

THE ROLE OF INTERNAL AUDITING FUNCTION IN CORPORATE GOVERNANCE IN A DECENTRALIZED GOVERNMENT SYSTEM: THE CASE OF GHANA

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ABSTRACT

Internal auditing function is central to good corporate governance. It provides the administrative framework within which financial transactions are to be performed. The study sought to examine the role of internal audit function in corporate governance at the CCMA. It adopted cross-sectional and descriptive study designs. A total of 132 respondents, comprising 76 staff of CCMA and 56 Assembly persons were sampled from a population of 206. Stratified random sampling was used to sample respondents for the study. The study adopted a questionnaire as an instrument to gather data from the respondents. The study found that the internal auditing function was helping to check the efficient use of resources at CCMA, and all the elements of internal auditing function had a positive effect on corporate governance. However, the effectiveness of internal auditing to corporate governance was limited by the lack of punitive measures to deter people from flouting directives from the internal audit unit. The study recommends that the internal audit unit in collaboration with the management of the Assembly should institute punitive measures to personnel who flout directives from the unit.

KEYWORDS: *Agency Theory, Corporate Governance, District Assembly, Internal Auditing Function, Stakeholder Theory*