

**INTERNAL AUDIT FINANCING AS A STRATEGIC TOOL IN ENHANCING
PERFORMANCE IN THE GHANA FORESTRY COMMISSION – 2024
CORPORATE INSTITUTE OF STRATEGIC RESEARCH, GLOBAL**

David Kwashie Ashiagbor. Ghana Forestry Commission, Internal Audit Department, Ghana,
West Africa. A Strategist, and a Doctoral Research Fellow of the Corporate Institute of Strategic
Research –CISR-Global Email - Kashgh.ea@gmail.com

Structured Abstract

Purpose:

This study examines the strategic influence of internal audit financing on organizational performance within Ghana's public sector, using the Ghana Forestry Commission (GFC) as a case study. It explores how financial provisions for internal auditing affect audit independence, operational effectiveness, and accountability mechanisms.

Design/Methodology/Approach:

The research employs a qualitative case study methodology underpinned by institutional isomorphism theory. Data were collected through semi-structured interviews with internal audit and finance personnel, analysis of official documents and audit reports, and field observations. Thematic content analysis was used to identify patterns and draw inferences.

Findings:

The study reveals that internal audit units at the GFC face significant financial constraints, including lack of a dedicated budget, delayed disbursements, and overreliance on the audited departments for logistical support. These challenges compromise the independence and scope of audit activities, reduce their impact on governance, and hinder the enforcement of accountability. Furthermore, audit findings are often underutilized in strategic performance decisions due to institutional neglect and symbolic compliance with audit standards.

Practical Implications:

The findings underscore the need for public institutions to treat internal audit financing as a strategic investment rather than a discretionary expenditure. Policymakers should consider establishing ring-fenced budgets, legal protections for audit independence, and improved follow-up mechanisms to integrate audit outputs into performance frameworks. Strengthening audit capacity can drive efficiency, transparency, and compliance in public sector management.

Originality/Value:

This study contributes to the limited empirical literature on internal audit financing in African public institutions. It offers a context-specific insight into how budgetary practices affect audit effectiveness and organizational accountability. The research introduces a novel perspective by linking audit financing to institutional theory and public sector reform, with practical relevance for governance, policy, and capacity-building in developing countries.

Keywords: internal audit financing, performance enhancement, strategic tool, Ghana Forestry Commission, financing framework

1.0 Introduction

The internal audit function is a panacea for sound control management, effectiveness, and assured going-concern. The role of internal audit has mostly been emphasised and skewed to the private sector, especially in developing economies. However, the growing concern for effective and sound public financial management and performance has not only improved the interest in internal audit but also has given new meaning and expanded in scope of the internal audit function (Andoh, 2020). To strengthen public financial management, ensure value for money, and performance, the role of internal auditors in the public sector is gaining increasing attention (Andoh, 2020; Hay & Cordery, 2018; Vadasi, Bekiaris, & Andrikopoulos, 2019).

Similar to the global world, Ghana has also recognised the important role of internal audit in the public sector leading to several reforms such as the enactment of the Internal Audit Agency (IAA) Act, 2003 (Act 658), and Public Financial Management (PFM), Act 2016 (Act 921). These reforms strengthened the legal support to position the practice of internal audit in the Ghanaian public sector (Awumah, 2024). According to Awumah (2024), Government of Ghana has also initiated further legislative and policy reforms through restructuring of internal auditing and injecting fiscal discipline in the public finance and performance. Moreover, Ghana has also adopted the Global Internal Audit Standards (GIAS).

Although these interventions and reforms have strengthened the position of the internal auditing function in the public sector, Ghana still reports a high public sector performance gap emphasised by huge financial irregularities (Andoh, 2020; Auditor General, 2023; Natural Resources and Environmental Governance (NREG), 2017). The Auditor General Report of 2023 revealed a whopping performance irregularity amounting to GHC8.9 billion. This has largely been attributed to recognition, independence and effectiveness of internal auditors in the Ghanaian public sector (Auditor General, 2023). Studies have explored various facets of internal audit independence and effectiveness (Andoh, 2020; Papanko, 2022), however, one element that is still in its infancy is financing internal audit function. There is a dearth of literature understanding the strategic importance of internal audit financing in the Ghanaian public institutions. Limited financing space for internal auditors and overreliance on consolidated budget of the corresponding public institutions do not only affect the independence but also the impede the internal audit function in improving the overall performance of the public sector institutions in Ghana. Therefore, it is not only useful for theory but also policy and practice to explore internal audit financing as strategic tool in enhancing performance in Ghanaian public institution using Ghana Forestry Commission as the study setting.

