



**The role of the internal auditor in enhancing corporate governance in state-owned Enterprises in South Africa**

**by**

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## DECLARATION

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## ABSTRACT

In South Africa (SA), State-Owned Enterprises (SOEs) play various roles, which include the provision of utility services such as water, electricity, health services and sanitation. SOEs also contribute towards SA's economic growth and creating job opportunities, and are significant in both developed and developing countries, around the world. The fundamental elements of Corporate Governance (CG), prescribed by the King 4 Report on Corporate Governance and the PFMA, promotes adequate and effective Financial Management, Risk and CG practices that should be actioned by SOEs in SA. The King 4 Report on Corporate Governance, also highlights the need for a risk-based Internal Audit Function (IAF), as the role of the IAF contributes towards effective CG in an entity. However, the sustainability of SOEs remain threatened by challenges like financial mismanagement and non-compliance stemming from CG mal-practices, and despite the existence of the IAF in SOEs, CG mal-practices persists. This study aimed to explore the role of the IAF in SOEs towards the entity's CG, which is significant to stakeholders like Internal Auditors, SOEs and the public in SA. A quantitative approach anchored in Institutional and Stakeholder Theories, were adopted for this study, and an online questionnaire were created and distributed via a link inserted in monthly newsletters of the Institute of Internal Auditors South Africa (IIASA), that was circulated to all the members of the IIASA. The questionnaire contained a strict criterion, requesting only IA professionals with current/previous Internal Audit (IA) experience in SOEs in SA, to complete. Data collected that delivered significant results, were divided into eight (8) themes, created for the purpose of answering the main research questions, and were stated as Descriptive Statistics. Relationships between dependent and independent variables were tested using ANOVA, which included Kruskal-Wallis H Tests and Mann-Whitney Tests. Reliability and Validity of the data collection tool and its questions posed to respondents, were conducted using tests like Cronbach's Alpha and Spearman's Correlation Coefficient. Findings to this study include the absence of ethical standards in practices and inadequate and ineffective leadership provided by the Boards of Directors within SOEs, as well as inadequate internal control testing performed and weak risk management practices prescribed and performed by the IAF, all contributing to the CG mal-practices. Each chapter of this study elaborates on one Another, towards and inclusive of the final chapter, starting with the Introduction to this research study, followed by the Literature Review which address the affiliative information that is significant to this research study. This study also includes a

Research Methodology chapter, which explains the methods used to address this research study's fundamental questions and objectives. Other existing Chapters include the analysis to data collected from respondents, recommendations to improve the current SOE and IAF practices, and further avenues where research can be conducted.

## GLOSSARY

### Definition/Explanation

### Terms/Acronyms/Abbreviations

#### **State Owned Enterprises (SOEs)**

An entity that is possessed or co-possessed by the state, which internalises a communal undertaking among its aims while functioning mostly in a market setting, SOEs remain accountable only to the government for its governance and existence (Florio, 2014:201).

#### **Internal Audit Function (IAF)**

A self-governing, impartial assurance and accessing activity that is intended to enhance significance and develop an entity's objectives. It assists an organisation in achieving its goals by bringing an orderly controlled process to assess and improve the value of risk management, control, and governance progressions (iiasa.org.za, 2019).

#### **Corporate Governance (CG)**

Governing bodies' application of ethical and active leadership concerning the accomplishment of a principled ethos, moral enactment, effective control, and lawfulness (King report on Corporate Governance, 2016: 6).

#### **Fraud**

Knowingly misrepresenting facts or information to obtain something of value (Fishman, 2009:3).

#### **Corruption**

Untruthful or unlawful behaviour particularly by influential individuals; enticement to wrong by inappropriate or illegal means (such as bribery); a retreat from the root criteria or from what is unpolluted or right (Collins

	Dictionary, 2019).
<b>Unqualified audit reports</b>	Financial reports that are free from factual misstatements that have no material conclusions on reporting on performance objectives or defiance of regulation (AGSA, 2019).
<b>Qualified audit reports</b>	Financial statements that comprises of material misstatements in particular amounts, or there is inadequate evidence to conclude that amounts incorporated in the financial statements are not misstated. (AGSA, 2018).
<b>Misappropriation of public funds</b>	The deliberate, unlawful usage of property or reserves of another individual for one's individual unapproved single-mindedness, performed by a public official (Reverso dictionary, 2019).
<b>Abuse of power</b>	The instruction of an illegal act, performed in a sanctioned capacity, which influences the enactment of official responsibilities (Business dictionary, 2018).
<b>Fruitless and wasteful expenditure</b>	Useless spending that could have been avoided had sensible caution been applied (PFMA Act, Act 1 of 1999: 7).

## ACRONYMS/ABBREVIATIONS

ACSA	Airports Company South Africa
AGSA	Auditor-General of South Africa
ANOVA	Analysis of Variance
BBBEE	Broad-Based Black Economic Empowerment
CAE	Chief Audit Executive
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CG	Corporate Governance
CGI	Corporate Governance Index
DENEL	Detonics, Numerous, Electronics.
Eskom	Electricity Supply Commission
IA	Internal Audit
IAF	Internal Audit Function
IAs	Internal Auditors
ICSA	Institute of Chartered Secretaries and Administrators
IIAG	Ibrahim Index of African Governance
IIA	Institute of Internal Auditors
IIASA	Institute of Internal Auditors South Africa

IPPF	International Professional Practices Framework
IRMSA	Institute of Risk Management South Africa
ISPPIA	International Standards for the Professional Practices of Internal Auditing
JSE	Johannesburg Stock Exchange
MTBPS	Medium-term Budget Policy Statement
NPM	New Public Management
OECD	Organisation for Economic Co-operation and Development
PACs	Public Accounts Committees
PFMA	Public Financial Management Act
PwC	Price Waterhouse Coopers
Transnet	Transportation Network
SA	South Africa
SAA	South African Airways
SABC	South African Broadcasting Corporation
SABPP	South African Board for People Practices
SACOB	South African Chambers of Business
SAICA	South African Institute of Chartered Accountants
SOEs	State-owned Enterprises
SOCs	State-owned Companies
WGI	World Governance Indicators



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## CHAPTER 1

### INTRODUCTION AND PROBLEM IDENTIFICATION

#### 1.1 Background to the research study

Corporate Governance (CG) became a formal term to South African (SA) companies in 1994 (Moloi, 2015:3). The King 4 Report on Corporate Governance (2016:43), which is one of the most consulted reports by entities in SA on CG, prescribes ethical governance principles designed to help companies achieve their objectives such as openness, responsibility, competence, sound business judgement, and monitoring of compliance to guidelines or valid motives for deviation.

