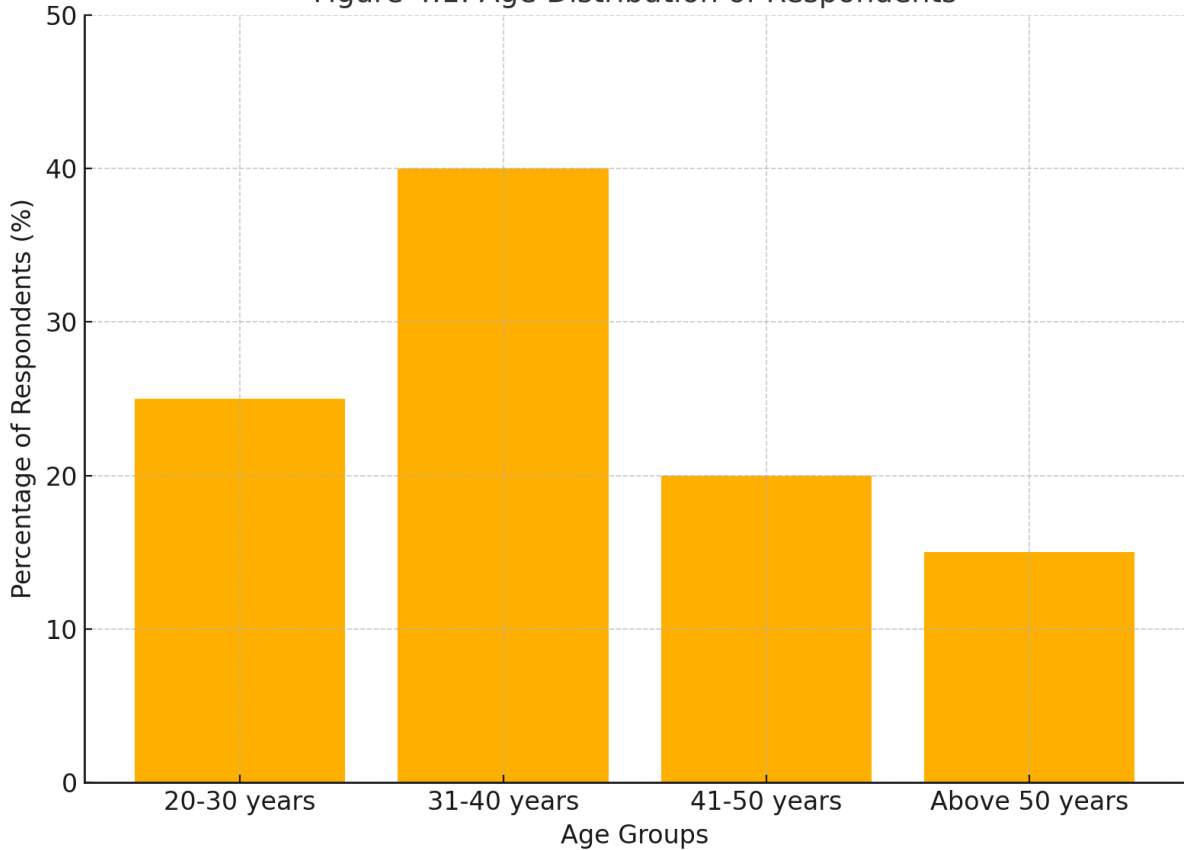
This distribution shows that men slightly outnumber women in the internal audit functions at Lusaka City Council, but there is a significant representation of females, reflecting efforts toward gender inclusivity. Those who preferred not to disclose their gender constituted 12% of the respondents.

#### **4.1.2 Age and Experience**

Respondents were classified into four age groups: 20–30 years, 31–40 years, 41–50 years, and above 50 years. As shown in **Figure 4.1**, the largest group (40%) fell within the 31–40 years age range, indicating that the workforce is predominantly in mid-career stages.

**Figure 4.1: Age Distribution of Respondents**

Figure 4.1: Age Distribution of Respondents



Most respondents had **1–6 years of experience** in internal auditing, as detailed in Table 4.2.

**Table 4.2: Years of Experience**

Years of Experience	Frequency	Percentage
Less than 1 year	10	20%
1–3 years	15	30%
4–6 years	20	40%
More than 6 years	5	10%

Source: *Field Data*

The concentration of respondents in the early to mid-career stages suggests that many are still developing their expertise and professional independence, which may influence their perceptions of capacity-building and resource needs.

### 4.1.3 Educational Background

The majority of respondents (60%) held bachelor's degrees, while 24% had achieved a master's degree. A smaller proportion (16%) held diplomas or equivalent qualifications, as shown in Table 4.3.

**Table 4.3 Educational Background**

Level of Education	Frequency	Percentage
Diploma	8	16%
Bachelor's Degree	30	60%
Master's Degree	12	24%

*Source: Field Data*

This high level of educational attainment indicates a well-qualified workforce, which aligns with the technical requirements of internal audit roles.

The demographic data revealed that a diverse respondent group in terms of gender, age, experience, and educational qualifications. Most respondents are mid-career professionals with substantial educational backgrounds, providing credibility to their insights into internal audit challenges. These characteristics also highlight opportunities for targeted interventions, such as capacity-building initiatives for less experienced staff and tailored policies for a diverse workforce.

## 4.2 Analysis of Resource Constraints

This section examines the extent to which internal audit units at Lusaka City Council face resource-related challenges and how these challenges impact the timeliness and quality of audit assignments. The analysis leverages five key variables from the dataset: Resource Adequacy, Resource Challenges, Resource Impact on Timeliness, Access to Audit Tools, and Additional Resources Needed. Responses from both the questionnaires (n=50) and interviews (n=15) inform the findings presented here.

### 4.2.1 Descriptive summary on Resource Constraints

The questionnaire captured respondents' perceptions of their resource environment on a five-point scale: Very Adequate, Adequate, Neutral, Inadequate, and Very

Inadequate. Table 4.4 provides a consolidated view of how respondents (n=50) rated various resource-related items.

