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Governance Architecture or Competence Deficit? Examining the Effectiveness of Internal Audit Functions on Organizational Performance in a Malawian Statutory Body

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Abstract

Internal audit units in many developing countries exist on paper more than in practice - and Malawi's Greenbelt Authority (GBA) is a striking example of exactly that. This study sets out to understand why, surveying 71 employees across the organisation with a remarkable 97.3% response rate. What the findings reveal is both clear and troubling. GBA's auditors are technically competent. The problem isn't their skills – it's the system they're working inside. Nearly 68% of respondents said the audit function isn't truly independent from management. Around 75% said audit reports don't even reach the Board. And over 71% confirmed that recommendations are simply ignored after they're made. The research concludes that structural adequacy and implementation quality together explain 55% of the variation in organizational performance – which means fixing GBA's audit problem isn't about retraining people. It's about rebuilding the governance architecture around them entirely.

Keywords: Internal audit effectiveness; Organizational performance; Public sector governance; Malawi; Audit independence; State-owned enterprises; Greenbelt Authority; Audit recommendation implementation.

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INTRODUCTION

Something worth saying plainly at the outset: there is nothing automatic about an internal audit function adding value to an organization. The Institute of Internal Auditors defines internal auditing as an independent, objective assurance and consulting activity designed to add value and improve an organization's operations (IIA, 2017), and that definition is accurate enough as a description of what the function is designed to do. Whether it actually does so in any given institutional setting depends on conditions that vary widely – conditions of structural independence, professional competence, resource adequacy, management receptiveness, and active oversight – and in the public sector contexts of sub-Saharan Africa, those conditions are frequently absent or compromised in ways that fundamentally limit audit impact.

Malawi is a particularly instructive case. The Public Finance Management Act mandates that all public institutions maintain robust internal control and audit mechanisms, and on paper, most statutory bodies comply with this requirement in the sense that they maintain an internal audit unit. What the law cannot easily mandate, however, is that the unit actually works – that it operates independently, follows up on its recommendations, and generates the governance intelligence that management and boards need to make sound decisions. Reports from the National Audit Office of Malawi document recurring internal control weaknesses, unimplemented audit recommendations, and accountability gaps across government-linked entities, suggesting that form and substance frequently diverge.

The Greenbelt Authority (GBA) sits within this broader governance environment. Established by the Government of Malawi to coordinate large-scale irrigation development and support agricultural commercialization, GBA manages significant public resources and operates under considerable governance obligations. An internal audit function exists within the institution. Whether it functions effectively enough to contribute meaningfully to organizational performance is the question this paper sets out to answer – and until now, no empirical research has attempted to do so.

The academic literature on internal audit effectiveness in Sub-Saharan African public authorities is growing, but it is dominated by evidence from Ghana, Uganda, South Africa, Nigeria, and Tanzania. Malawi-specific research on this topic is conspicuously absent, which creates a genuine gap in the policy-relevant evidence base. Beyond filling that gap, this study makes two analytical contributions that matter beyond the case study context. The first is methodological: by combining descriptive statistics, Pearson's correlation, and multiple linear regression, the study precisely quantifies the drivers of performance impact rather than merely describing them. The second is conceptual: by showing that GBA's audit ineffectiveness is rooted in governance architecture rather than professional competence, the study challenges the prevailing policy assumption that audit improvement begins with hiring better auditors or sending existing ones on more training courses.

LITERATURE REVIEW AND THEORETICAL UNDERPINNING

The Changing Mandate of Internal Auditing

Internal auditing has changed almost beyond recognition over the past four decades. What began as a backward-looking, transaction-level compliance check has evolved into a forward-looking, risk-focused advisory function that is now expected to contribute to strategic governance at the level of the board (Hazaea et al., 2025; Allegrini et al., 2024). This transformation is formally codified in the IIA's 2024 Global Internal Audit Standards, which reconceptualize the IAF's purpose as strengthening an organization's ability to create, protect, and sustain value – providingthe board and management with independent, risk-based, objective assurance, advice, insight, and foresight (IIA, 2024).

In public sector contexts, this expanded mandate is arguably even more consequential than in the private sector. The IIA's practice guide on public sector internal auditing is explicit: the absence of strong IAFs in government entities significantly increases the risk of poor service delivery, non-compliance, waste, and corruption (IIA, 2024b). For a Malawian statutory body managing public irrigation infrastructure and agricultural resources – where mismanagement directly affects food security and rural livelihoods – those risks are not abstract. They have real distributional consequences.