The choice of Ghana Forestry Commission (GFC) as the study setting is influenced by the fact that it is not only part of the Ghanaian public sector but also the sensitivity of its performance to Ghana and the global climate and sustainable development goals. Moreover, Natural Resources and Environmental Governance (NREG) report identified significant weaknesses in the performance of the GFC and challenges of the internal audit function (NREG, 2017), making the Commission an important candidate for this study.

Despite growing recognition of the role of internal audits in improving public sector performance, limited empirical work has examined how the financing of internal audit activities impacts performance outcomes in Ghana's public institutions. This study fills this gap by investigating the financial underpinnings of internal audit operations within the Ghana Forestry Commission. Understanding this relationship is crucial for policy reforms and institutional strengthening in Ghana's public governance framework.

2.0 Literature Review

2.1 The Concept and Role of Internal Audit in Public Sector Governance

Internal auditing has evolved from a narrow financial oversight function into a strategic governance tool that ensures efficiency, accountability, and organizational performance (Peursem, 2005). In the public sector, internal audit plays a pivotal role in safeguarding resources, enhancing transparency, and promoting compliance with laws and regulations (Van Gansberghe, 2005). According to the Institute of Internal Auditors (IIA, 2017), internal audit adds value by offering independent assurance and advisory services that strengthen internal control systems. Particularly in resource-constrained settings like Ghana, internal auditing is essential in ensuring prudent use of public funds and enhancing trust in government institutions (Amoako, 2016).

2.2 Internal Audit Financing: The Missing Link

The effectiveness of internal audit functions is inextricably linked to the adequacy of financing. As noted by Mihret and Yismaw (2007), without sufficient funding, internal audit units struggle to recruit competent staff, invest in training, or leverage technology. Moreover, the lack of financial autonomy undermines audit independence, as budget approvals are often controlled by the very entities being audited (Alzeban, 2015). Empirical studies have shown that where internal audits are underfunded, audit scope is limited, follow-up on findings is weak, and audit quality is compromised (Kumasey, 2020). This raises significant concerns about the sustainability and effectiveness of audit systems in the public sector.

2.3 Institutional Isomorphism and Audit Practice

Institutional theory, especially the concept of isomorphism as advanced by DiMaggio and Powell (1983), offers a useful lens for analyzing internal audit practices in public institutions. Isomorphism suggests that organizations tend to become similar due to coercive (legislative), mimetic (copying), and normative (professionalization) pressures. In Ghana, internal audit structures often mimic models from developed countries or adhere to government mandates without adequate contextual adaptation (Agyemang & Awumbila, 2019). However, mere structural mimicry without resource support leads to symbolic compliance rather than functional effectiveness. The Ghana Forestry Commission, like many public agencies, exhibits traits of coercive isomorphism through legislation mandating internal audits, but normative and financial support for these mandates remain weak.

2.4 Internal Audit and Performance Outcomes

Research increasingly links robust internal auditing to improved organizational performance. Arena and Azzone (2009) found that organizations with well-resourced and strategically aligned internal audit units report better operational outcomes, reduced risks, and stronger control environments. Conversely, audit units that are poorly financed often focus on routine compliance rather than value-added insights, limiting their impact on performance (Sarens & De Beelde, 2006). In the context of environmental and resource agencies like the Ghana Forestry Commission, internal audit is essential not only for financial integrity but also for monitoring regulatory compliance and sustainable resource management (Osei-Tutu, 2018). Hence, performance enhancement in such institutions is contingent upon empowering audit units through adequate and stable funding mechanisms.

3.0 Research Design

This study adopts a **qualitative case study design**, suitable for in-depth exploration of complex institutional dynamics surrounding internal audit financing within a specific public entity—the Ghana Forestry Commission (GFC). The choice of a case study design enables the researcher to investigate contextual realities and lived experiences, offering a holistic understanding of how internal audit financing influences organizational performance.