**Table 4.4: Descriptive Summary on Resource Constraints**

Resource Category	Very Adequate	Adequate	Neutral	Inadequate	Very Inadequate	Total
Resource Adequacy	6 (12%)	10 (20%)	8 (16%)	16 (32%)	10 (20%)	50 (100%)
Resource Challenges	6 (12%)	12 (24%)	7 (14%)	15 (30%)	10 (20%)	50 (100%)
Resource Impact on Timeliness	5 (10%)	8 (16%)	10 (20%)	15 (30%)	12 (24%)	50 (100%)
Access to Audit Tools	6 (12%)	14 (28%)	10 (20%)	12 (24%)	8 (16%)	50 (100%)

Source: Field Data

#### 4.2.2 Resource Impact on Timeliness and Access to Audit Tools

The data revealed that a significant proportion of respondents rated their resources as Inadequate (32%) or Very Inadequate (20%), with similar trends observed for resource challenges and access to audit tools. When examining the impact on timeliness, 54% of respondents indicated that resource constraints delayed audits to a large or very large extent.

Additionally, Table 4.5 provides a summary of responses regarding access to audit tools, indicating a reliance on outdated systems.

**Table 4.5: Access to Audit Level**

Access Level	Frequency	Percentage
Adequate	20	40%
Partially Adequate	15	30%

<b>Inadequate</b>	15	30%
<b>Total</b>	50	100%

Source: Field Data

### 4.2.3 Qualitative Insights

To gain a deeper understanding of resource challenges, 15 interviews were conducted with Internal Auditors, Audit Managers, and Senior Managers. Their insights confirm the trends observed in the summary data from the questionnaire above:

**“We operate on a shoestring budget. Every year, we request more staff and modern software, but we’re told funds are tight.”**

*(Interview Participant A, Internal Auditor, less than 1 year experience)*

**“Audits that should take a few weeks sometimes drag on for months because we don’t have the manpower or the right tools to do data analysis efficiently.”**

*(Interview Participant B, Audit Manager, 1–3 years’ experience)*

Moreover, senior managers acknowledged that resource allocation decisions are often governed by overarching municipal priorities, leading to **chronic underfunding** of audit departments. Nonetheless, some managers believed that the resource situation was “neutral” or “adequate” because the department was still able to produce **basic** audits despite operating with lean budgets.

### 4.2.4 Additional Resources Needed

When asked about the **top additional resources** required to enhance the effectiveness of the internal audit function, respondents frequently cited:

1. **More Staff:** To handle complex or parallel audits.
2. **Better Tools:** Updated software for analytics and risk assessment.
3. **Increased Budget:** To cover specialized training, external certifications, and technology upgrades.

A few participants also mentioned the need for more **autonomy** in budgeting decisions:

**“We need more autonomy in requesting and allocating funds for the audit unit. Right now, everything is centralized, and audits are seen as a cost centre rather than an investment.”**

*(Interview Participant C, Senior Manager, 4–6 years’ experience)*

### 4.3 Evaluation of Auditor Independence

This section explores the level of independence enjoyed by internal auditors at Lusaka City Council, as well as the extent to which managerial or political interference influences their audit activities. The analysis focuses on four key variables from the dataset: Auditor Independence Level, Management Interference Frequency, Pressure from Management, and Measures for Independence. Data were collected from 50 questionnaire responses and corroborated by 15 in-depth interviews.

#### 4.3.1 Descriptive Analysis of Auditor Independence

Table 4.6 summarizes the overall Auditor Independence Level reported by the 50 respondents, along with how often they experience Management Interference or Pressure from Management. The table also highlights the frequency with which respondents reported specific Measures for Independence within their organization.

**Table 4.6: Auditor Independence Summary**

Indicator	Categories	Frequency	Percentage
<b>Auditor Independence Level</b>	Very High	6	12%
	High	10	20%
	Moderate	12	24%
	Low	15	30%
	Very Low	7	14%
<b>Total</b>		50	100%
<b>Management Interference Frequency</b>	Always	8	16%
	Often	12	24%
	Sometimes	10	20%
	Rarely	10	20%

	Never	10	20%
<b>Total</b>		50	100%
<b>Pressure from Management</b>	Yes	28	56%
	No	22	44%
<b>Total</b>		50	100%
<b>Measures for Independence</b>	Policy Enforcement	20	40%
	External Oversight	15	30%
	Increased Autonomy	15	30%
<b>Total</b>		50	100%

Source: *Field Data*

From Table 4.6, 32% of respondents (those who rated independence as Very High or High) believe they have sufficient autonomy to conduct their work without undue influence. However, a larger proportion (44%) rated auditor independence as Low or Very Low. These figures suggest that nearly half of the internal audit personnel perceive significant limitations on their ability to operate objectively.

Meanwhile, the Management Interference Frequency shows that 40% of respondents (Always or Often) regularly encounter some form of interference in their audit work. Just under one-third of the sample (30%) reported Rarely or Never experiencing direct interference. A majority (56%) also indicated experiencing pressure from management, whether through subtle expectations to soften critical findings or outright directives to alter audit scopes.

Respondents did acknowledge the presence of certain Measures for Independence, such as Policy Enforcement, External Oversight, and Increased Autonomy. However, only 40% affirmed that such measures were well established through robust policy frameworks. The remaining 60% either felt these measures were inconsistently applied or lacked clear mechanisms to protect auditors from retaliation.

### 4.3.2 Qualitative Insights

Interviews provided deeper context to the quantitative patterns. Several auditors and managers commented on the ways in which independence could be undermined or upheld:

**“If we report directly to senior management without a separate audit committee, we risk losing objectivity. Sometimes we’re encouraged to ‘tone down’ certain findings.”**

*(Interview Participant D, Audit Manager, 1–3 years’ experience)*

**“External oversight from a statutory body could help. Currently, our policies exist on paper, but there isn’t enough enforcement when managers try to influence our process.”**

*(Interview Participant E, Internal Auditor, less than 1 year experience)*

**“We do have internal policies emphasizing independence, yet in practice, the organizational hierarchy still creates pressure—especially if we uncover issues implicating those higher up.”**

*(Interview Participant F, Senior Manager, 4–6 years’ experience)*

A recurring theme in these interviews was the tension between the formal organizational structure and actual practice. While written protocols might stipulate auditor independence, informal norms often prevail, particularly where internal auditors report to the same individuals whose work they are auditing. Additionally, political considerations in the local authority context amplify the pressure placed on auditors.