Theoretical Framework

Three complementary theoretical lenses inform this study. Agency Theory, first formalized by Jensen and Meckling (1976) and extended to the auditing context by Adams (1994), conceptualizes organizations as webs of contractual relationships between principals – those who govern or own – and agents – those entrusted to manage. Because agents possess superior information about their activities and decisions, the conditions for moral hazard are inherent. Internal audit functions as the monitoring mechanism through which principals reduce this information asymmetry and bring agent behavior closer to principal interests. For GBA, the principals include the Board of Directors, government oversight bodies, and ultimately the Malawian public, on whose behalf public resources are managed. The theory predicts – and this study finds – that where the IAF's ability to monitor is structurally compromised, the risk of governance failure and performance deterioration intensifies (Kipaalu et al., 2024; Alqudah and Amran, 2023).

The Resource-Based View (RBV), introduced by Barney (1991), provides a complementary lens by framing the internal audit function itself as an organizational resource. Under the RBV, the effectiveness of that resource is a function of the quality, quantity, and strategic deployment of its human, financial, and technological inputs. This framing is particularly useful for understanding resource-related constraints on IAF effectiveness in developing country public institutions, where under-resourcing is endemic rather than exceptional (Appiah et al., 2022). It also supports an important inference: that investing in auditor competence while withholding the independence, tools, and support the function needs to operate is a contradiction – like investing in a high-performance engine and then refusing to put fuel in the tank.

Contingency Theory (Abdelrahim and Al-Malkawi, 2022) rounds out the framework by insisting that there is no single universally optimal design for an internal audit function. Effectiveness is contextually determined – shaped by the regulatory environment, governance culture, organizational complexity, and managerial norms specific to each institution. Applied to GBA, this means that audit arrangements borrowed from high-income country or private-sector templates may not produce equivalent outcomes in a Malawian statutory body context and that reforms must be calibrated to the specific institutional realities of the organization.

Key Determinants of Internal Audit Effectiveness

The scholarly literature has by now reached reasonable consensus on the principal drivers of IAF effectiveness. Six factors recur most consistently across the empirical record: independence and objectivity of auditors; professional competence and continuing development; top management support; adequacy of human, financial, and technological resources; adherence to international professional standards; and audit planning quality, especially the deployment of risk-based methodologies (Abdelrahim and Al-Malkawi, 2024; Lenz and Hahn, 2015; Arena and Azzone, 2009). These factors are not independent of one another: they interact systemically, and weakness in any one constrains the contribution of the others to overall audit effectiveness (Basannang et al., 2025).

Independence occupies a special position in this hierarchy. Without it, the credibility of every audit finding produced is in question, and the value of the function's assurance role is fundamentally undermined. The IIA's 2024 Global Internal Audit Standards elevate independence to an essential condition – requiring that the Chief Audit Executive confirm the IAF's independence to the board at least annually (IIA, 2024). Empirical evidence from diverse settings consistently supports this primacy. In Ghana, Amaning et al. (2023) identify independence as one of the three most significant contributors to IAF effectiveness in public procurement. In Saudi Arabia, Alzeban and Gwilliam (2014) find it is among the strongest predictors of audit outcomes in the public sector. In Uganda, Kipaalu et al. (2024) demonstrate that even where legal independence frameworks exist, political interference and structural subordination to management routinely erode operational autonomy in practice.

The non-implementation of audit recommendations deserves special attention as a separate and pervasive failure mode. Studies in Uganda (Kazaara et al., 2024; Moses, 2023), South Africa (Nelufule et al., 2023), Ghana (Appiah et al., 2022), and Tanzania (Mulenga, 2019) all document the same pattern: management either ignores audit findings, responds perfunctorily, or undertakes cosmetic corrective actions that do not address underlying control weaknesses. Ahmad and Taylor (2023) identify weak accountability mechanisms and competing managerial priorities as the primary drivers. When this pattern becomes entrenched, the audit function enters a credibility trap – its outputs are routinely dismissed, its staff become demoralized, and the function's institutional standing progressively erodes.