Guidelines such as the King 4 Report on Corporate Governance (2016:70) stipulate how CG practices in SOEs should be and highlight the need for a risk-based IAF. Florea and Florea (2013:83), Gamal (2015), and the PFMA (Act 1 of 1999) indicate that each SOE should have an IAF that evaluates activities with entities i.e. the presence of ethical CG practices. Motubatse (2013:569) states that the IAF evaluates the governance processes within an organisation and recommends methods for improvement to help the organisation achieve the entity's objectives. The assessment objectives of the IAF include supporting suitable ethics and standards within the entity, the ensure optimal organisational performance supervision and obligation. Risk management contributions made by the IAF involves disseminating risk and control evidence to applicable areas of the entity and the organisation of events, and sharing of actualities with the board, external assurance providers and IAs (IAs), and management (International Standards for the professional practice of Internal Auditing (ISPPIA), 2017:11). As these functions holistically remains core functions performed by the IAF, what is important to comprehend, is that the IAFs functions does not end with these functions only, but increases as threats to organisations increase. Inherently, the IAF has the responsibility of continuously assessing whether the strategic objectives of entities are achieved or threatened, and what occurs or does not occur, that deters these objectives from being realised within an entity. These occurrences bring about an exciting element to the roles performed by IAs, as IAs have to continuously upskill themselves and enhance thereby enhance their knowledge and experience of new threats to the organisation, in order to remain ready to employ their services that assists the organisation in mitigating those new threats which assists the entity in achieving its objectives.

Radasi and Barac (2015: 95) and Hermanson and Rittenburg (2003:27) explain that SOEs must adhere to sound CG principles to render utility services such as water services, sanitation services, health services, and electricity at the desired level required by citizens. At the same time, they must contribute towards the development of the South African economy.

According to Fourie (2014:32), the history of SOEs in South Africa dates back to the late 1700s and highlights SOEs' essential roles, including the alleviation of poverty and unemployment (currently reaching 29,1%) (Daiser, Ysa & Schmitt, 2017:448; Organisation for Economic Co-operation and Development (OECD), 2014:2; OECD, 2015:12; Statistics South Africa, 2019). Among the biggest SOEs in SA are Airports Company South Africa (ACSA), Armscor, Denel, and Eskom (South African National Treasury, 2019). Xie and Redding (2018) state there are around 1 500 SOEs globally, and according to the World Investment Report (WIR, 2017), South Africa owns 4% of the world's largest SOEs.

The sustainability of SOEs in South Africa remains threatened by challenges such as mismanagement and non-compliance stemming from CG mal-practices. McGregor (2014:5) identifies several challenges to CG within SOEs in SA such as (1) CG mal-practices causes dismal outcomes, (2) inadequate recruitment of Boards and Executives, (3) persistent changes to key employees interrupt moral practice, (4) dysfunctional working associations, and (5) the absence of standards, causing corrupt practices.

Despite the existence of the IAF within SOEs, CG mal-practices, however, persist. The current status of CG practices in SOEs are a factor that is explored in this research study, and this study explores the role of the IA in enhancing CG in SOEs to understand the levels of performance of the IAF in SOEs firstly, and how the function can improve its assurance and consulting activities on CG within SOEs. To achieve this, the study adopted a quantitative method approach anchored in a theoretical framework that included Stakeholder and Institutional Theories.

## **1.2 Research problem statement**

On 1 November 2017, the Auditor-General (AG) of South Africa released a media statement informing the public that the "Auditor-general reports a slow, but noticeable four-year improvement in national and provincial government audit results" (Auditor-general of South Africa Report, 2017:1). The AG further stated that public entities' performance, in the context

of CG, improved slightly over the last four years with 22% of entities. Public entities, which includes SOEs, amounts to 291 in South Africa (Republic of South Africa, National Treasury, 2018) improving their audit outcomes, while 14% declined in performance. From the findings, only 31% of public entities achieved unqualified reports with no findings, 39% achieved unqualified reports with findings, 15% achieved qualified reports with findings, and 4% achieved disclaimed reports with findings, while the outstanding audits ranged at 8% (Auditor-general of South Africa Report, 2017:1).

According to Bruton et al. (2015: 97), there are lingering questions on SOEs' failure to act transparently. Okibo and Kamau (2012: 109) state that the IAF should review and recommend ways to improve an entity's internal controls and risk management, which, if operating as intended, contributes towards the assurance of good CG within SOEs. In SA, as in other countries, most SOEs face many challenges, and CG mal-practices are among the most concerning (McGregor, 2014:5; Soko, 2017). The problem explored in this study, therefore, reads:

Despite the presence of the IAF, negative events such as fraud, corruption, and malfunctions in service-provision continuously occur within SOEs. One of the reasons for the low number of unqualified audit reports received in SOEs can be attributed to CG mal-practices that occur within SOEs, with which the IAF should be able to deal. It is thus unclear whether the IAF is fulfilling its role adequately towards CG in SOEs. With this research study, the researcher aims to gain the perspectives/perceptions from IAs as to why these governance irregularities occur within SOEs.

### **1.3 Motivation/rationale for the study**

According to Florio (2014: 204), Grossi et al. (2015: 276) and Bruton et al. (2015: 94), few studies of significant value on CG in SOEs in SA have been conducted and available, regardless of SOE importance to its stakeholders (the public as the main stakeholder). This lack of information negatively affects the sustainability of SOEs, as limited comprehension on the evolvment and development of SOEs exists, while gaps in CG in SOEs ceases to be addressed. An effective and adequate IAF in SOEs is able to play a significant role towards the flourishing of SOEs, and its function currently remains misunderstood, understated and unappreciated. In times when confidence in SOEs are low, this study was timely in that it could highlight the role of the IAF in SOEs, and its importance, in an attempt to restore confidence in SOEs.

#### **1.4 Contributions of this study**

The study provided a perspective from IA professionals on CG practices in SOEs in SA, and is of significance to IAs, SOEs, the public and public and academic institutions (especially higher learning institutions). Accurate, detailed and trustworthy information/literature on the roles played by SOEs in South Africa were explored by the research, and this information sought, aimed to highlight the current status of CG practices in SOEs, whether ethical and unethical, from the IAs perspective. It also indicates the roles played by the IAF in ensuring the achievement of ethical CG within SOEs. This study also aimed to contribute towards changes that can enhance the practices of the IAF, with the self-reflective results of respondents that could be used as a learning experience. Lessons learnt from the study, provides IAs with the opportunity to learn from past mistakes, in order to apply and ensure future-focussed, efficient and effective recommendations for effective governance within SOEs in SA.

#### **1.5 Objectives of the study**

The primary objective of this study was to:

Establish the perceptions of IA professionals employed in SOEs in SA regarding their roles towards CG in SOEs.