### 4.4 Assessment of Management Support

This section focuses on how management involvement, engagement, and resource allocation affect the practical adoption of audit findings and recommendations. The dataset includes four key indicators related to management support: Management Support Level, Implementation of Recommendations Frequency, Management Buy-in Challenges, and Management Valuation of Auditing.

#### 4.4.1 Descriptive summary of Management Support

Table 4.7 summarizes how respondents perceive overall **Management Support Level**, how frequently audit recommendations are implemented, the challenges encountered in gaining buy-in from management, and the extent to which auditing is valued at the leadership level.

**Table 4.7 Management Support**

Indicator	Categories	Frequency	Percentage
<b>Management Support Level</b>	Very High	8	16%
	High	12	24%
	Moderate	15	30%
	Low	10	20%
	Very Low	5	10%
<b>Total</b>		50	100%
<b>Implementation of Recommendations Frequency</b>	Always	10	20%
	Often	10	20%
	Sometimes	15	30%
	Rarely	8	16%
	Never	7	14%
<b>Total</b>		50	100%
<b>Management Buy-in Challenges</b>	Resistance to change	18	36%
	Lack of awareness	15	30%
	Resource constraints	17	34%
<b>Total</b>		50	100%

<b>Management Valuation of Auditing</b>	Yes	28	56%
	No	22	44%
<b>Total</b>		50	100%

Source: Field Data

From Table 4.7, a combined 40% (Very High + High) of the participants regard management support as strong, while 30% consider it moderate, and another 30% (Low + Very Low) find it lacking. Regarding implementation frequency, only 20% say recommendations are “always” followed through on, with another 20% reporting “often.” More than half the respondents (60%) note that recommendations are only “sometimes,” “rarely,” or “never” implemented.

When asked about challenges in securing management’s buy-in, 36% point to resistance to change, 34% cite resource constraints, and 30% highlight a lack of awareness about the importance of internal auditing. Just over half (56%) feel that top leadership appreciates the value of auditing, though 44% remain unconvinced of management’s commitment.

#### 4.4.2 Qualitative Insights

The in-depth interviews shed additional light on how management support (or the lack thereof) shapes the real-world application of audit findings:

**“Our audits uncover weaknesses, but unless top management takes them seriously, the same issues reappear year after year.”**

*(Interview Participant G, Internal Auditor, less than 1 year experience)*

**“Management is usually open to discussions, but the follow-through on budgetary and policy changes is slow. We end up repeating recommendations.”**

*(Interview Participant H, Audit Manager, 1–3 years’ experience)*

**“When a senior manager champions our findings, we see immediate results. If not, the audit report basically just gathers dust.”**

*(Interview Participant I, Senior Manager, 4–6 years’ experience)*

Two main themes emerged:

1. **Leadership-Driven Culture:** Respondents consistently noted that implementation is more successful when a senior figure sponsors the recommended changes.
2. **Link to Resource Allocation:** Even when management appears supportive, effective implementation often stalls due to budget or staff constraints, mirroring the trends described in Section 4.2.

#### 4.5 Capacity Building for Audit Efficiency

This section examines the extent to which professional development, training, and skill enhancement contribute to the operational efficiency of internal audit units at Lusaka City Council. The dataset includes four key indicators related to capacity building: Training and Development Availability, Capacity-Building Training, Skills/Training Needed, and Professional Growth Opportunities.

##### 4.5.1 Descriptive Summary of Capacity Building

Table 4.8 consolidates responses regarding the presence of structured training programs, perceived gaps in current skill sets, and the availability of professional growth pathways within the internal audit function. Respondents rated each indicator on a scale or provided categorical responses as applicable.

**Table 4.8: Descriptive Summary of Capacity Building**

Indicator	Categories	Frequency	Percentage
<b>Training &amp; Development Availability</b>	Very High	5	10%
	High	10	20%
	Moderate	15	30%
	Low	10	20%
	Very Low	10	20%
<b>Total</b>		50	100%

<b>Capacity-Building Training</b>	Yes	20	40%
	No	30	60%
<b>Total</b>		50	100%
<b>Skills/Training Needed</b>	Technical skills	15	30%
	Policy knowledge	10	20%
	Leadership training	10	20%
	Other (e.g., IT, forensics)	15	30%
<b>Total</b>		50	100%
<b>Professional Growth Opportunities</b>	Yes	25	50%
	No	25	50%
<b>Total</b>		50	100%

Source: Field Data

From Table 4.8, only 30% (Very High + High) of respondents feel training and development opportunities are readily accessible. A notable 20% report that such opportunities are “Low” and another 20% find them “Very Low.” When asked whether they participate in capacity-building programs, 40% said Yes, leaving a majority (60%) with no regular training initiatives.

Regarding skills or training needed, technical competencies and specialized areas (IT, forensic audits) each garnered 30% of the responses, suggesting considerable demand for more advanced or targeted professional development. Meanwhile, half the respondents (50%) believe there are no clear pathways for professional growth, reflecting potential concerns about career progression and long-term development within the audit unit.

#### 4.5.2 Qualitative Insights

The interviews reinforce these findings, with many participants emphasizing the link between robust capacity-building efforts and improved audit efficiency:

**“We waste a lot of time doing manual checks. If we had training in data analytics, we could spot irregularities faster.”**

*(Interview Participant J, Internal Auditor, less than 1 year experience)*

**“Our staff have general audit knowledge, but we need more specific training, like forensic auditing, to handle complex fraud cases.”**

*(Interview Participant K, Audit Manager, 1–3 years’ experience)*

**“I’ve tried pushing for a formal growth plan. Without it, people don’t see a future here, and we lose good auditors to private firms.”**

*(Interview Participant L, Senior Manager, 4–6 years’ experience)*

These interviews highlight **two crucial themes**:

1. **Efficiency Gains Through Specialized Training:** Where advanced skills have been introduced (e.g., data analytics), auditors report faster turnaround and fewer overlooked issues.
2. **Retention and Growth:** A more structured career path and a well-funded training program could help the council retain talent and encourage auditors to develop innovative solutions.