Evidence from African Public Sector and SOE Contexts

The most comprehensive recent contribution to the literature on IAF effectiveness in African state-owned enterprises comes from Appiah et al. (2022), drawing on data from 1,150 internal auditors across Ghanaian SOEs. Their findings establish strong positive relationships between IAF effectiveness, independence, quality, and resources on the one hand and organizational performance and governance accountability on the other – but with an important qualification: these positive relationships are negatively moderated by organizational complexity, meaning that realizing the benefits of effective auditing becomes harder as institutional scale and structural intricacy increase. This qualification is worth bearing in mind for GBA, whose mandate spans multiple regions and involves complex public-private agricultural investment coordination.

Hazaea et al. (2024) reach consistent conclusions using structural equation modelling across five Arab nations, with one notable finding that departs from intuition: professional competence does not directly influence performance in isolation. Its contribution is mediated through structural and implementation conditions – a finding with direct relevance to GBA, where auditor competence was assessed positively by respondents, yet performance outcomes remained weak. Postula et al. (2020) and Alzeban (2023) confirm that the primary pathway through which internal auditing contributes to organizational performance is sound financial reporting – a pathway that requires both technical competence and the institutional conditions for impartial reporting to be in place simultaneously.

On Malawi specifically, the comparative work of Likangaga et al. (2023) on audit institutions across Malawi, Uganda, and Tanzania documents that accountability functions in all three countries are constrained by overlapping challenges: limited independence, under-resourcing, weak enforcement of audit recommendations, and governance capacity deficits. The OECD (2024) similarly characterizes internal auditors in developing country public sector contexts as crucial guardians of public accountability who nonetheless face systemic constraints in performing this role effectively. Neither of these observations, however, is grounded in institution-specific empirical data from a Malawian statutory body – a gap this study addresses directly.

METHODOLOGY

Research Philosophy and Design

The study adopted a pragmatic research philosophy, which draws on both positivist and interpretivist traditions and prioritizes the research question over any single paradigmatic commitment (Creswell and Creswell, 2018). This pragmatic stance justified the use of a concurrent triangulation mixed-methods strategy – collecting quantitative and qualitative data simultaneously and integrating them at the interpretation stage – within a descriptive and explanatory case study design. The case study approach was chosen because it supports in-depth investigation of a bounded, contemporary phenomenon within its real-life context and because Greenbelt Authority presents a distinctive and theoretically motivated institutional case rather than a randomly selected unit of analysis (Yin, 2018).

Target Population, Sampling, and Response Rate

The target population comprised 90 employees at GBA with direct or indirect involvement in internal audit, financial management, governance, and operational performance monitoring. These were organized into six strata: internal audit staff (n = 12), senior management (n = 18), finance and accounting staff (n = 25), departmental managers (n = 20), Audit Committee members (n = 7), and governance officers (n = 8). A minimum sample size of 74 was calculated using Slovin's formula at a 95% confidence level and a 5% margin of error. Stratified random sampling was used to ensure proportional representation across all strata. Of 74 questionnaires distributed, 71 were returned fully completed, representing a response rate of 97.3% - substantially exceeding the 70%

threshold commonly regarded as satisfactory for academic survey research (Mugenda and Mugenda, 2003).

Measurement Instrument and Reliability

The primary instrument was a structured questionnaire organized into five sections: respondent demographics; IA independence, competence, and resource adequacy; extent of IA implementation; the relationship between IA effectiveness and organizational performance; and challenges affecting IA effectiveness. Attitudinal and perceptual items used a five-point Likert scale anchored at 1 (Strongly Disagree) and 5 (Strongly Agree). Challenge severity items used a five-point scale anchored at 1 (Not a Challenge) and 5 (Critical Challenge). The instrument was developed with reference to established instruments in the internal audit effectiveness literature (Aikins, 2011; Arena and Azzone, 2009; Mihret and Yismaw, 2007) and reviewed for content validity by two academic supervisors and two practicing internal auditors prior to administration.

Instrument reliability was assessed using Cronbach's Alpha, with a minimum threshold of $\alpha \geq 0.70$ (Nunnally, 1978; George and Mallery, 2003). Table 1 presents the results.