The primary objective of the study was supported by the following secondary objectives:

- Determine the status of CG within SA SOEs.
- Establish the lessons that IA professionals can learn from CG mal-practices in SOEs.
- Identify existing possible ways to eradicate the prevalent CG mal-practices in SOEs in South Africa.
- Determine the extent to which institutional dynamics affect the IAFs discharge of duties.

#### **1.6 Research Design**

Bryman and Bell (2015) defines the research design is the base plan of a research study that guides the researcher on how to conduct the study to answer the research questions. The research design enables the researcher to identify, for example, the sample size, measures/methods, and applications/programmes that can be used to answer the research questions. This research study used both primary and secondary sources of collecting data,

with primary data identified as unused information that could not answer the research questions. Secondary data were collected from existing literature that is of significance to this research study, which is stated in the literature review section.

The research methodology explains the researcher's approach (methods and motivations used) in gathering information to answer a research problem (Myers, 2009:301). While there are two types of research approaches (qualitative and quantitative), this study adopted a quantitative approach (which falls within the positivist research paradigm) to collect demographical and descriptive information from respondents. Reliability was determined by way of Cronbach's Alpha method, whilst Validity was determined using Spearman's Rank Correlation Coefficient method on questions posed, and the relationships that exist between dependent and independent variables (Wegner, 2010:408) was determined using methods like Mann-Whitney Tests and Kruskal-Wallis H Tests, thus stating the accuracy of existing theory relationships (Wegner, 2010:426). Among these elements, and in an attempt to simplify the data collection process, the researcher developed an online questionnaire using an application called Lime Survey. The questionnaire was also distributed as a link within the IASA's monthly newsletters, to respondents who click on the link to begin with answering of the questionnaire questions.

Due to the population size being unknown, non-probability sampling methods were employed to select the sample size of respondents, all of whom are currently, or have been previously employed within IAFs in SOEs, to perform Internal Audits. Relevant statistical analyses methods, which includes Descriptive Statistics were performed, as well as Mann-Whitney Tests and Kruskal-Wallis H Tests were conducted to measure the effects between Dependent Variables (which consists of the Demographical analysis of respondents) Independent Variables (which consists of the questions contained in the questionnaire from which significant results was obtained). These statistical analyses were performed with the aim of addressing the primary and secondary research questions, thereby exploring the current status of a phenomenon (Patton, 1990: 234), which in this case, was the current status of CG in SOEs in SA.

## **1.7 Research Questions**

The primary research question for this study read:

What do IAs in South Africa perceive as their CG role in SOEs?

The primary research question was supported by the following sub-questions:

SOEs are currently experiencing various challenges that affect their service delivery. With this in mind, how do you perceive the status of CG in South African SOEs?

- What lessons could be learnt from SOEs' CG mal-practices in South Africa, by IA professionals?
- What are the possible existing ways to eradicate the prevalent CG mal-practices in SOEs in South Africa?
- To what extent do institutional dynamics affect the IAFs discharge of duties?

### **1.8 Research limitations**

Limitations to this study included the difficulty to access SOEs, specifically in the endeavour to communicate with the targeted population. The researcher attempted on many occasions to contact IA professionals in SOEs but was unsuccessful, citing the outsourcing of the IAFs to private accounting firms as one, or the unavailability of professionals within those IAFs in SOEs as another reason. Various phone calls have been made in this regard to contact with professionals in the IAFs in SOEs.

The researcher together with McGregor (2014:3) experienced another limitation being the difficulty with obtaining valid and accurate information due to a lack of accessibility to information when contacting government departments. The government does not always allow the viewing of sensitive information that highlight challenge areas. Information perused online and through other means available were also often more than five (5) years old, thus qualifying as old information.

### **1.9 Structure of the Study**

#### 1. Chapter 1 – Introduction

##### 1.1.1 Background of the research study

##### 1.2 Research problem statement

##### 1.3 Motivation/Rationale for the study

##### 1.4 Significance of the study

##### 1.5 Aims of the study

##### 1.6 Objectives of the study

- 1.7 Research design
- 1.8 Research questions
- 1.9 Research limitations
- 1.10 Structure of the study
- 2. Chapter 2 – Literature Review
- 3. Chapter 3 – Research Methodology
- 4. Chapter 4 – Data Analysis, Presentation and Discussion of Results.
- 5. Chapter 5 – Discussions, Conclusions and Recommendations.



## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 Introduction

Chapter 2 examined existing literature related to the role of the IAF, in particular, the role of IAs in enhancing CG in SOEs in SA. The researcher aimed to gain an understanding of the facts surrounding the IAF and CG activities as individual concepts that should exist within SOEs. This chapter also discusses the theoretical frameworks identified, the theories which guided the study, namely the Institutional and Stakeholder theories. These theories were significant in that it advised on the importance of stakeholders to entities, and how Institutions effects the sustainability of its stakeholders, for the purposes of this research study, how ailing SOEs in SA effects its stakeholders. Stakeholder inclusivity may also be a key concept that lacks prioritisation from SOEs, as SOEs, given their current failure to deliver important utility services, maintain a diminished state of accountability and responsibility towards its stakeholders. These theories also shed light on whether SOEs identify socially with the public while providing utility services.

Corporate social responsibility is a fundamental part of the existence of SOEs as an important governance principle that should be employed within an entity that relates to both the abovementioned theories. Literature consulted provides a perspective on the history, contribution, and challenges that SOEs in SA face. The researcher explored and stated the guidelines available to IA practitioners as the criteria against which all practices, including those of CG, are measured, to provide clear practice guidelines in existence. With this, the researcher aimed to gain perspective on why CG mal-practices continue to exist in SOEs, despite the presence of the IAF, and existing adopted legislation such as the PFMA (Act 1 of 1999), Companies Act (Act 71 of 2008) and reports like the King 4 Report on Corporate Governance.

Literature consulted, was obtained using a <sup>1</sup>systematic review method (a research method that aims to gather all significant facts identified that meet a definite criterion) to find a solution to one or more research questions. It employs unequivocal, orderly methods to decrease prejudice in the identification, choice, mixture, and summary of studies (Moher et al., 2015:3).

The researcher's interest in Internal Auditing and its role in the public sector, was a strong motivator towards this research study, and the systematic review process conducted on literature documented in this chapter, originated from question asked on why SA SOEs are currently negatively published because of their struggle to deliver their mandate. The researcher sought understanding on what the role IA is in SOEs performs firstly, and its contribution towards CG in SOEs, as the researcher shared the same sentiments reports, acts and documents on CG, which includes the King Report on Corporate Governance, PFMA that prescribes the standards of CG. These standards include the notion that any entity should not be struggling to meet its strategic objectives, if an IAF is present within the entity, and an entity should not struggle financially and operationally, if CG practices are adequately and effectively administered within the entity. Secondary questions were also developed to assist the research study in identifying the reasons/the root cause of SA's struggling SOEs. As the research questions were developed, the objectives of the research study were also developed. Thereafter, an appropriate topic for this research study was carefully deliberated upon and considered by the researcher, with assistance from the supervisors of this research study. The title "The role of the Internal Auditor in enhancing Corporate Governance in State-owned Enterprises in South Africa" was considered the most appropriate title for this research study.