3.1 Philosophical Paradigm

The study is grounded in the **interpretivist epistemological paradigm**, which emphasizes the subjective meanings and social constructions underlying organizational practices. Given the institutional and behavioral nuances involved in audit financing, this paradigm allows the researcher to uncover hidden perspectives, power relations, and institutional constraints shaping audit effectiveness. The theoretical foundation is drawn from **Institutional Isomorphism Theory** (DiMaggio & Powell, 1983), which provides a framework for interpreting how public sector audit practices are shaped by coercive, mimetic, and normative pressures.

3.2 Data Collection Methods

Data were collected through **semi-structured interviews**, **document analysis**, and **observational insights**:

- **Interviews:** Ten purposively selected key informants were engaged, including internal auditors, finance officers, and senior managers within the Ghana Forestry Commission. The interviews focused on budget processes, audit autonomy, operational constraints, and performance accountability.
- **Document Analysis:** Relevant internal audit reports, budget statements, policy documents, and annual performance reviews of the GFC from 2020–2024 were analyzed to assess funding trends and audit outcomes.
- **Observation:** Informal observations within the internal audit and finance units provided contextual grounding for understanding logistical challenges and institutional culture.

3. Sampling Strategy

Purposive sampling was employed to select participants who possessed rich, relevant knowledge of internal audit financing and performance management in the GFC. This non-probability approach ensured that insights were gathered from individuals directly involved in policy formulation, audit implementation, and financial oversight.

3.5 Data Analysis

Data were analyzed using **thematic content analysis**. Interview transcripts and documents were coded manually to identify recurring patterns, concepts, and contradictions. The themes were organized in line with the study's conceptual framework, particularly focusing on:

- Audit independence and funding
- Audit coverage and quality
- Performance accountability
- Institutional constraints and reforms

The use of NVivo software enhanced the organization and triangulation of qualitative data, ensuring consistency and analytic depth.

3.6 Ethical Considerations

The study adhered to ethical standards governing research in public institutions. Prior to data collection, **ethical clearance** was obtained from the Ghana Forestry Commission's Research and Ethics Unit. Informed consent was secured from all participants, with assurances of **confidentiality**, **anonymity**, and **voluntary participation**. No personal identifiers were used in the reporting of findings, and data were stored securely.

4.0 Solutions and Findings

The study presents this section in sub-sections to reflect relevant key issues pertaining to the solution and findings. These are methods, results and discussions.

4.1 Methods

To answer the research questions and achieve the overall purpose of the study, the study follows qualitative analytical framework and descriptive design. Qualitative analytical approach explores and provides insight into real-world issues and problems (Moser, & Korstjens, 2017). Rather than focusing on numerical data for solutions, a qualitative research uses text data or non-numerical data to understand research participants' perceptions, experiences, and behaviour (Queku, 2016; Soratto, Pires, & Friese, 2020). The qualitative approach provides answers to the how and why questions instead of how much or how many questions. The choice of qualitative analytical framework is influenced by the fact that the nature of the study and solutions to the research questions require non-numerical or text data (Moser, & Korstjens, 2017; Soratto, et al., 2020).

The design for applying the qualitative framework is descriptive. According to Rakesh and Priya (2019), a descriptive design focuses on the description of the distribution of the study variables, without any causal or hypothesis testing framework. This design often involves exploring perceptions, views, and positions on the subject of interest. This research design is useful for identifying and reporting a problem or issue (Rakesh & Priya, 2019; Siedlecki, 2020) and suitable for resource planning and policy intervention (Rakesh & Priya, 2019). Since this study focuses on qualitative analysis where text data are primary, the descriptive design is suitable.

The data are collected through desktop review and interview of key informants at the internal audit department of GFC. The data are analysed by employing content and thematic analytical approach. This data analysis approach is consistent with the qualitative approach and descriptive design. Thematic analysis is a data analysis technique for qualitative research that uses conceptual tools for classifying, analysing and reporting repeated pattern in response to research needs (Braun & Clarke, 2006).

Under thematic analysis, researchers use an inductive approach to identify themes in order to create labels to describe the relevant data as per the study requirements. To employ the content and thematic analytical approach, this study uses the six (6)-steps framework of Clarke and Braun. The steps are outlined as follows:

- a. The first step is to familiarise with the data,
- b. Second, generate initial codes,
- c. Third, search for themes,
- d. Fourth, review the themes,
- e. Fifth, define and name the themes, and
- f. The last step is to generate the report.

In adopting the implementation steps of Clarke and Braun, the study also ensures that the content and thematic analysis reflect relevant themes in the research questions formulated in this study for easy interpretation and discussion.