Table 1: Reliability Analysis by Research Construct (N = 71)

Construct	Items (n)	Cronbach's α	Assessment
IA Independence, Competence & Resource Adequacy	7	0.821	Good
Extent of IA Implementation	6	0.796	Acceptable
IA Effectiveness & Organizational Performance	8	0.854	Excellent
Challenges Affecting IA Effectiveness	6	0.779	Acceptable
Overall Average (27 items)	**27**	**0.813**	**Good**

All four constructs comfortably exceed the minimum reliability threshold, and the overall instrument achieves $\alpha = 0.813$, confirming sound internal consistency across the full 27-item questionnaire.

Data Analysis Strategy

Quantitative data were entered, cleaned, and analyzed in IBM SPSS v27 Descriptive statistics – frequencies, percentages, means, and standard deviations – were computed for each item and construct. A mean interpretive scale was adopted: means ≥ 3.50 were classified as Positive; 2.50–3.49 as Mixed/Neutral; and < 2.50 as Negative, based on the midpoint of the five-point scale and consistent with conventions in the related literature. Pearson's Product-Moment Correlation was then used to assess bivariate relationships between the three study constructs. Multiple linear regression was employed to determine the joint and individual predictive contributions of Internal Audit Independence, Competence, and Resource Adequacy (X_1) and Internal Audit Implementation (X_2) to Organizational Performance (Y) in the regression model $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$. Prior to interpretation, regression diagnostic tests confirmed the satisfaction of linearity, normality of residuals, homoscedasticity, independence of errors (Durbin-Watson = 1.986), and absence of multicollinearity (VIF = 1.864 for both predictors, well below the threshold of 10.0).

RESULTS AND DISCUSSION

Respondent Profile

Of the 71 valid respondents, 60.6% were male and 39.4% female – a distribution broadly consistent with the gender composition of GBA's professional workforce and not uncommon in Malawian public sector institutions (ILO, 2019). Educational qualifications skewed towards higher academic attainment: 43.7% held a Bachelor's degree as their highest qualification, 18.3% held a Master's degree, and 8.5% held a professional qualification (ACCA, CIMA, CIA, or CIPS). The combined proportion of respondents with a Bachelor's degree or above was 71.9%, providing confidence in the dataset's analytical quality. In terms of tenure, 81.7% of respondents had served at GBA for three or more years – a strong indicator of institutional familiarity and operational knowledge. Regarding familiarity with the internal audit function specifically, 57.7% rated themselves Very Familiar or Extremely Familiar, and a further 38.0% described themselves as Moderately Familiar; not a single respondent indicated being unfamiliar with the IAF. These demographic characteristics collectively support the credibility and validity of the findings presented below.

Objective One: IA Independence, Competence, and Resource Adequacy

Table 2 presents the item-level findings for the first objective. Reading across this table, a story takes shape that is simultaneously encouraging and alarming – and understanding the difference between those two dimensions matters enormously for how corrective action should be framed.

Table 2: Independence, Competence, and Resource Adequacy at GBA (n = 71)

Statement (Abridged)	SD	D	N	A	SA	Mean
IA dept. operates independently of management influence	29	19	3	8	12	2.23
A formally documented & board-approved IA Charter exists	5	12	5	26	23	3.73
Auditors possess requisite professional qualifications & skills	2	13	0	37	19	3.94
Auditors regularly undertake CPD and training	15	22	16	13	5	2.54
IA dept. is adequately staffed to fulfil its mandate	2	8	21	34	6	3.48
Sufficient financial & logistical resources are provided	16	29	11	9	6	2.44
IA function reports directly to Audit Committee / Board	12	41	3	13	2	2.32

On the encouraging side, professional competence stands out as a genuine institutional strength. 78.9% of respondents affirmed that GBA's internal auditors possess the requisite professional qualifications and skills to perform their duties effectively (mean = 3.94 – the highest single item mean in this section). The existence of a formally documented, board-approved Internal Audit Charter was similarly confirmed by 69.0% of respondents (mean = 3.73). In a governance environment where basic institutional prerequisites are often absent, these are not trivial findings. They suggest that GBA has invested meaningfully in the professional foundations of its audit function.

What the institution has conspicuously failed to invest in is the structural framework that would allow that professional competence to be exercised with credibility. Three findings in Table 2 demand particular attention. First, and most damning, 74.6% of respondents disagreed that the internal audit function reports directly to the Audit Committee or Board (mean = 2.32 – the lowest item score in this section). IIA Standard 1110 is unambiguous on this requirement (IIA, 2017); its violation at GBA is not a procedural oversight. It is a foundational governance failure that removes the institutional protection auditors need to exercise independent judgment and places the entire audit function structurally subordinate to the very management it is supposed to scrutinize.