The criterion of data collection for this research study was considered to be data collected from IA professionals with current/previous experience in SOEs in South Africa, which were later included in the online questionnaire that was developed.

Literature explored/consulted, were obtained from search engines like Google, Google scholar, Emerald, Sabinet, and other CPUT library databases. The researcher downloaded

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<sup>1</sup> <https://www.editage.com/insights/a-young-researchers-guide-to-a-systematic-review>

and perused journal articles relevant and applicable to various important elements covered within the scope of this study. Online and local library books were also consulted, as well as reports from professional institutions and companies like the IIASA, IRMSA, SAICA and AGSA. Other sources that aided this research study, are contained in the references section of this research study. Majority of literature consulted and reviewed in this research study, are less than 5 years old, and the ideal of this timeline, was to ensure that only the most relevant and recent information is stated throughout this study.

## 2.2. Overview of SOEs in South Africa

The Companies Act (Act 71 of 2008) highlights two types of companies that could be formed and integrated under its regulation, namely profit and non-profit enterprises (Companies Act, Act 71 of 2008:45). A profit company is defined in the Companies Act (Act 71 of 2008:45) as:

*(a) A state-owned company; or*

*(b) a private company if:*

*(i) it is not a state-owned company; and*

*(ii) its memorandum of incorporation:*

*(aa) prohibits it from offering any of its securities to the public; and*

*(bb) restricts the transferability of its securities;*

*(c) a personal liability company if:*

*(i) it meets the criteria for a private company; and*

*(ii) its memorandum of incorporation states that it is a personal liability company; or*

*(d) a public company, in any other case.*

According to Jahed et al. (2015:i), SOEs are institutions created by the government to perform public utility and commercial services on its behalf, whilst fulfilling the government's promise of an efficient economy with a sustained financial status. Fourie (2014:33) states that some of the objectives for the establishment of SOEs, were to ensure that the country could sustain itself financially and depend upon its product (services the SOE provides, such as electricity, water, and telecommunication services) to serve societal needs. According to Thabane and van Deventer (2018:3), SOCs provide utility services to the public that, if not provided, challenges public sustainability regarding livelihood, and because of this challenge, the public exercise due care by remaining interested in the successful governance of these SOCs. Thabane and van Deventer (2018: 2) state that the roles played by SOCs are necessary for the evolution and steadiness of the SA economy.

Jahed et al. (2015:1) state that the role, relevant policies, and frameworks of SOEs have been under the magnifying glass. Jahed et al. (2015: i) also recall the phases SOE policy

have encountered since 1994, namely privatisation, restructuring, and most recently, rationalisation, which requires SOEs to support the conception of a developing state. PricewaterhouseCoopers (PwC) (2015:38) states that the existing alliance between SOEs, government, various companies (private and public), and organisations influence governance practices within SOEs. These influences include differences of interests of various political parties and privatisation to restructure and transform SOEs, as core factors. The OECD (2014) states that SA economies have positioned SOEs at the core of their national improvement plans, following their dissatisfaction after their attempt to restructure and privatise SOEs in the 1990s because of a continuous and increased reliance on SOEs to eradicate market failures and eliminate obstacles in the process of improving and action structural improvements.

According to Matsiliza (2017: 36), the government's intention to privatise some SOEs was to upgrade their core business. Gumede et al. (2011:11) explain that the government needed to assess the performance of SOEs when they became exposed to public scrutiny for failing to achieve its objectives of sustaining its operations with adequate revenue and amenities provided to its consumers.

### **2.3 Defining SOEs**

The King 4 Report on Corporate Governance (2016:4) explains that companies are not separate from society. Companies can no longer be viewed as existing in its own singularly concentrated universe of internal stakeholders and the resources required to add value, but it exists and is dependent on the general society. The King 4 Report on Corporate Governance (2016:24) also states that a company is also a juristic person within its society, and is dependent on society to provide a favourable environment in which to function, while fulfilling its role as initiators of prosperity, suppliers of goods, and services employment.

The Public Finance Management Act (PFMA) (Act 1 of 1999) defines national public entities, interchangeably referred to as SOEs, as:

*... a national government business enterprise; or a board commission, company, corporation, fund or other entity (other than a national government business enterprise) which is – established in terms of national legislation; fully or substantially funded either from the National Revenue fund, or by way of a tax, levy or other money imposed in terms of national legislation; and accountable to Parliament.*

In addition to the PFMA Act, Florio (2014:201) defines SOEs as entities owned or co-owned by the state, which internalises a public mission among its objectives while operating mainly in a market environment. Fourie (2014:33) states that some of the objectives for the government to establish SOEs, were to ensure that the country could sustain itself financially, and depend upon its product (services the SOE provides, such as electricity, water, health, and telecommunication services) to serve societal needs. This chapter highlights the contributions of SOEs towards SA's society, stating its history and the importance of its services provided.

It is the understanding of the researcher that SOEs are entities established by the government to address society's utility needs while exploring ways to financially sustain its SOEs and boost the SA economy. It thereby establishes the justification of compensating society for taxes collected from it, while exercising an agenda of addressing the social challenges that society face. These challenges are highlighted during the course of this chapter.

## **2.4 Contributions of SOEs**

SOEs' contributions to the SA economy are diverse and date back to the late 1700s when Governor Johan Isaac Rhenius opened the first post office at the Castle of Good Hope in Cape Town (Fourie, 2014:32). Although at the time there was a conflict between the Dutch and the British, the SA Post Office gradually grew its mail distribution operations via horseback, mail carts, trains, and eventually, aircraft. Jerome (2003:6) states that by the early 1920s, the government gave SOEs the responsibility of transforming and maintaining a favourable SA economy to achieve optimal economic development (financial growth and sustainability).