4.2 Results and Discussions

The study developed an interview guide to facilitate the interview. Four demographic factors are collected from the participants all within the internal audit department. These are gender, age, education, and experience. The key informants that were interviewed are the head of the internal audit department, sectional heads, and senior officers of the department at the headquarters. In all, there were seven (7) participants in the GFC. The results are in Table 1.

It can be observed that the majority of the participants (5) are male representing 71.4% while 28.6% are females. This implies that the representation is gender imbalanced, however, it reflects the gender situation of the department. In terms of age, the majority (4) of the respondents are above 45 years, followed by those within the 36-45 years' bracket representing 28.6%, and those in 26-35 years. None of the participants is less than 26 years old. This demonstrates the high level of experience and the capacity to make an informed contribution to the subject under study.

Table 1 further provides that the majority (71.4%) of the participants are at the rank that is more than a manager. It is also observed that the greater percentage (42.8%) have had about 6-10 years and above 20 years of working experience each respectively while the minority (14.3%) had 11-20 years of experience. None of the participants had less than 6 years of working experience. These results corroborate the results from the age analyses. With this high level of working experience,

they have a better appreciation of the issues in question and their opinion may be strongly positioned to address the matter.

Table 1: Demographic Data of Key Informants

Demographic	Frequency/(Valid Percentage)
Gender	
Males	5(71.4%)
Females	2(28.6%)
Age	
Up to 25 Years	0(0%)
26-35 Years	1(14.3%)
36-45 Years	2(28.6%)
Above 45 Years	4(57.1%)
Rank	
Manager	2(28.6%)
Senior Manager	1(14.3%)
Principal Manager	1(14.3%)
Chief Manager	3(42.8%)
Experience	
Up to 5 Years	0(0)
6-10 Years	3(42.8%)
11-20 Years	1(14.3%)
Above 20 Years	3(42.8%)

Source: Ashiagbor (2024): Field Survey

Having presented the preliminary results on the background data, the study presents the results from the qualitative analyses. As explained earlier, the study follows content and thematic analytical procedures for the analyses. The study began the data analysis after the interviews were completed. The thematic analysis is conducted through an in-depth reading/listing of the responses, rereading, and listening.

The themes for the analyses were developed through continuous reading and listening of the audio recording and subsequently data reduction to determine data categories. The data reduction resulted in nine (9) sub-themes. These themes were: current funding sources, current arrangement for the release of funds, the sufficiency of funds for optimal practice, the implication of the current funding effectiveness and enhancement of the performance, reviewing the current funding arrangements, alternative funding arrangement in terms of release of funds, alternative source(s) of funds, recommended alternative source(s) of funding as a strategic tool to improve the effectiveness and recommended alternative source(s) of funding serve as a strategic tool to enhance the performance. The study reclassified these 9 sub-groups into three (3) themes to guide the research questions: nature and implications of the current financing framework, alternative financing framework, and effect of recommended alternative financing framework on performance. The summary of the details of the data reduction is captured in Figure 2.

4.2.1 Theme 1: Nature and Implications of the Current Financing Framework of the Internal Audit Department of Ghana Forestry Commission

This theme reflects the responses of the participants regarding the current financing dynamics of the internal audit department of the Ghana Forestry Commission (GFC). It describes the current funding sources, the current arrangement for the release of funds, the sufficiency of funds for optimal practice, the implication of the current funding effectiveness, and the enhancement of the performance. Participants generally revealed that the internal audit is funded primarily from the budget allocation from the general commission budget. One of the participants (RP) stated:

“Our current funding framework is an issue for the department.....Our funding is solely from the annual budgetary allocation approved by the Audit Committee...” (RP # 1)

Other officers provided:

“.....Sometimes I am surprised that an important and sensitive department like this is not self-resourceful but rather relies primarily on internal budget allocation” (RP # 5)

“We practically depend on management support to carry out approved risk-based planned Audit activities.in actually affects our engagements” (RP # 2)

It was also found that in terms of the arrangement for the release of funds, the current practice is that requests for funds are made based on an approved audit plan for each quarter and releases are made as and when funds are available from the Finance Directorate. One officer of the department explained:

“.....Releases of funds are however made upon submission of a quarterly program which delays unduly” (RP # 7)