Second, 67.6% of respondents disputed the independence of the audit department from management influence (mean = 2.23). When combined with the reporting line finding, what emerges is a picture of a function that is formally constituted but operationally captured – one whose audit findings and recommendations are produced under conditions in which the objectivity of those findings is structurally compromised. Mihret and Yismaw's (2007) landmark study on Ethiopian public sector internal auditing found essentially the same pattern two decades ago; so did Aikins (2011) in Ghana. The institutional dynamic appears stubbornly persistent across sub-Saharan African public authorities.

Third, 52.1% of respondents disagreed that internal auditors regularly engage in continuing professional development (CPD) (mean = 2.54 – technically just inside the Mixed band, but with a majority negative response rate). IIA Standard 1230 mandates ongoing professional development as a non-negotiable requirement (IIA, 2017). An audit team whose technical knowledge is not kept current is a team whose ability to identify emerging risks, apply contemporary methodologies, and provide meaningful assurance progressively erodes – regardless of how strong its foundational qualifications may be.

Resource sufficiency recorded a mean of 2.44 (Negative band) with 63.4% negative responses, confirming that GBA's audit function operates under material budgetary and logistical constraints. The collective picture from Objective One is therefore this: GBA has built a professionally credentialed audit function and given it an institutional mandate through a formal charter but has then systematically failed to provide it with structural independence, an appropriate reporting line, sustained professional development, or adequate operational resources. This is, to borrow the earlier metaphor, a high-performance engine without fuel or a clear road to drive on.

Objective Two: The Extent of Internal Audit Implementation

Table 3 presents the implementation findings. The composite average of 3.03 sits at the neutral midpoint – but this average is almost meaningless as a summary statistical because it papers over a profound structural split within GBA's audit implementation profile that is the key to understanding the function's overall ineffectiveness.

Table 3: Extent of Internal Audit Implementation at GBA (n = 71)

Statement (Abridged)	SD	D	N	A	SA	Mean
Risk-based annual audit plan is prepared and followed	2	16	0	45	8	3.58
Audits conducted in line with IIA Standards / ISSAI	5	9	3	50	4	3.55
Findings communicated via timely formal written reports	9	29	8	21	4	2.75
Management takes prompt corrective action on findings	3	32	1	28	7	3.06
Follow-up conducted on implementation of recommendations	12	39	1	19	0	2.38
Audit Committee reviews reports & monitors implementation	5	34	5	23	4	2.82
Composite Average	—	—	—	—	—	**3.03**

Two items sit comfortably in the positive band: risk-based audit planning (mean = 3.58, 74.6% positive) and adherence to IIA Standards and ISSAI (mean = 3.55, 76.1% positive). These findings confirm that GBA's audit function has done the work of establishing professional process at the planning and execution stage. Audits are planned in a risk-informed way, and they are conducted within a recognized professional framework. This is a real achievement, and it is worth acknowledging.

But then the results shift sharply. Timely formal reporting of findings achieved a mean of 2.75 with a 53.5% negative response rate. Audit Committee monitoring stood at 2.82. Management corrective action was almost exactly split down the middle (mean = 3.06), suggesting that some departments act on findings while others do not, which is arguably worse than a uniformly poor response because it signals the absence of any institution-wide accountability norm. And then there is the follow-up item: a mean of 2.38, a 71.8% negative response rate, and – this detail is telling – not a single respondent strongly agreed that recommendation follow-up occurs. Zero. That is not statistical noise. It is a signal that GBA lacks any meaningful mechanism for closing the loop between an audit finding and its resolution.

What Table 3 describes is an audit cycle that is professionally launched and then systematically abandoned before it can generate value. The function plans and conducts its work with reasonable rigour; it then cannot ensure that its findings are reported promptly, that management responds to them, that recommendations are implemented, or that the Audit Committee exercises meaningful oversight of any of this. Ahmad and Taylor (2023) characterize this as the implementation gap in public sector auditing: the organizational distance between audit identification and audit resolution that, in many developing country institutions, is effectively infinite. The evidence from GBA suggests this gap is not occasional or department -specific – it is systemic.

Objective Three: Internal Audit Effectiveness and Organizational Performance

Table 4 presents the findings on the IAF's contribution to six dimensions of organizational performance.