#### **4.6 Chapter Summary**

In sum, resource constraints, lack of independence, variable management support, and insufficient capacity building function as interlinked factors that influence the effectiveness of internal auditing at Lusaka City Council. The chapter’s findings underscore the importance of addressing each of these elements holistically—through enhanced funding mechanisms, clearer governance structures, strong managerial endorsement, and strategic training investments—to achieve the overarching goal of improving internal audit efficiency and impact.

In the next chapter, these findings will be discussed in relation to existing literature and theoretical frameworks.

## **CHAPTER FIVE: DISCUSION OF FINDINGS**

### **5.0 Introduction**

This chapter discussed the findings of the study, interpreting the results presented in Chapter Four and aligning them with the literature reviewed in Chapter Two. The discussion was structured around the study's objectives, which focused on understanding the challenges affecting the effectiveness of internal audit units (IAUs) at Lusaka City Council (LCC). These objectives included analysing the impact of resource constraints, evaluating the role of independence, assessing management support, and exploring the influence of capacity building on internal audit performance. By integrating empirical findings with theoretical and empirical literature, this chapter provided a comprehensive analysis of the systemic and operational issues faced by IAUs and their implications for governance and accountability at LCC.

### **5.1 The Impact of Resource Constraints on the Effectiveness of Internal Audit Units**

Resource constraints emerged as one of the most significant factors impeding the effectiveness of internal audit units (IAUs) at Lusaka City Council (LCC). The findings revealed that financial, human, and technical limitations had a pervasive impact on the unit's ability to conduct comprehensive audits, ensure compliance, and promote operational efficiency.

The response from the questionnaire showed that only 20% of respondents rated resource availability as "High" or "Very High," while 40% rated it as "Moderate," and

another 40% viewed it as “Low” or “Very Low.” These statistics highlighted a severe lack of resources to support effective auditing processes. Interview participants described resource challenges as a major impediment to their work. For instance, one internal auditor noted, *“We are unable to expand our audit coverage because there are not enough personnel or funds to support these activities.”* Another respondent added, *“We are still reliant on manual systems, which are time-consuming and prone to errors.”*

The findings aligned with global literature, such as Cohen and Sayag (2019), who observed that resource limitations constrain audit scope and delay task completion in public sector organizations. However, while developed countries often experience marginal resource constraints, the challenges at LCC represented a more severe scenario. For example, internal auditors reported struggling to access basic tools and training, a situation mirrored in Sub-Saharan African studies. Makori and Musyoka (2021) found that resource scarcity in Kenyan county governments often led to incomplete audits and an over-reliance on outdated practices.

In the Zambian context, Mwale and Banda (2019) highlighted similar issues, noting that inadequate staffing and insufficient financial resources were common among local authorities. At LCC, resource constraints also affected the timeliness of audits, with many participants citing delays in completing annual audit plans. This echoed findings from Nyirenda and Phiri (2020), who stated that limited access to modern technology and qualified personnel negatively impacted the quality and speed of audits in Malawian local authorities.

The resource-based view (RBV) theory provided a theoretical framework for understanding these findings. Barney (1991) emphasized that organizations could achieve superior performance if they possessed valuable, rare, inimitable, and non-substitutable resources. At LCC, the absence of such resources hindered the unit’s ability to deliver effective audits. The reliance on outdated systems and limited staff capacity illustrated how a lack of investment in critical resources undermined the efficiency of the internal audit function.

Addressing these challenges requires strategic investments in financial, human, and technological resources. For instance, prioritizing the procurement of modern audit tools and expanding the budget for audit functions could significantly enhance efficiency. Additionally, increasing staffing levels and providing specialized training would enable auditors to cover a broader range of activities and adopt best practices

in their work. By aligning resource allocation with audit priorities, LCC could strengthen its internal audit processes and improve governance outcomes.

## **5.2 The Effect of Lack of Independence on the Performance of Internal Auditors**

The lack of independence emerged as a critical challenge that significantly undermined the performance of internal auditors at Lusaka City Council (LCC). Internal audit independence is essential for ensuring objectivity, credibility, and impartiality in evaluating governance, risk management, and operational controls. However, the findings indicated that hierarchical reporting structures, political interference, and conflicts of interest frequently compromised the autonomy of the internal audit function at LCC.

The data showed that 56% of respondents believed that management valued internal auditing, 44% felt that actions by management did not reflect this sentiment. Additionally, respondents highlighted that hierarchical reporting structures often placed auditors under the direct supervision of senior management, creating conflicts of interest. Qualitative insights reinforced this finding, with one participant stating, *“Our independence is limited because we report directly to the same people, we are auditing. It creates a conflict where findings are ignored or suppressed.”*

These findings aligned with global studies, such as Sarens and De Beelde (2018), which noted that internal auditors reporting directly to management faced significant challenges in maintaining independence. The study emphasized that when management influenced audit outcomes, the credibility and effectiveness of internal audits were compromised. Similarly, Abbott et al. (2020) observed that organizational structures restricting direct access to governing boards reduced auditors’ ability to identify and mitigate risks effectively.

In the Sub-Saharan African context, studies highlighted similar concerns. Wanyama and Wamukoya (2019) found that political interference and hierarchical control often compromised auditor independence in Kenyan local authorities. The findings from LCC mirrored these challenges, with auditors reporting instances of political influence dictating the focus and scope of audits. For example, one participant noted, *“There are areas we are discouraged from auditing because they involve politically sensitive projects.”*

Zambian literature, including Mwale and Ngulube (2020), also identified a lack of independence as a significant barrier to the effectiveness of internal audit units. The study emphasized that reporting structures, which placed auditors under direct control of local council management, limited their capacity to provide objective assessments. This dynamic was further exacerbated by the absence of legal protections for internal auditors, leaving them vulnerable to undue influence.

Institutional theory (Meyer & Rowan, 1977) provided a useful framework for understanding these findings. The theory posited that organizations often conform to external pressures and institutional norms, even when such conformity compromises operational efficiency. At LCC, political and organizational pressures influenced the internal audit unit's operations, leading to practices that prioritized institutional stability over audit independence and effectiveness.