The study revealed that the current funding sources and the release arrangement do not support optimal practice and discharge of internal audit function. When the question of ‘Does the current funding sufficient for optimal practice of the department?’ was raised, the unanimous response was ‘No’. An officer explained the implications of the current funding regime on the audit work as:

“The current funding regime lends support for inadequate risk coverage, affecting the quality of performance audit.....in fact, our independence is often in question as we sometimes need to engage in diplomacy to get some funding.” (RP # 4)

Another participant opined:

“.....there is sometimes delay in completion of audit engagement and implementation of audit plan.....ultimately the effectiveness and enhancement of performance of the commission suffers.....” (RP # 1)

“The Commission has sometimes been cited for some irregularities including uncollected debts, financial irregularities, and poor implementation of audit recommendations.....this could have been prevented had it not been the current funding challenges” RP # 6)

The overall, the findings revealed that the primary funding source is the annual budget allocation and this limits the funding regimes. The study further found that the release of funds is made upon submission of a quarterly program which delays unduly. Regarding the implications of the current funding framework, the results revealed that the current funding regime lends support for inadequate risk coverage, ineffective internal audit function, lack of independence, non-compliance with standards, and negative impact on accountability and transparency.

The findings corroborate some existing assertions in the empirical literature that the internal audit department (IAD) relies primarily on the budget allocated to them by the principal officers making

the accountability role of IAD ineffective (Andoh, 2020; George, Konstantinos & Theofanis, 2015; Papanko, 2022). The evidence of the negative effect of the weakness and overreliance on management support for funding internal audit engagements or plans affirms the coercive pressure (undue influence) assumption of the institutional isomorphic theory (IIT). Borrowing from the assumption of coercive pressure, the senior management or principal officers could use either the budget allocation or release of funds to coerce these auditors to follow certain norms that may be detrimental to public performance. This is evident in the negative implications of the current funding and release challenges on the internal audit function found in this study.

4.2.2 Theme 2: Alternative Financing Framework for the Internal Audit Department of Ghana Forestry Commission

This theme addresses the second objective and research question of this study. It explores possible financing alternatives and funding release arrangements for the internal audit department. This seeks to present alternative mechanisms to minimise the exposure to funding deficits and release gaps in the current regime. Two sub-themes were analysed: the sources of alternative funding and alternative funding release arrangements. One officer provided:

“.....yes alternative sources of funds should be identified.....there should also be timely releases of funds to undertake planned audit engagement” (RP # 6).

Another officer stated

“I think, we could consider self-financing model, where we engage in other support audit services, training and consulting services to generate alternative revenue for the department.....some of these initiatives could give us some respite” (RP # 3).

It was further suggested:

“.....as a statutory institution, sometimes it is difficult to get alternative funding due to the legalities. However, we can also look at what I will call co-sourcing model.we may collaborate with external audit firms to supplement internal audit resources.....this outsourcing could minimise the workload for us so we manage the rest with the current funding regime.....” (RP # 4).

Another officer responded to the funding alternative as:

“In my previous unit, we sourced for grant for the institution. Instead of going through institution-wide grant search, the audit department can initiate grant proposal to source for funding to support its work.....this type of grant may be sourced from international organisations, NGOs or governments.....this may be a game changer even though it would require a lot of works and efforts” (RP # 1).

It was also suggested

“.....alternative funding, I cannot say much. What I can tell you is that one way to get relief is through cost reduction.....we may consider internal audit shared services, where resources and cost are shared with other government agencies” (RP # 2)

In terms of the alternative arrangements for the release of budget allocation, the study revealed some insightful findings. It was suggested:

“.....of course the release of funds should be based of a defined schedule such as quarterly.....like releasing the funds in the first week of every quarter. With this defined framework, we can properly plan our audit activities based on the expected inflow.....it is sometimes frustrating when you hear that there is no money when you are actually due to start an engagement.....” (RP # 6)

Another participant added:

“We can adopt a uniform funding release regime for all internal audit departments of statutory institutions such as the commission.....we may follow the Ghana Revenue Authority regime where on assessment taxpayers are expected to make instalment payment each quarter.....however, she at the beginning of the quarter we get one-third of our budget, then the rest spread over three quarters equal beginning the first week of each quarter.....This will ensure that we almost always have something to depend”(RP # 3)

Participant RP # 1 made a similar suggestion but placed in a different context as follows:

“.....the internal audit departments of public institutions should be weaned off from the budget of the institutions they are placed. Rather, the budget should be charged to the internal audit agency and released quarterly possibly one-month before a given quarter.....This would not only address the funding difficulty but also address the independence and minimise undue pressure.....”