SOEs' roles in SA and around the world, include providing utility services such as water, electricity, sanitation, transportation, and refuse collection to the public while contributing to the sustainability of SA and international economies (Daiser et al., 2017:448; Fourie, 2014:32; OECD, 2014:2). The OECD (2015:12) explains that as SOEs are key to providing key public utility services, they have an immediate influence on public well-being and competition within the surrounding economies. Fourie (2014:30) further states that the delivery of public services must adapt and align with growing economies globally, as globalisation and the increasing nature of public and physical needs, are a few existing challenges in SA in creating employment. Fourie (2014:32) furthermore indicates that SOEs

are contributing to the SA economic development by attracting and sourcing capital equipment, finance and partnerships. SOEs play other vital social roles that include improving labour services in an attempt to address unemployment which may alleviate poverty, thereby improving social standards (Daiser et al., 2017:448; Fourie, 2014:30; Makhado, 2016: 4; OECD – South African Policy Brief on CG (2015); Statistics South Africa, 2017). Currently, the unemployment rate in SA, which contributes towards unprecedented poverty, remains at an alarming 29% (Statistics South Africa, 2019). In 1994, the unemployment rate in SA was at 20%, and in 2013, at 24.7% (Statistics South Africa, 2017).

Xie and Redding (2018) state that SOEs were established as a primary source of information for the state to comprehend, restrict its activities, and install control within the economy. Kim and Ali (2017:1) are of the view that SOEs enjoy more benefits compared to the private sector, as they often receive subsidies, bankruptcy protection, loans at very low interest rates, and exclusions to debts that they owe the government. Kim and Ali (2017:1), however, also indicate that in return for these benefits, SOEs provide utility services to the public at a cost that is way below acceptable financial means necessary to sustain them while delivering utility services. Jahed et al. (2015: iii) state that SOEs in SA have been tasked with various imperative tasks, namely enhancing the competitiveness of the economy, investing in economic infrastructure, stimulating growth, and fulfilling a range of industrial policy goals.

To explore the factors that influence the achievement of these tasks of SOEs, the section on CG in SOEs provides a perspective of what codes have been adopted and are in place to measure governance practices in SOEs in SA. It is essential to note that with ethical leadership that can be employed in SOEs, SOEs may align and be on course to deliver on its mandate and achieve its objectives, other than being led through non-conformance with governance codes, frameworks, and principles.

## **2.5. Legislation**

Kanyane and Sausi (2015:31) indicate that the PFMA (Act 1 of 1999) was established as a regulation that secures responsibility and sound supervision of the revenue, expenses, assets, and liabilities within the SA public sector, from which SOEs are not excluded. It specifies the fiduciary and overall responsibilities of oversight bodies, departmental heads, accounting officers, executives, and directors of boards or accounting specialists, and provides for personal obligation in instances where there is a possible break of legislative duties. Together with the King reports, the PFMA (Act 1 of 1999:7) prescribes governance

principles to which public entities should adhere in its endeavour to ensure sound public financial management.

A strong view exists for the need for singular sovereign legislation that governs all aspects of SOEs in particular, motivated by the desire for clear operational guidance that practically adds the best value to deal with the changing aspects of SOEs (Kanyane & Sausi, 2015:33). Motivating reasons for this include how the Companies Act (Act 71 of 2008) indicates that shareholders elect boards who employs a Chief Executive Officer (CEO), while cabinet appoints CEOs within SOEs, thus rendering the choice of the board powerless. Although the Companies Act (Act 71 of 2008) and the PFMA (Act 1 of 1999) remain the most significant regulators of SOEs, they provide contrasting legislation on the core responsibilities of SOEs (Bronstein & Oliver, 2015:8).

Bronstein and Oliver (2015:7) and Kanyane and Sausi (2015:33) state that SOEs face various hurdles while operating under the inflexible PFMA environment, because of added regulation that includes government/taxpayer funding without the expectancy of profit-making. On the other hand, private companies thrive under viable regulations of the Companies Act. These hurdles, includes the competitive advantage that the private sector entities enjoy while following the Companies Act compared to SOEs who struggle, are a going concern given the stringent inflexible protocols of the PFMA environments under which SOEs are regulated (Kanyane & Sausi, 2015:33). These stringent standards which dictates operating protocols that should be followed by SOEs, lead to income not being collected that is needed to ensure the financial sustainability of SOEs. As a result, SOEs struggle to live up to its corporate social responsibility, which is a key element towards good governance (Saleem et al., 2016:947).

On 12 May 2010, the SA President at the time, Jacob Zuma, announced the appointment of a Presidential State-owned Entities Review Committee, which was responsible for the examination and improvement of SOEs' legislation and policy frameworks to effectively improve SOEs' landscape (Kanyane & Sausi, 2015:28; Makhado, 2016:5). Public Account Committees (PACs) were also established and entrenched to undertake the responsibility of financial evaluation of various entities of government, including SOEs (Makhado, 2016:5). The mandate of the PACs was to oversee the financial performance of SOEs using the AG's reports in their role as overseer and guardian of public funds (Makhado, 2016:5).

According to Makhado (2016: 5), the Constitution of the Republic of SA (Act 108 of 1996), under section 55 states that the National Assembly is mandated to maintain an oversight



over state organs at Provincial and Local Government level, while section 92 states that Cabinet, all the various organs of state, and Ministers are all accountable to Parliament (Constitution of the Republic of South Africa, Act 108 of 1996:48). Florio (2014:201) states that SOEs remain accountable to the government and the public for their operations.

## **2.6 Theoretical framework**

An analysis of complex concepts can be best achieved using theoretical frameworks such as Stakeholder and Institutional theories. The nature of utility services provided by SOEs depends on the social nature/societal needs of stakeholders of SOEs, which informs the corporate social responsibility frameworks of SOEs towards its stakeholders.

This study, therefore, explores the role of the IA towards enhancing CG in SOEs to also understand whether institutional dynamics within SOES, affect the functioning of the IAF within SOEs. To achieve this, the study adopts a quantitative approach to explore the effect of Institutional and Stakeholder theories on this study. Anticipated results include the revelation of factors such as power dynamics within SOEs (between IAF and management) contributing to the CG mal-practices.

### **2.6.1 Stakeholder theory**

The stakeholder concept dates back to the mid-1980s when Freeman (1984) defined a stakeholder as “any group or individual who can affect or is affected by the achievement of the organization’s objectives”. Phillips (1997:53) indicates that stakeholder theory originated as a reply to the belief that individuals with a stake in the organisation should be the prime recipients of the organisation’s activities, as the organisation should be directed to maximise the economic output to stakeholders. The Stakeholder theory, however, also consists of various groups who have a stake in the organisation, and who should be considered in the decision-making processes within organisations. According to Fontaine et al. (2006:4), Stakeholder theory highlights the relationship between management and stakeholders regarding their actions and understanding of their roles within and towards an entity. When the entity treats stakeholders as a valuable asset towards the entity, and in line with the stakeholder concept, the success of the organisation may be imminent.