To address these challenges, systemic reforms are necessary to enhance the independence of internal auditors at LCC. Establishing independent reporting channels, such as direct access to an audit committee or governing board, would reduce conflicts of interest and strengthen the credibility of the audit function. Legal protections and frameworks that safeguard the autonomy of internal auditors should also be prioritized. These measures would ensure that auditors can perform their duties objectively and contribute to improving governance and accountability at LCC.

### **5.3 The Influence of Management Support on the Implementation of Audit Recommendations**

Management support plays a pivotal role in determining whether internal audit recommendations are effectively implemented. The findings from Chapter Four highlighted inconsistent and insufficient managerial support at Lusaka City Council (LCC), which significantly hindered the effectiveness of the internal audit unit (IAU). Without strong backing from management, audit findings often went unaddressed, perpetuating inefficiencies and governance issues.

Summary of data showed that only 40% of respondents rated management support as "Very High" or "High," while 60% noted that support was "Moderate," "Low," or "Very Low." Furthermore, 60% of respondents indicated that audit recommendations were implemented only "sometimes," "rarely," or "never," suggesting a lack of follow-through from management. Qualitative insights reinforced these findings, with participants

repeatedly emphasizing the critical role of senior leadership. One auditor remarked, *“Management agrees with our findings during discussions, but there is no follow-up to ensure implementation.”* Another participant added, *“The implementation of recommendations depends on whether a senior manager sees the issue as a priority. If they don’t, the recommendations are ignored.”*

These observations aligned with global literature, such as Arena and Azzone (2018), who demonstrated that organizations with proactive managerial support were significantly more likely to implement audit recommendations. Their study showed that managerial attitudes, open communication, and alignment of audit recommendations with organizational goals were critical determinants of successful implementation. However, these findings largely reflected contexts in developed countries with stronger governance frameworks and greater managerial accountability.

In Sub-Saharan Africa, studies by Musyoka and Makori (2019) highlighted similar challenges. They found that weak managerial oversight and competing priorities often resulted in unaddressed audit recommendations in Kenyan county governments. Agyemang et al. (2021) identified additional barriers, such as political interference and lack of technical understanding among managers, which further complicated the implementation process. These issues closely mirrored the challenges faced by LCC, where resource constraints (34%), resistance to change (36%), and lack of awareness about the value of auditing (30%) emerged as key obstacles to managerial support.

In Zambia, research by Chilufya et al. (2021) and Mwale and Banda (2020) highlighted a persistent gap in managerial commitment to audit functions. These studies emphasized that management’s failure to act on audit findings not only undermined the effectiveness of IAUs but also eroded public trust in governance systems. The findings from LCC echoed these concerns, with participants frequently citing resistance from senior management as a significant barrier to implementing recommendations.

Institutional theory (Meyer & Rowan, 1977) offered a framework for understanding these dynamics. The theory suggested that external pressures and organizational norms often influenced managerial priorities, leading to a misalignment between audit recommendations and managerial actions. At LCC, competing demands, limited accountability mechanisms, and political considerations likely contributed to the observed gaps in managerial support.

To address these challenges, it is essential to institutionalize management support for internal audits. Establishing clear accountability mechanisms, such as mandatory follow-up procedures for audit recommendations, could ensure greater managerial commitment. Aligning managerial performance metrics with governance outcomes would further encourage the prioritization of audit findings. Additionally, targeted training programs for managers on the importance and benefits of internal auditing could foster a more collaborative relationship between auditors and leadership. Such measures would enhance the implementation of audit recommendations, thereby improving governance and operational efficiency at LCC.

#### **5.4 The Role of Capacity Building in Improving Audit Efficiency**

Capacity building was identified as a critical factor influencing the efficiency and effectiveness of internal audit units (IAUs) at Lusaka City Council (LCC). The findings in Chapter Four revealed significant gaps in training, professional development, and the availability of resources to enhance auditors' skills and competencies. These deficiencies hampered the unit's ability to adapt to evolving challenges and implement innovative auditing techniques.

The data indicated that only 30% of respondents rated training and development opportunities as "Very High" or "High," while 40% reported these opportunities as "Low" or "Very Low." Moreover, 60% of participants stated that they had not participated in capacity-building programs, underscoring the limited availability of structured professional development initiatives. Respondents also highlighted specific areas where skills were lacking, including technical skills (30%), forensic auditing (30%), and policy knowledge (20%). Qualitative findings supported these observations, with one participant noting, *"We waste a lot of time on manual processes because we lack training in data analytics, which would make audits faster and more effective."*

These findings aligned with global literature, such as Johnson and Goodwin (2021), who emphasized that continuous professional development (CPD) and certifications like Certified Internal Auditor (CIA) enhanced audit quality by equipping auditors with advanced skills. However, while developed countries often had robust capacity-building programs, the situation at LCC mirrored challenges in resource-constrained environments. For instance, Ali et al. (2020) found that financial and institutional

barriers frequently limited access to training and certifications in municipal governments in developing countries.

In Sub-Saharan Africa, studies by Wanjohi and Njenga (2020) highlighted similar issues, where generic training programs failed to address the specific needs of auditors. The lack of alignment between capacity-building efforts and organizational challenges often rendered such initiatives ineffective. Chikwe and Anumba (2019) further emphasized that political interference and limited funding frequently disrupted training programs, leaving auditors ill-equipped to handle complex scenarios. At LCC, participants noted that capacity-building initiatives were often ad hoc and poorly coordinated, reflecting a similar pattern.

In Zambia, research by Nkhoma et al. (2021) and Phiri and Banda (2020) underscored the absence of targeted training programs and sustainable capacity-building initiatives for IAUs. These studies highlighted that many local authorities lacked the financial resources to support certifications and advanced training, leaving auditors reliant on outdated techniques. The findings at LCC reinforced this narrative, as participants frequently cited a lack of structured growth plans and professional development pathways as major concerns. One participant remarked, *“Without a formal career progression plan, auditors feel demotivated and often leave for better opportunities in the private sector.”*

The resource-based view (RBV) theory (Barney, 1991) provided a framework for understanding the implications of these findings. The theory posited that organizations could achieve superior performance by investing in valuable, rare, inimitable, and non-substitutable resources. At LCC, the absence of such investments in human capital significantly limited the unit’s ability to deliver high-quality audits. The lack of specialized training and professional certifications undermined the unit’s capacity to adopt modern audit practices and respond to emerging risks effectively.