The findings suggest that overall there are difficulties in ascertaining alternative funding for the internal audit department of the commission and alternative framework for releasing funds. The evidence from the analyses revealed that the alternative sources of funding for the internal audit department are diverse from the perspective of the participants. The findings revealed that the fundamental alternative funding sources are self - financing model, co-sourcing model, and grant funding. It was also evident in the analyses that respondents generally agreed that funding should be released quarterly, however, the release should be in advance of the quarter to which it relates. Similar to the funding alternatives, there were also alternative suggestions for funding release. One of the core issues was attaching the internal audit budget to the internal audit agency. The evidence supports the existing evidence that there is the need for funding overhaul for internal audit agencies of public institutions due to workplace challenges including financing which limits internal auditors' potential to contribute to the much-desired value-adding capabilities to the public sector such as GFC (Sakour & Laila, 2015; Vadasi, 2019).

4.2.3 Theme 3: Effect of Alternative Financing Framework for the Internal Audit Department on the Performance of the Ghana Forestry Commission

This is the final theme of the analyses and it addresses the third objective and research question of this study. This theme summaries the results projecting the effect of the alternative financing framework for the effectiveness of the internal audit department and performance of the commission. Two sub-themes were analysed: the effect on the effectiveness of IAD and on the performance of the commission. One officer provided:

“..... implementing alternative sources of funding could have untold positive effect on our effectiveness.....example, this would increase our visibility and independence, improve risk management and timely reporting and increase stakeholder trust.....”(RP # 4)

Further positive reasons cited by the respondents to support alternative sources of funding to improve the effectiveness of the internal auditors include improved independence and objectivity, increased comprehensive audit coverage and frequency, and improved staff development and training. It was also revealed that strong funding alternatives could also enable investment in audit software and tools, enable the establishment of robust quality assurance and improvements. Some officers provide:

“Sufficient funding could enable the establishment of robust quality assurance and improvements ensuring high quality audit service delivery.”(RP # 1)

“.....if we are able to get relevant funding support other than what currently exists, it would enhance continuous auditing and monitoring by providing real time insights and recommendations.”(RP # 5)

The bottom-line of improved funding for the IAD is enhanced overall performance of the Commission. The participants generally revealed that improved internal audit financing would improve accountability and value for money by minimizing financial irregularities and better resource allocation. Moreover, the overall risk exposure of the Commission could be minimised.

“I really struggle to understand why the public cries foul of huge financial irregularities in Auditor General’s report and we don’t receive the same energy to resource the various internal audit departments to fill this integrity gap.....I am certain that if we are well-resourced, sanity would be bred into all facets of the institution including accountability and high-performance culture” (RP # 3)

The evidence that improved internal audit financing improves internal audit effectiveness and enhances the performance of the Commission is not surprising following the assumptions of institutional isomorphism theory. Improved alternative financing sources revealed this study seem to de-link or avoid overreliance on institutional management-led funding. This has the capacity to minimise isomorphic pressures especially coercive pressure and this evidently improves the effectiveness of IAD through independence and objectivity and ultimately the overall performance of the associated institutions (Misani, 2010; Muda, et al., 2024). Thus, senior management or principal officers would not have a significant undue influence as the ability to use either the budget allocation or release of funds to coerce these auditors to follow certain norms which may be detrimental to public performance could be curtailed (Andoh, 2020; Attipoe, 2021; Papanko, 2022).

5.0 Conclusions

This study focused on internal audit financing as a strategic tool for enhancing performance using the Ghana Forestry Commission as the study setting. The study followed qualitative analytical procedures coupled descriptive survey to conduct the study. The study specifically employed content and thematic analyses for the investigation. The three thematic issues were the current financing framework, alternative financing framework, and implications of the alternative internal audit financing on the performance of the GFC.

It was found that the primary funding source for the internal audit department is the annual budget allocation and this limits the funding regimes. It was also concluded from the evidence that the release of funds is made upon submission of a quarterly audit program which delays unduly. Regarding the implications of the current funding framework, the conclusion is that the current funding regime lends support for inadequate risk coverage, ineffective internal audit function, lack of independence, non-compliance with standards, and negative impact on accountability and transparency.