Friedman and Miles (2006) explain that the stakeholder perception is about what the organisation should be, how it should be theorised, and clarifies furthermore that an organisation should be thought of as a group of investors, and the goal of the organisation

should be to manage their welfare, requests, and viewpoints. Donaldson and Preston (1995:66) explain that the Stakeholder theory describes an organisation as a group of obliging and competitive interests enjoying basic fundamental values.

Fontaine et al. (2006:7) state that stakeholders are classified as groups of people who have classifiable relations with organisations such as its employees, customers, investors, suppliers, distributors, shareholders, public and government officials, activists, and communities. Saleem et al. (2016:948) explain that the actions of entities have a social effect on its stakeholders, and entities should continuously strive to provide for the needs of its stakeholders. By uninterruptedly addressing these needs, entities ensure their sustained success as investment by stakeholders in the entity will not cease.

The King 4 Report on Corporate Governance (2016:5) states that management, to comprehend the expectations of stakeholders, must create and sustain continuing relations with stakeholders. To enhance this aspect, companies appoint stakeholder relationship officers and task them with the responsibility of ensuring that there are sound relationships between stakeholders and the entity (King report on Corporate Governance, 2016:5). Fontaine et al. (2006:13) state that stakeholder management is a process of finding ways to manage and adjust relationships and welfares of stakeholders of the entity, in a manner that promises the long-term triumph of the entity. Fontaine et al. (2006:13) explain further to this important concept that management should drive dynamic management within the corporate environment, and relationships towards the advancement of common goals, in an attempt to mature business strategies. The King 4 Report on Corporate Governance (2016:5) explains that one of the benefits of understanding stakeholders' expectations is that management can develop a better stakeholder strategy.

PwC (2015:6) states that stakeholders of companies rely on the IAF to engage fully in the maximum impactful business requirements to propose positive views on all risks faced by the entity, which includes strategic, compliance, financial, and operational risks, and to offer commendations on how to diminish risks before they happen. Previous research conducted by PwC (2015:7) motivates that the IAF must concentrate on the exact risks at the best period in the process, improve the talent and business intelligence to be appropriate and offer valued insight, strengthen its alliance with enterprise risk management (ERM) and the combined assurance model that exists within the company, and harness the effect of data throughout the audit life-cycle to offer enhanced understanding into the business.

## 2.6.2 Institutional theory

Munir (2015:90) advises that institutions are characterised by power, which affects and guides stakeholder activities and principles. These power-perspectives can be open-minded (the power of free will), or Foucauldian (power influencing an individual's choice) in nature. Munir (2015:91) furthermore states that companies are crucial in every individual's life because they determine what individuals buy, where and what they eat, self-perception, and in general, social perceptions such as how people relate to each other.

Institutional theory is an approach to understand organisational and management practices as the product of social rather than economic pressures (Suddaby, 2013:379). Furthermore, Brundin and Wigren-Kristoferson (2013:453) state that institutional environments originate from the government, trade mergers, trade relations, professionals, and similar organisations, whereas the technical environment initiates from the wish of entities to sustain its competitiveness with the rest of the economy. Organisational practices are occasionally more reliant on social pressures for conformity and legitimacy, than on systematic pressures for profitable performance (Suddaby, 2013:379). Key concepts of the Institutional theory, according to Suddaby (2013:379), include the infusion of value, diffusion, rational myths, loose coupling, legitimacy, and isomorphism.

While the PFMA (Act 1 of 1999) as a whole covers all areas of public finance in the SA public sector, Kanyane and Sausi (2015:32) state that sections 46 to 86 of the PFMA (Act 1 of 1999) identify guidelines that highlights the importance of each public entity having an accounting authority that must be responsible/answerable, which normally constitutes a board of directors. Saleem et al. (2016:946) are of the view that when companies endeavour to become successful, their ability to fulfil their role of corporate social responsibility while sustaining itself within competitive conditions, is instrumental towards the company achieving its objectives. Suddaby (2013:384) states that while institutions remain at the heart of the Institutional theory, established social structures within these organisations remain understated and unrecognised for the value it adds to entities. These social perceptions, standards and directions, add towards the building and shape of the organisation within.

In the context of this study, the Institutional theory, was adopted to explore institutional operations and challenges the going concern status of an entity, and which may also impede or promote the functioning of the IAF. The Institutional theory argues that decision-making by the board of directors and management should not only promote the economic side to SOEs but should also consider social elements that might require further promotion of compliance

with ethical standards stated in the King 4 Report on Corporate Governance. This helped the study to explore the reasons why SOEs are currently characterised by CG mal-practices irrespective of the existence of the IAF. The findings also clarified why SOEs are struggling to achieve its objectives and why SOEs are so dependent on the state for financial assistance. The Institutional theory helped the researcher explore dynamics in institutions such as decision-making at the top of the entities and power dynamics regarding leadership, and who is at the helm of steering the SOE into the current direction, and the relationship between the leadership of the enterprise and its stakeholders.

### **2.6.3 The relevance of Stakeholder and Institutional theories to this study**

Matsiliza (2017:35) states that developing economies such as SA can continue to grow if they improve their economic and social organisation, continuously promote people-education, and effectively manage its SOEs. The King 4 Report on Corporate Governance (2016:26) explains that stakeholder-inclusivity are crucial to an entity, as stakeholders are not only considered to be mechanisms that aid the entity's owners, but that stakeholders add essential value in the decision-making process that serves in the best interest of the entity.

Institutional theory is about management's decision-making within an organisation while considering the norms, values, expectancies, and culture of stakeholders actively involved within the organisation as a collective. With both theories, it is evident that there are social aspects that are brought into the organisation mainly by individuals. The organisation must adopt these social aspects directly affiliated with CG which may greatly influence the organisation's dealings with environmental pressures while improving its competitiveness, thus fulfilling its corporate social responsibility obligations. As previously indicated, SOEs provide services of a social nature, and Institutional and Stakeholder theories elaborate on the nature of these services rendered, as the centre point reflects a social view.

The CG practices prescribed by the King Reports on Corporate Governance and PFMA, is socially implemented within organisations, as individuals implementing adequate and effective CG, has to adhere to values which are socially internalised by corporate governance custodians in entities. Risk management practices, for example, are also actioned by people acting individually as well as within various groups (Hillson & Murray-Webster, 2017: xvii). The human element introduces an additional layer of complexity into the risk process with a multitude of influences both explicit and cover. According to Lundqvist (2014:393), improved stakeholder pressure and market instability have obliged companies to administer risk in the planning, controlling, and implementation of business practices.