Table 4: IA Effectiveness and Organizational Performance at GBA (n = 71)

Performance Dimension (Abridged)	SD	D	N	A	SA	Mean
Improved financial accountability & prudent resource management	10	21	9	18	13	3.04
Strengthened internal controls & reduced financial irregularities	19	36	2	12	2	2.18
Improved risk identification, assessment & management practices	3	23	13	19	13	3.24
Enhanced compliance with laws, regulations & institutional policies	8	27	5	26	5	2.90
Improved operational efficiency & service delivery performance	17	25	1	21	7	2.66
Strengthened corporate governance & accountability mechanisms	12	21	8	21	9	2.92
Overall Average	—	—	—	—	—	**2.82**

The overall average of 2.82 across all six performance dimensions falls in the lower portion of the Mixed/Neutral band. Not one item achieved a mean in the positive range. The strongest performance contribution was perceived in risk management (3.24) – which makes intuitive sense given that risk-based planning was the one implementation strength identified under Objective Two. Financial accountability followed at 3.04, and corporate governance at 2.92. But internal control strengthening returned a mean of 2.18 – the lowest score in the entire study, with 77.5% of respondents indicating no positive contribution. Strengthening internal controls is, in most frameworks, the most fundamental of the IAF's contributions to organizational performance; receiving the most emphatically negative assessment on this dimension is a governance indictment.

The binary summary question was unambiguous. When asked directly whether they considered GBA's IAF effective in improving organizational performance, 54.9% of respondents said no. This is a majority verdict of ineffectiveness – not decisive in the way that 80% would be, but not decisive enough to constitute a clear institutional finding. What makes this result particularly significant is its internal consistency with the implementation findings: the function does not follow up its recommendations, and organizations whose recommendations go unimplemented do not improve their controls. The connection is direct.

These findings are consistent with the broader literature on IAF effectiveness in African public sector organizations. Mihret and Yismaw (2007) found majority ineffectiveness perceptions in Ethiopian public institutions; Kiabel (2012) documented the same in Nigerian government enterprises; Coetzee and Erasmus (2017) identified a persistent pattern across sub-Saharan Africa of internal audit functions that are formally present but institutionally ineffective. GBA's experience is not exceptional in this regional context – but that contextual normalcy does not make it acceptable.

Table 5 presents the Pearson's correlation matrix for the three study constructs.

Table 5: Pearson's Product-Moment Correlation Matrix (N = 71)

Variable	X1: IA Independence, Competence & Resources	X2: IA Implementation
X2: IA Implementation (Extent of Practice)	r = 0.681	—
Y: Organizational Performance	r = 0.612	r = 0.724

Significant at the 0.01 level (two-tailed). X1 = IA Independence, Competence & Resource Adequacy; X2 = IA Implementation; Y = Organizational Performance.

All three bivariate correlations are positive and statistically significant at $p < .01$. The strongest relationship in the matrix is between IA Implementation (X_2) and Organizational Performance (Y) at $r = 0.724$ – a strong positive correlation confirming that how the audit function delivers its work is more closely associated with performance outcomes than the structural inputs it receives. IA Independence, Competence and Resource Adequacy (X_1) correlate with Y at $r = 0.612$, a moderate-to-strong positive relationship confirming that structural prerequisites matter but are not the primary performance driver. The inter-predictor correlation of $r = 0.681$ is expected – a well-resourced, structurally independent audit function is better positioned to implement its work effectively – and does not raise multicollinearity concerns.

Table 6 presents the regression model.

Table 6: Multiple Linear Regression: Predictors of Organizational Performance at GBA (N = 71)

Predictor	B	SE	β	T	p
(Constant)	0.040	0.387	—	0.103	.918
X1: IA Independence, Competence & Resources	0.262	0.096	0.222	2.729	.008
X2: IA Implementation (Extent of Practice)	0.657	0.093	0.573	7.047	
Model: R = 0.742 | R² = 0.551 | Adj. R² = 0.537 | F(2,68) = 41.650, p < .001					

$p < .01$; $p < .001$. VIF = 1.864 for both predictors (no multicollinearity); Durbin-Watson = 1.986 (no autocorrelation). Dependent variable: Y — Organizational Performance.