Regarding the second research question that sought answers to alternative financing for the internal audit department, it was found that the alternative sources of funding for the internal audit department are diverse from the perspective of the participants. The findings revealed that the fundamental alternative funding sources are self-financing model, co-sourcing model, and grant funding. It was also evident in the analyses that respondents generally agreed that funding should

be released quarterly, however, the release should be in advance of the quarter to which it relates. One of the core issues was attaching the internal audit budget to the internal audit agency.

The study further concludes from the evidence in this study that improved internal audit financing improves internal audit effectiveness and enhances performance consistent with the assumptions of institutional isomorphism theory. It is also concluded that improved alternative financing sources has the capacity to minimise isomorphic pressures especially coercive pressure and this evidently improves the effectiveness of IAD through independence and objectivity and ultimately the overall performance of the associated institutions. Thus, senior management or principal officers would not have a significant undue influence as the ability to use either the budget allocation or release of funds to coerce these auditors to follow certain norms that may be detrimental to public performance could be curtailed.

5.1 Recommendations for Further Studies

Given the key findings emanated from the study coupled with the conclusions drawn, the study presents recommendations for policy and practice and subsequently for further studies. These are outlined as follows:

5.2 Recommendations for Government and Management of Ghana Forestry Commission

- a) The study revealed that the current framework for financing the internal audit department is injurious to the effectiveness of the department and the capacity to improve the performance of the Commission, it is therefore recommended that the Government of Ghana, the Commission, and other relevant stakeholders should review the current funding framework of the internal audit department for repositioning as a strategic tool to improve the effectiveness of the internal audit function and enhance overall performance.
- b) Additionally, given the evidence of possible weaponization of the release of funds for audit assignments, it is recommended that for audit effectiveness and high-performance culture of the Commission, the budget allocation should be delinked from the current management-led financing to minimise the undue influence which could lead to significant compromises.
- c) Following the evidence that there is often an undue delay in the release of funds for audit programmes, it is suggested that as an interim measure, the management of the Commission should make an internal arrangement to set up a special fund solely for audit programmes. This fund should be managed by the audit department and accountable to the audit committee. This would breed some certainty in audit programmes.
- d) The audit committee should review the content of the suggested alternative funding revealed in this study and coordinate plans to integrate them into the funding framework of the audit department.

5.3 Recommendations for Further Studies

- i. Although this study and the evidence found in it have provided comprehensive insight into the dynamics of financing the internal audit department and implications for audit effectiveness and high-performance culture at GFC, the evidence is purely based on qualitative analyses that are often too opinionated. It is therefore suggested that future studies could build on the current framework to quantitatively estimate how the alternative sources of funds and funding release

- framework found in this study could significantly affect audit effectiveness and high-performance culture through higher-order statistical analyses.
- ii. Additionally, the present study uses GFC as the study setting with limited implications, it is suggested that the study is replicated in other institutions to improve the generalisation.
 - iii. This study is conducted purely within statutory or the government fully sponsored institutions. It is also possible that the dynamics of the evidence may change within quasi-government or semi-autonomous government institutions. Therefore, future studies could follow the framework in this study but extend the scope to incorporate comparative analysis.
 - iv. The practice of internal audit and funding issues is not the preserve of the public institutions, it may also be useful not only for theory but also for policy and practice to extend the investigation to other private institutions.