To address these challenges, a comprehensive capacity-building strategy is required. This strategy should include targeted training programs tailored to the specific needs of LCC’s auditors, such as data analytics, forensic auditing, and risk-based auditing techniques. Establishing partnerships with professional bodies, such as the Institute of Internal Auditors (IIA), could facilitate access to certifications and specialized courses. Additionally, implementing structured career progression plans would help retain skilled auditors and foster a culture of continuous improvement within the unit.

These measures would enhance the technical and operational efficiency of the IAU, enabling it to meet the demands of modern governance effectively.

## **5.5 Chapter Summary**

This chapter discussed the key findings of the study, focusing on the challenges affecting the effectiveness of internal audit units (IAUs) at Lusaka City Council (LCC). The analysis highlighted that resource constraints, lack of independence, inconsistent management support, and insufficient capacity-building initiatives were critical barriers to audit efficiency and governance. These findings were aligned with existing literature and theoretical frameworks, including the resource-based view (RBV) and institutional theory, which provided insights into the systemic nature of these challenges. Recommendations such as enhancing resource allocation, safeguarding auditor independence, strengthening managerial commitment, and implementing targeted training programs were suggested as actionable strategies to improve the effectiveness of IAUs and enhance public sector accountability and transparency.

## **CHAPTER SIX: CONCLUSIONS AND RECOMMENDATIONS**

### **6.1 Summary of the Study**

This study sought to investigate the challenges affecting the effectiveness of internal audit units (IAUs) at Lusaka City Council (LCC), focusing on resource constraints, lack of independence, management support, and capacity building. The research was motivated by the critical role IAUs play in ensuring accountability, operational efficiency, and financial transparency within public sector organizations. Chapter One established the significance of addressing systemic issues in local governance, articulated the research objectives, and presented the central questions guiding the inquiry. The methodology, outlined in Chapter Three, employed a qualitative approach, incorporating both quantitative and qualitative data collection methods. A survey and semi-structured interviews were used to gather insights from internal auditors and management staff at LCC. The analysis presented in Chapter Four revealed that resource shortages, weak independence structures, inconsistent managerial support, and insufficient professional development were key barriers to effective internal auditing. The findings were contextualized in Chapter Five, linking them to theoretical frameworks and existing literature, thereby demonstrating their relevance to both academic discourse and practical governance reforms.

### **6.2 Discussion of Key Findings**

The findings from the study illuminated several critical challenges faced by IAUs at LCC. First, resource constraints were shown to significantly limit the scope and quality

of audits. The lack of modern auditing tools, insufficient financial support, and inadequate staffing levels were consistent with challenges highlighted in previous research (e.g., Cohen & Sayag, 2019; Mwale & Banda, 2019). Second, the lack of independence emerged as a major impediment, with hierarchical reporting structures and political interference undermining the objectivity and credibility of internal audits. These findings were consistent with studies like Sarens and De Beelde (2018), which emphasized the importance of autonomy for effective auditing.

Third, inconsistent management support was found to hinder the implementation of audit recommendations. This finding aligned with Arena and Azzone (2018), who highlighted the role of proactive managerial attitudes in ensuring the success of internal audits. Finally, capacity-building deficits were identified as a significant barrier, with many auditors lacking access to targeted training programs and professional certifications. These findings echoed those of Johnson and Goodwin (2021), who emphasized the importance of continuous professional development in enhancing audit efficiency. Collectively, these findings addressed the research objectives and provided a comprehensive understanding of the systemic issues undermining the effectiveness of IAUs at LCC.

### 6.3 Implications of the Findings

The study's findings have several theoretical and practical implications. Theoretically, the results enrich the understanding of internal auditing challenges within public sector organizations in developing countries, particularly Zambia. By applying the resource-based view (RBV), institutional theory, and agency theory, the study demonstrated how systemic factors such as resource allocation, governance norms, and principal-agent dynamics interact to shape the effectiveness of IAUs. Practically, the findings underscore the need for targeted interventions to address the identified challenges. Strengthening resource allocation mechanisms, safeguarding auditor independence, and enhancing management accountability are critical steps for improving audit performance. Additionally, capacity-building initiatives, such as targeted training programs and partnerships with professional bodies, could equip auditors with the skills needed to adapt to evolving challenges. Policymakers and local government administrators can use these insights to formulate strategies that promote governance and accountability in public sector organizations.

## 6.4 Limitations

While the study provided valuable insights, certain limitations should be acknowledged. First, the sample size was limited to internal auditors and management staff at LCC, which may restrict the generalizability of the findings to other local authorities in Zambia. Second, the reliance on self-reported data in interviews and surveys introduced the potential for response bias, as participants may have downplayed or exaggerated certain challenges. Third, logistical challenges during data collection, such as limited access to some respondents and delayed scheduling, may have influenced the depth of the qualitative data. Finally, the study focused on a qualitative approach, which, while providing rich contextual insights, did not incorporate quantitative methods that might have allowed for broader statistical generalizations. Despite these limitations, the study offers a robust foundation for understanding the systemic barriers affecting IAUs in local authorities.

## 6.5 Recommendations

The following recommendations are tailored to address the study's objectives

### **6.5.1 Addressing Resource Constraints (Objective 1)**

Consider Allocating 5% of LCC's annual budget to the IAU to ensure consistent funding for staffing, technology, and fieldwork. This measure directly addresses the reliance on outdated systems and staffing gaps identified in audit reports (2020–2023). Prioritize investments in audit software to automate repetitive tasks and reduce manual errors, as suggested by auditors in structured interviews.

Expand the IAU workforce from 13 to 25 auditors by 2025, focusing on recruiting specialists in risk management, IT audits, and forensic accounting. This aligns with findings from Nyirenda and Phiri (2020), who emphasized staffing as critical for audit quality.