The regression model explains 55.1% of the variance in organizational performance ($R^2 = 0.551$, Adjusted $R^2 = 0.537$), a level of explained variance that is both statistically significant ($F(2,68) = 41.650$, $p < .001$) and practically meaningful. The derived regression equation is:

$$Y = 0.040 + 0.262 X_1 + 0.657 X_2$$

Internal Audit Implementation (X2) is the dominant predictor, with a standardized beta of $\beta = 0.573$ ($p < .001$): for every one standard deviation improvement in implementation quality – better reporting timeliness, more consistent follow-up, greater management responsiveness, more active Audit Committee oversight – organizational performance at GBA increases by 0.573 standard deviations. Internal Audit Independence, Competence and Resource Adequacy (X_1) contribute a smaller but independently significant positive effect ($\beta = 0.222$, $p = .008$). This finding has a precise policy implication: the most impactful single intervention available to GBA is not hiring more auditors, upgrading their qualifications, or rewriting the charter. It is fixing the broken implementation stage of the audit cycle. Everything else follows from that.

The relationship between (X_1) and performance – smaller in magnitude but real – also carries an important implication. Structural prerequisites are necessary enabling conditions. A function without independence, adequate resources, and sustained CPD cannot implement effectively no matter how strongly management is held accountable for recommendation follow-up. The two variables are complementary, not substitutable, and successful institutional reform must address both.

Objective Four: Challenges Affecting Internal Audit Effectiveness

Table 7 presents the severity ratings for the five challenge areas examined under the fourth objective.

Table 7: Challenges Affecting IA Effectiveness at GBA: Severity Ratings (n = 71)

Challenge	NC	Mi	Mo	Si	Cr	Mean
Management interference compromising IA independence	3	7	12	20	29	3.92
Lack of access to information, systems and records	1	8	18	29	15	3.69
Insufficient budgetary allocation & financial resources	1	9	19	35	7	3.54
Poor / delayed implementation of audit recommendations	7	9	16	21	18	3.48
Inadequate staffing levels and high staff turnover	8	45	12	4	2	2.25
Overall Average	—	—	—	—	—	**3.38**

The overall average challenge severity of 3.38 places GBA's audit environment in the upper moderate-to-significant range – confirming that the obstacles confronting the IAF are not occasional inconveniences but structurally embedded governance constraints. Management interference compromising audit independence tops the severity ranking at 3.92 (Significant or Critical for 69.0% of respondents), confirming that what the independence items under Objective One recorded as a perception is experienced by GBA staff as an active and recurring governance challenge. This is not passive neglect of audit independence – it is active encroachment upon it.

Restricted access to information, systems, and records follows at 3.69 (Significant or Critical for 62.0%), a challenge that is functionally linked to management interference: controlling information access is one of the most direct instruments through which management interference in audit operations is exercised. Budgetary inadequacy sits at 3.54 (59.2% high severity), and recommendation non-implementation at 3.48 (54.9% high severity). Together, these four challenges describe a coherent institutional pathology: auditors whose independence is compromised cannot access the information they need, are given insufficient resources to operate comprehensively, and cannot enforce accountability when their findings are ignored.

The most consequential finding in this section is, counter-intuitively, the one at the bottom of the table. Inadequate staffing and high staff turnover – the challenge most commonly cited in generic discussions of audit problems in developing country public sector – is rated as a Minor challenge at GBA (mean = 2.25; 74.6% minor severity). This single data point fundamentally reframes the diagnostic narrative. GBA does not primarily need more auditors. It needs the auditors; it has to be given structural independence to operate, meaningful authority to enforce follow-up, and an Audit Committee that takes its oversight responsibilities seriously. The problem is governance, not headcount.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

This study set out to examine the effectiveness of the internal audit function at the Greenbelt Authority, Malawi, and its relationship to organizational performance. The findings support four overarching conclusions.

First, GBA's internal audit function is professionally competent but structurally compromised. Auditors are qualified and skilled; a formal charter is in place; audit work is planned on a risk-informed basis and conducted within international professional standards. These are genuine institutional strengths. They coexist, however, with a reporting line that places the function under management rather than Audit Committee oversight, pervasive management interference in audit operations, inadequate financial and logistical resources, and the absence of any structured CPD program. Professional competence without structural independence is insufficient for effective auditing.