References

- Ackah-Baly, J (2022) ¢17.4bn in financial irregularities recorded in 2021 – Auditor-General, Myjoyonline [Accessed on 10/08/2024 at: <https://www.myjoyonline.com/17-4bn-in-financial-irregularities-recorded-in-2021-auditor-general/>]
- Andoh, P (2020) Internal Auditors Placement, Recognition and Independence in Ghana: Evidence from Metropolitan, Municipal and District Assemblies in Central Region. *Research Journal of Finance and Accounting*, 11(8), 1-12
- Attipoe, D (2021) The Role of Internal Audit Function in the Detection and Prevention of Material Weaknesses: A Case Study of Agotime-Ziope District Assembly in the Volta Region. Unpublished Dissertation, University of Cape Coast, Ghana.
- Auditor General Report (2023), Ghana Audit Service
- Awumah, M (2024) Government injects legislative, policy reforms into internal auditing, Ghana News Agency [Accessed on 10/08/2024 at: <https://gna.org.gh/2024/04/government-injects-legislative-policy-reforms-into-internal-auditing/>]
- DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American sociological review*, 48(2), 147-160.
- George, D., Theofanis, K., & Konstantinos, A. (2015). Factors associated with internal Audit effectiveness: Evidence from Greece. *Journal of Accounting and Taxation*, 7(7), 113-122.
- Hay, D., & Cordery, C. (2018). The value of public sector audit: Literature and history. *Journal of Accounting Literature*, 40(1), 1-15.
- Joy Business (2023) 2022 Auditor General Report uncovers over ¢15bn financial irregularities [Accessed on 10/08/2024 at <https://www.myjoyonline.com/https-myjoyonline-com-2022-auditor-general-report-uncovers-15-059bn-financial-irregularities-among-public-boards-corporations-and-other-statutory-institutions/>]
- Meyer, H. D., & Rowan, B. (2006). Institutional analysis and the study of education. *The new institutionalism in education*, 113.
- Misani, N. (2010). The convergence of corporate social responsibility practices. *Management Research Review*, 33(7), 734-748.

- Moser, A, & Korstjens I. (2017) Series: Practical guidance to qualitative research. Part 1: Introduction. *Eur J Gen Pract.* 23(1):271-273. [PMC free article] [PubMed]
- Muda, P., Tornyeva, K., & MacCarthy, J. (2024). The moderating role of environmental factors between institutional isomorphic pressures and the adoption of IFRS for SMEs: application of SEM. *Cogent Business & Management*, 11(1), 2330012.
- Natural Resources and Environmental Governance (NREG) (2017): Technical Assistance Project: Public Expenditure Review of the Forestry Sector [Accessed on 13/08/2024 at: <https://mofep.gov.gh/sites/default/files/reports/economic/NREG%20Report.pdf>]
- Papanko, V. M (2022) Internal Audit Effectiveness and the Financial Performance of Non-Financial Institutions in Ashanti Region of Ghana, Unpublished Dissertation, University of Cape Coast, Ghana.
- Principe, C. F. (2016). The role of institutional pressures in developing countries. Implications for IFRS. *Theoretical & Applied Economics*, 23(2).
- Public Service Commission (2024) Financial Irregularities decline by GH¢5.2bn in latest Auditor-General's reports. [Accessed on 10/08/2024 at: <https://psc.gov.gh/financial-irregularities-decline-by-gh%20A25-2bn-in-latest-auditor-generals-reports/#:~:text=%E2%80%9CIn%202022%2C%20the%20total%20irregularities,15.06%20billion%2C%E2%80%9D%20he%20said>].
- Queku, I. C. (2016) Review of Compliance Measure in Empirical Accounting Literature: Perspective of International Financial Reporting Standards (IFRS). *Research Journal of Finance and Accounting*, 7(14), 59-66
- Rakesh, A & Priya, R (2019) Study designs – Descriptive studies. *Perspectives in Clinical Research* 10(1), 34-36, DOI: 10.4103/picr.PICR_154_18
- Sakour, A. S., & Laila, N. H. B. (2015). Internal Audit Effectiveness in Libyan Public Enterprises: An Approach to the Development of a Theoretical Framework. *Global Business & Management Research*, 7(2).
- Siedlecki, S. L (2020) Understanding Descriptive Research Designs and Methods *Clinical Nurse Specialist* 34(1):p812,1/22020. | DOI: 10.1097/NUR.0000000000000493
- Soratto, J, Pires, D. E. P., & Friese, S (2020). Thematic content analysis using ATLAS.ti software: Potentialities for researches in health. *Rev Bras Enferm.* 2020;73(3):e20190250. [PubMed]
- Svedjemo, A. J. K., & Andersen, J. S. (2020). Institutional Isomorphism and the Sustainable Development Goals: The Co-Creation of Models and Norms in a Network of Professionals.
- Townsend, S. M., & Campbell, R. (2007). Homogeneity in community-based rape prevention programs: Empirical evidence of institutional isomorphism. *Journal of community psychology*, 35(3), 367-382.
- Vadasi, C., Bekiaris, M., & Andrikopoulos, A. (2019). Corporate governance and internal audit: an institutional theory perspective. *Corporate Governance: The International Journal of Business in Society*, 20(1), 175-190.