## **2.7 Corporate Governance**

### **2.7.1 Defining Corporate Governance**

Mubangizi and Ile (2015:78) state, good governance is the navigation of civilization through systems and enterprises between the state's companies and public associations. It extends beyond the government to rules that create an authentic, active, and competent context for the behaviour of public strategy. Kanyane and Sausi (2015:29) are of the view that good governance contributes to transparency within public affairs and accountability by inspiring participation in the production of legislation, the incidence of the rule of law, and a self-governing judiciary, and established checks and balances through the segregation of powers and effective agencies. Afolabi (2015:11) furthermore adds that good governance is an instrument for socio-economic improvement, which happened to industrialised nations such as the US and the UK.

The King 4 Report on Corporate Governance (2016:20), defines CG as the application of ethical and effective management by the board of directors towards the accomplishment of an ethical ethos, moral enactment, active control, and legitimacy. McGregor (2014:2) explains that when good CG is effectively and efficiently employed within an organisation, it provides a safety net that ensures that the main components are in place to create successful outcomes. Thabane and van Deventer (2018:2) state that moral CG in SOCs inspires other enterprises to instil moral CG principles, which, if followed, could lead to improvements in the country's international market control and capability to sustain itself by way of foreign investment.

### **2.7.2 The history of Corporate Governance**

According to Matei and Dramasu (2015:496), the concept of CG emerged from a series of repeated serious fraud and financial abuse in developed countries. Studies conducted by Afolabi (2015:10), and Albu et al. (2013:495) explains that the concept of CG emerged in the 1970s with the Watergate scandal where American private companies were discovered to have been involved in politics through illegal financing of political parties in the US. Matei and Dramasu (2015:496) argue that in the context of the 1970-1990 scandals, the mission of CG is to balance and equally split the balance of power and responsibility between shareholders, administrators, and executive management to prevent the occurrence of new frauds and financial abuse, thereby endeavouring to regain society's trust in the business environment.

Afolabi (2015:12) and Moloji (2015:3) explain that in SA, CG became officially regulated in 1994 by the publication of the first King report that suggested improved disclosure in annual reports of companies. Afolabi (2015:12) furthermore states that the Institute of Directors in SA appointed retired Supreme Court Judge, Mervyn E King and a governance committee to establish the foundation for CG in SA. As with various other codes of the Commonwealth, the King Report on CG was principle-based and differed from other codes such as the Sarbanes-Oxley code, which was rule-based. According to Rossouw et al. (2002:296), the knowledge behind establishing the principle-based King report was supported by the South African Chambers of Business (SACOB), the Institute of Chartered Secretaries and Administrators (ICSA), South African Institute of Chartered Accountants (SAICA), and the Johannesburg Stock Exchange (JSE).

According to Afolabi (2015:12), the King 1 Report on CG published in 1994 was mostly aimed at CG within the private sector, with its emphasis on the stakeholder approach. Moloji (2015:3) explains that the public sector did not fully accept the King 2 Report on CCG published in 2002. Afolabi (2015:12) furthermore highlights that with the publication of the King 2 Report, new sections were included such as the duties of the board of directors, risk management, accounting, and auditing. By 2009, when the 3rd King Report on CG was published, it included objectives that the public sector could apply, as well as a value-based applied or explained concept (Afolabi, 2015:12; Moloji, 2015:3). The year 2010 saw SA characterised by a leadership crisis (SABPP, 2017:2). Ever since, SA has faced numerous organisational failures throughout various sectors of the economy (SABPP, 2017:2).

The King 4 Report on Corporate Governance was published in 2016 (King report on Corporate Governance, 2016:7). PwC (2015:4) states that despite the ever-changing motivations for state ownership, SOEs are an influential feature of the economy that is important in delivering desired services to society. Furthermore, PwC (2015:4) is of the view that SOEs are likely to remain an important instrument of the state in public and societal value creation if SOEs engage with the right stakeholders in their endeavour to deliver government's mandate of public and societal value creation in the future. Matsiliza (2017:36) emphasises that concerns over CG practices in SOEs resulted in government incorporating a prescribed and adopted governance-principled documentation such as the King 1, 2, 3, and 4 Reports on CG, which would address reporting elements that regulate boards of directors and their duties at the centre of CG in SOEs.

The King 3 Report provides regulatory principles on the composition of the board of directors, which includes the minimum number of directors, executive directors, and non-executive directors allowed, as well as the independence of non-executive directors to avoid conflicts of interests, the balance of power, and regulation of duties (King report on Corporate Governance, 2009). According to Matsiliza (2015:444), SA SOEs require effective and efficient boards of directors to lead them into a visionary direction. These ethical leaders should fulfil their promise to deliver economic growth.

According to Business roundtable's prescribed principles of CG (2016:5), and Afolabi (2015:17), optimal CG requires that the various custodians of governance within an entity understand their role in ensuring proper CG. These custodians include the board of directors, management under the guidance of the chief executive officer, and the entity's shareholders who have invested in the entity and to whom benefits are due. Afolabi (2015:17) explains that the board members, given their responsibility to lead the organisations accordingly, should reveal any conflicts of interest that prevent the optimal performance of their responsibilities.

CG custodians within organisations include the board of directors, management, and shareholders. Their roles within entities in ensuring compliance with an ethical governance ethos are as follows (Business Roundtable, 2016:5):

**The board of directors:** The roles of the board include overseeing the organisation's management and business plans to achieve its long-term objectives that add worth; the election of a suitable, qualified, and skilled Chief Executive Officer (CEO) to head the organisation; monitoring the performance of the CEO's progression strategy; entrusting responsibilities and authority to run the daily operations of the organisation to the CEO, other executives including the Chief Financial Officer (CFO), and senior management; exercising vigorous and diligent oversight of the organisation's affairs, which includes the company strategy and risk (Business Roundtable, 2016:5).

**Management:** Under the leadership of the CEO, management is tasked with the responsibilities of setting, administering, and achieving the strategy of the company. The strategy includes navigating operations under the board's oversight while keeping the board informed of the organisation's operational status. Management is also responsible for financial reporting, calculated planning, and risk administration with the focus on implementing the organisation's strategy (Business Roundtable, 2016:5).

**Shareholders:** Shareholders invest in organisations by purchasing the organisation's stocks of which they expect a return in the form of economic benefits that includes dividends. While shareholders are not involved in the daily running of the organisation, they are not completely excluded from the organisation, as they have voting power when it comes to the selection of directors, as well as a right to information of the organisation (Business Roundtable, 2016:5).

Various challenges continue to obstruct the improvement of SOE efficiency, which includes poor performance in SOEs resulting in poor profits on capitalised government investment and continuing government subsidisations (OECD, 2014). SOEs are characterised by their outdated governance and inconsistent ownership practices. Healthier governance arrangements would constitute more effective institutional and accountability mechanisms (OECD, 2014). It, therefore, is fundamental for SOEs to be more dynamically steered or future-focused while refraining from unethical practices within markets where private and other sector enterprises can deliver the same services as SOEs more effectively and efficiently (PwC, 2015:5). The OECD states, with particular reference to its South African Policy Brief on CG, that the presence of good governance in SOEs is crucial because of the size of SA's SOEs and the roles they play.