Second, the audit cycle at GBA is systematically broken at its most consequential stage. Planning is sound; execution is professional; but the follow-up and accountability mechanisms through which audit work generates organizational improvement are effectively non-functional. Seventy-one point eight percent of respondents found that recommendations are not followed up, and not a single respondent strongly agreed that follow-up occurs. The audit cycle that should run from identification through to remediation is, in GBA's case, a loop that opens but rarely closes.

Third, and as a direct consequence of the above, GBA's IAF is not currently effective in improving organizational performance. A majority of respondents said so, and the quantitative evidence is consistent. The regression model explains 55.1% of the variance in organizational performance, with IA implementation quality as the dominant driver (β = 0.573). The implication is precise: performance improvement will follow most efficiently from fixing the implementation stage of the audit cycle, not from structural tinkering or competence-building in isolation.

Fourth, the primary challenges to IAF effectiveness at GBA are governance-structural rather than operational or human-resource-related. Management interference, restricted information access, resource inadequacy, and recommendation non-implementation form an interlocking set of institutional pathologies that collectively prevent the audit function from discharging its mandate. Staffing inadequacy is, by contrast, a minor challenge. This finding definitively reframes the corrective policy agenda: reform must begin with governance architecture, not with recruitment.

Institutional Recommendations

On the basis of the findings and conclusions above, the following recommendations are advanced as matters of governance urgency for GBA's Board, Audit Committee, and executive management.

Restructure the audit reporting line without delay. The Chief Audit Executive must be given direct, unrestricted access to the Audit Committee Chair. All audit reports must reach the Audit Committee and Board without prior management filtering. The appointment, performance appraisal, and remuneration of the CAE must be overseen by the Audit Committee rather than executive management. This is the single most consequential governance change available to GBA, and it is a precondition for all other reforms being meaningful.

Establish a mandatory audit recommendation tracking system. An IT-enabled Audit Recommendation Tracking System (ARTS) should be implemented immediately, assigning each recommendation a unique identifier, a named responsible officer, and a defined implementation deadline. Management should be required to formally respond to all recommendations within 30 days of receiving a final audit report. A consolidated Recommendation Implementation Status Report should be tabled before the Audit Committee at every quarterly meeting. Failure to implement recommendations on schedule should carry formal accountability consequences, integrated into senior management performance appraisal frameworks.

Activate and formally charter the Audit Committee. The Audit Committee must adopt a formal charter defining its composition, independence requirements, quorum, minimum quarterly meeting frequency, and specific responsibilities relative to internal audit oversight. The charter must give the Audit Committee direct access to the CAE – including for whistleblowing on management interference – and the Committee's own performance and effectiveness should be reported annually as part of GBA's corporate governance disclosure.

Institutionalize a structured, ring-fenced CPD programme. A formal CPD Policy mandating a minimum of 40 hours per auditor per year should be adopted and funded through a ring-fenced budget line that cannot be reprogrammed to other uses. Formal partnerships with the IIA, CIPFA, and the Malawi Accountants Board should be sought to facilitate affordable access to certified training. CPD compliance should be a measurable component of all internal audit staff performance appraisals.

Ensure that the Internal Audit Charter is operationally enforced, not merely documented. The 31% of respondents who expressed doubt about the Charter's existence or enforcement – despite 69% affirming it on paper – suggests that document ownership has not translated into institutional practice. The Charter should be reviewed and re-endorsed by the Board biennially, and a formal mechanism for reporting Charter breaches – including management interference and information access restrictions – directly to the Audit Committee should be established.

Limitations and Directions for Future Research

The case study design confines direct generalizability to GBA, though the institutional mechanisms identified are plausibly transferable to comparable Malawian statutory bodies operating under similar governance conditions. Social desirability bias in self-report data was mitigated through anonymity assurances and instrument design, but cannot be eliminated entirely. Access to sensitive organizational documents was constrained by confidentiality requirements.

Future research should consider (i) longitudinal designs that track changes in IAF effectiveness and organizational performance at GBA following institutional reforms, to establish causal rather than associative relationships; (ii) comparative studies that extend evidence across multiple Malawian statutory bodies, enabling generalization at the sector level; (iii) investigations into the role of Audit Committee characteristics – independence, competence, meeting frequency – as moderators of the IAF-performance relationship; and (iv) examination of how data analytics and digital audit technologies might help resource-constrained African public sector audit functions overcome some of the structural barriers identified in this study.

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