### **6.2.2 Enhancing Independence (Objective 2)**

The government should consider amending the Lusaka City Council Act to mandate that the IAU reports directly to the Council Audit Committee, not the Town Clerk or department heads. This change would mitigate conflicts of interest, as highlighted by 56% of respondents who noted management interference.

The government should establish legal protections for auditors against retaliation, drawing on Zambia's Public Audit Act No. 13 of 2020 as a model. Additionally, the government should consider developing a charter prohibiting councillors and senior management from influencing audit scopes or findings, as recommended by external stakeholders.

### **6.2.3 Strengthening Management Support (Objective 3)**

The government through the LCC should integrate audit recommendation compliance into departmental KPIs. For example, tie 10% of department heads' performance bonuses to the implementation of at least 80% of audit findings annually. They could also publish quarterly audit implementation reports on LCC's website to enhance transparency, as suggested by Chilufya et al. (2021).

### **6.2.4 Building Audit Capacity (Objective 4)**

The government through the LCC should partner with the Zambia Institute of Chartered Accountants (ZICA) and the Institute of Internal Auditors (IIA) to provide subsidized certifications for auditors. They could also design a structured career path for auditors, including promotions tied to certifications and performance metrics. This addresses the 30% skills gap identified in surveys and reduces staff turnover.

## **6.6 Concluding Remarks**

In conclusion, this study demonstrated that resource constraints, lack of independence, inconsistent management support, and insufficient capacity building significantly hinder the effectiveness of IAUs at Lusaka City Council. By addressing these systemic challenges, the internal audit function can be strengthened to enhance governance, accountability, and operational efficiency. The study successfully achieved its objectives and contributed to the academic and practical understanding of internal auditing challenges in Zambia. Future research could expand the scope to include multiple local authorities and incorporate quantitative methods for broader generalizations. This research serves as a foundation for continued inquiry into the role of IAUs in public sector governance and offers actionable recommendations for improving their effectiveness in resource-constrained environments.

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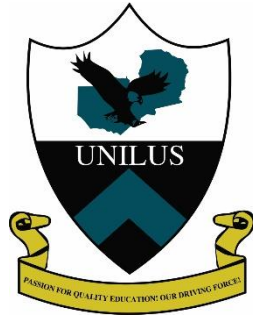
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## Appendix A. QUESTIONNAIRE



UNIVERSITY  
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### School of Postgraduate Studies

#### RESEARCH QUESTIONNAIRE

#### Questionnaire for the Study: Challenges Faced by Internal Audit Units at Lusaka City Council

Dear Participant,

Thank you for agreeing to participate in this study, which aims to investigate the challenges faced by the Internal Audit Unit (IAU) at Lusaka City Council. Your responses will provide valuable insights into the operational, regulatory, and organizational factors affecting internal auditing in the public sector. Please note that your responses will be kept confidential and used solely for academic purposes. Participation is voluntary, and you may withdraw at any time without penalty.

Please answer the following questions honestly and to the best of your ability. If you have any questions or concerns, feel free to contact the researcher.

#### Section A: Demographic Information

1. What is your gender?
2. What is your age group?
  - a) Below 25
  - b) 25-34
  - c) 35-44
  - d) 45-54
  - e) 55 and above

3. What is your highest level of education?
  - a) Diploma
  - b) Bachelor's Degree
  - c) Master's Degree
  - d) Other (please specify): \_\_\_\_\_
4. What is your current role in the Lusaka City Council?
5. How many years of experience do you have in internal auditing?
  - a) Less than 1 year
  - b) 1–3 years
  - c) 4–6 years
  - d) More than 6 years

### **Section B: Resource Constraints**

6. Are the resources allocated to the Internal Audit Unit sufficient to meet its operational needs? (Yes/No)
7. What specific resource constraints does the IAU face? (e.g., budgetary limitations, staffing shortages, lack of modern tools)
8. How do these constraints impact the quality and timeliness of audits?

### **Section C: Independence of Internal Auditors**

9. How would you rate the independence of the Internal Audit Unit at LCC?
  - a) Very High
  - b) High
  - c) Moderate
  - d) Low
  - e) Very Low
10. Does the reporting structure of the IAU allow for unbiased and objective auditing? (Yes/No)
11. Are there instances of political or managerial interference in audit processes?  
Please explain.

### **Section D: Management Support**

12. How would you describe the level of support provided by management to the IAU?
13. Are audit recommendations typically implemented by management? (Yes/No)
14. What challenges does the IAU face in securing management buy-in for audit recommendations?

**Section E: Capacity Building**

15. Are there structured training and development programs for internal auditors at LCC? (Yes/No)

16. What specific skills or training areas do you believe are most needed by the IAU?

17. Are there clear pathways for professional growth and development within the audit unit? (Yes/No)

**Section F: Additional Comments**

18. Please share any additional comments or suggestions regarding the challenges faced by the Internal Audit Unit and potential solutions.

## **Appendix B. INTREVIEW GUIDE**

### **Dear Participant,**

Thank you for agreeing to participate in this interview, which is part of a study aimed at investigating the challenges faced by the Internal Audit Unit (IAU) at Lusaka City Council. Your insights are highly valuable and will contribute to a deeper understanding of the operational, regulatory, and organizational factors impacting internal auditing. Please be assured that all information shared will remain confidential and will be used solely for academic purposes. You may choose to skip any question you are not comfortable answering, and you are free to withdraw from the interview at any time.

The interview will consist of open-ended questions, allowing you to share your experiences and perspectives in detail. We appreciate your time and cooperation.

### **Section 1: Introduction and Background**

1. Could you briefly describe your role within the Lusaka City Council?
2. How long have you been involved in internal auditing, either at LCC or elsewhere?
3. What motivated you to pursue a career in internal auditing?

### **Section 2: Resource Constraints**

4. How would you describe the resources available to the Internal Audit Unit at LCC?
5. What are the primary resource constraints faced by the IAU (e.g., budget, staffing, tools, etc.)?
6. How do these resource challenges impact the overall effectiveness and efficiency of audits?

### **Section 3: Independence of Internal Auditors**

7. How independent do you feel the Internal Audit Unit is in carrying out its duties?
8. Can you provide examples of situations where the independence of the IAU was compromised?
9. What measures could be taken to enhance the independence of internal auditors at LCC?

