

## **Internal Auditing and the Financial Performance of Local Governments in Uganda. A Study of Kaliro District Local Government**

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### **Introduction**

The study investigated the role of internal auditing in the financial performance of local governments in Uganda. The study used Kaliro District Local Government (KDLG) as a case study.

### **Objectives**

The study was guided by three objectives:

1. To examine how internal auditing enhanced revenue performance in KDLG,
2. to examine how internal auditing ensured value for money in KDLG, and
3. to assess the extent to which internal auditing enhanced service delivery in KDLG

### **Methodology**

The study employed a mixed research approach. Data were collected from a population of 89 respondents using the census method. Primary data were collected using self-administered questionnaires and an interview guide. Secondary data were

collected using a document review checklist. Quantitative data were analysed using SPSS and multivariate regression analysis.

### **Key findings**

The Adjusted R Square of .483 indicates that 48.3% of the changes in financial performance were due to changes in internal auditing. The findings also revealed a significant correlation between internal auditing and revenue performance, value for money and service delivery.

### **Conclusion**

Local governments that had effective and adequate internal controls over revenues, complied with relevant laws and regulations, and had safeguards over their assets recorded high revenues, good value for money, and improved service delivery. Therefore, a robust internal auditing system leads to improved financial performance.

### **Key recommendations**

The study recommended continuous professional development for internal audit staff and introducing rotational placements of audit staff across different local governments to reduce threats to their independence.

## Key references

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