### **Section 4: Management Support**

10. How would you characterize the support provided by LCC's management to the Internal Audit Unit?

11. Are audit recommendations typically implemented by management? Why or why not?

12. What challenges does the IAU face in securing management support for its findings and recommendations?

### **Section 5: Capacity Building**

13. Are there sufficient training and professional development opportunities for internal auditors at LCC?

14. What specific skills or areas of training do you think would improve the effectiveness of internal auditors?

15. How does the availability (or lack) of career growth opportunities affect the performance of internal auditors?

### **Section 6: Recommendations and Reflections**

16. Based on your experience, what do you believe are the most critical steps LCC could take to address the challenges faced by the IAU?

17. Are there any best practices or successful examples from other organizations that LCC could learn from?

18. Do you have any additional thoughts or suggestions on how to improve the effectiveness of the Internal Audit Unit?

# Appendix C. ORIGINALITY SCORES



**1.86%**

SIMILARITY OVERALL

**17.36%**

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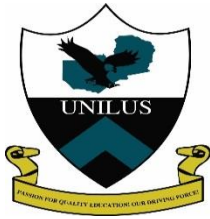
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- LIKELY AI** 4.40%
- HIGHLY LIKELY AI** 12.96%

## Report #24468779

- 1 2 Table of Contents ABSTRACT.
- 1 2 4 CHAPTER ONE: INTRODUCTION.
- 1 2 5 1.0
- Introduction.
- 1 2 5 1.1 Background of the Study.
- 1 2 .6
- 1.2 Statement of the Problem.
- 1 2 .8
- 1.5 Significance of the Study.
- 1 2 10



UNIVERSITY OF LUSAKA

SCHOOL OF POSTGRADUATE STUDIES

SUBMISSION OF DISSERTATION FOR EXAMINATION

Name of student:.....nancy Nosiku sikuka.....

Student number:...MBAFIN23120250.....

Programme of study:...MBA FINANCE.....

Dissertation title: Investigating Challenges Faced by Internal Audit Units in Local Authorities, A case study of Lusaka City.....

Signature of student: [Handwritten Signature]

Date: .....20.01.2025.....

Supervisor's Comments:

I recommend/ ~~do not recommend~~ this dissertation for submission for examination (If you do not recommend, kindly provide a written report and attach hereto).

Name of Supervisor: .....Mr. Iwiindi Sichala.....

Signature of Supervisor: [Handwritten Signature]

Date: .....20.01.2025.....



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*Passion for Quality Education: Our Driving Force*

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All correspondence should be addressed to the Vice Chancellor

Friday, December 6, 2024.

To whom it may concern,

Dear Sir/Madam,

**RE: DATA COLLECTION-NANCY NOSIKU SIKUKA**

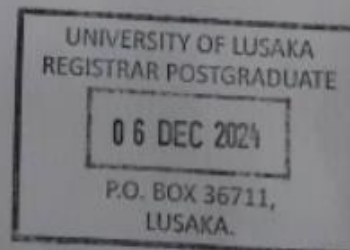
This serves to confirm that **Ms. Nancy Nosiku Sikuka** student number **MBAFIN23120250** is a registered student of the University of Lusaka pursuing a **Master of Business Administration in Finance** two Year Master's program currently in her **4<sup>th</sup> year 2<sup>nd</sup> semester** of study.

The student is seeking data to enable her write a mandatory dissertation for the award of her degree. Kindly assist with the data she needs in line with her research title to enable her finish in time for submission. A copy of the full dissertation can be availed to you at your request.

Any assistance rendered to her will be highly appreciated.

Yours faithfully,

Mwamba Chanda (Mr.)  
DEPUTY REGISTRAR






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No	Item	Done
1	Were you registered for GBS800 in the JUL-DEC 2024 semester?	yes
2	Has your FINAL DISSERTATION been signed by your supervisor <sup>1</sup> ?	yes
3	Have you attached the plagiarism similarity report to the appendix?	yes
4	Is your plagiarism similarity report below 20 percent together with the AI generated? Please append the similarity report to your dissertation.	yes
5	Have you submitted a soft copy version of your dissertation to the UNIVERSITY CLASS called "GBS 800 FINAL SUBMISSIONS- 12TH -20TH JAN 2025?" See point (3) on the next page for more details.	yes
6	What is your dissertation's total word count (including references and appendices)?	.....20,000..... WORDS
Candidate Name: NANCY NOSIKU SIKUKA		
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1	If you were not registered for GBS 800 for the period JUL-DEC 2024 you must do so otherwise you risk: <ul style="list-style-type: none"><li>• Not being scheduled for dissertation defense</li><li>• Not receiving communication</li><li>• Not receiving your GBS800 results</li><li>• Not meeting graduation criteria</li></ul>
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3	<b>GBS 800 FINAL SUBMISSIONS- 12TH -20TH JAN 2025</b>
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5	If anything is unclear, email the GBS800 coordinator or postgraduate office.

## Appendix C. ETHICAL CLEARANCE



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E-mail: unilus@zamnet.zm, ictar@zamnet.zm

### UNILUS-RESEARCH ETHICS COMMITTEE

Ref no:  
FWA00033228-2911/24

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

**STUDENT NAME:** Nancy Nosiku Sikuka

**EXAMINING THE CHALLENGES FACED BY INTERNAL AUDIT UNITS IN LOCAL AUTHORITIES. A CASE STUDY OF LUSAKA CITY COUNCIL**

The above research was submitted to the research ethics committee for review. The study has no major ethical problems and is approved subject to the following:

1. The study cannot be changed without express permission of the UNILUS research ethics committee.
2. Approval from the necessary authority should be sought.

The committee wishes you success in your work.



---

**Professor Kasonde Bowa**  
MSc(Glasgow), M.Med(UNZA), FRCS(Glasgow), FACS, FCS, DPH(LSTMH), MPH(UCL)  
Chairman- UNILUS REC  
Professor of Urology and Consultant Urologist  
Deputy Vice-Chancellor – Research and Innovation  
Executive Dean - School of Medicine and Health Sciences