Matsiliza (2017:36) explains that with CG in SA being an evolving issue, the King reports, affirmative action, broad-based economic empowerment (BBBEE), transformation agenda, as well as the OECD CG and regulatory principles are policies considered as proper governance codes. Other guides of the quality of CG include the World Governance Indicators (WGI), Ibrahim Index of African Governance (IIAG), and African Integrity Indicators (Global Integrity) (Kanyane & Sausi 2015:30).

The King 4 Report on Corporate Governance (2016:21) indicates that the code applies to all organisations regardless of the manner and form of incorporation or establishment or whether in the public and private sectors. According to Afolabi (2015:12), SA interests more investors for resilient economic growth because of the presence of improved corporate practices implemented since 1994.

Matsiliza (2017: 35) states that SA, as a developing state, operates under the understanding that it has a responsibility to steer upgrading initiatives that will improve the economy. To transform public service, the SA government applies the New Public Management (NPM). According to Gumede et al. (2011:3), the mandate of the NPM is to involve private sector practices, which includes adequate CG practices to transform SOEs, towards optimal performance.



Matsiliza (2017:36) shares the view that the application of governance codes such as the King reports have exposed unethical governance practices to the society because the government embarked on various plans and actions to enforce compliance to officials that fail to maintain ethical CG principles. Board members from different SOEs have been exposed to parliamentary committees' explorations and investigations on the various portfolios they serve (Matsiliza, 2017:35). These inquiries and investigations are brought about by these board members' failure to serve the interest of the organisation's shareholders, thus failing to satisfy societal needs and failure of compliance with SOEs' corporate social responsibility.

Makhado (2016:4) states that the National Assembly and legislatures, through the work of the Public Accounts Committees (PACs), oversees the financial performance of SOEs by conducting various audits on projects specified in SOE reports. Feedback from the audits provided by the AG on the finances of SOEs is the focus of the Public Accounts Committees. Furthermore, Makhado (2016:4) also states that parliamentary portfolio committees supervise non-financial performance aspects to SOEs, which includes policy and service delivery matters.

Matsiliza (2017:38) and Radasi and Barac (2015:95) state that in addition to the King reports, SOEs in SA should comply with the PFMA Act (Act 1 of 1999) and the Companies Act (Act 71 of 2008), who prescribes sound CG principles. Hermanson and Rittenburg (2003:27) also recommend the CG principles prescribed by King Reports because the codes are required to synchronise the SA CG and international trends, and upgrade and eliminate unethical practices in CG in SA.

The King 4 Report on Corporate Governance (2016: 111) states that the Presidential Review Committee on SOEs highlights the key roles of SOEs. These roles include creating the basis for the growth of the economy and improving transformation in SA, which are deemed important challenges that further address economic and social challenges. The King 4 Report on Corporate Governance (2016: 111) furthermore continues:

*South Africa aspires to be a Developmental State... [and] SOEs need to be aligned to this agenda. If the country is to attain improved quality of life underpinned by a robust democracy and a just society, along with other initiatives, the State must preside over viable, efficient, effective and competitive SOEs.*

The King 4 Report on Corporate Governance (2016: 3) highlights the societal elements that dominate social behaviour as some of the key reasons for the improvement and release of the King 4 Report on Corporate Governance. These elements include social media platforms that continuously creates societal threats of radical transparency (it is no longer easy for companies to conceal their secrets); technology while producing vast volumes of information (refined analytics is transforming data into a deep understanding of human behaviour and their organisations); and disruptions to technology continuing amidst improvements in, for example, robotics, artificial intelligence, and biotechnology, which excels and renders the conversion of production and supply chains premature. This compels professionals in, for example, law and accounting fields to explore new or alternative ways to sustain themselves (King report on Corporate Governance, 2016:3).

According to McGregor (2014:2), the main components for good CG include structures, systems, and processes that are in place; the right mix of intelligence, knowledge, experience, and expertise; a regulatory environment; and an understanding of the principles and practices of sound CG. The Companies Act (Act 71 of 2008) emphasises that the key to sound CG as transparency, accountability, efficiency, sound business judgement, and regulatory certainty. These elements represent conformance to regulations or good reasons for deviating (CIPC website, 2018).

### **2.7.3 Corporate Governance challenges in SOEs in South Africa.**

George (2005:42) states that governance in the public sector warrants the same scrutiny as governance employed in the private sector since the wrong conduct in the private sector affects the stakeholders of an organisation. In the public sector, unethical behaviour unfavourably affects the public.

McGregor (2014:8) highlights the following challenges to CG in SA SOEs as CG incompetence causing poor results because of a shortage of experienced, qualified boards of directors employed to lead SOEs that is undeveloped, and the poor selection/recruitment processes applied in the process of appointing Boards of Directors, commonly because of a political agenda. This challenges acceptable standards that SOEs try to maintain in employing the succession planning, selection, development, and retention of skilled and qualified board members; constant changing of key employees disrupts good practice because the necessary build-up of competencies and continuous good practice are a key requirement; and dysfunctional/poor working relationships, bad tempers and abusive power games take the aim away from achievement of SOE objectives.

These challenges result in inadequate administrative practices, lack of integration, poor timing and synchronicity between different government departments; lack of morals/values resulting in corrupt practices because the changeover from a struggle movement to running a government often means that former idealists erroneously take for granted that the population has inherited the same values and commitment to following the principles of democracy and human rights as enshrined in the constitution; governments do not outline representative, time-bound and measurable conclusions to better guide and appraise SOE performance; and irregular monitoring processes are in place to evaluate SOEs and its key deliverables to ensure optimal delivery of its output required.

Balkaran (2008:4) identifies some of the reasons for SOE challenges, which includes SOEs rendering goods and services to the public at prices that are below cost price; SOEs share the responsibility of creating employment; SOE traders are state-sanctioned; and locations of SOEs are politically demarcated rather than being in public areas where it is easily accessible. Furthermore, Matsiliza (2017:36) highlights another challenge, being the transformation challenges with which SOEs are dealing, failing to comply with the principles of CG while the cost of operations continues to escalate. According to Bruton et al. (2015:97), the public and private sectors continue to question SOEs' failure to act transparently, and their inability to exercise self-governing control. SOEs are also criticised for being more financially focussed rather than public service-orientated.

Most SOEs in SA operate as private companies and depend on international markets for funding (Adam, 2013:166). According to Jahed et al. (2015:ii), governance is valuable in the operational and financial performance of SOEs and warrants uniformity between SOE conduct and the government's planned intentions. Grossi et al. (2015:274) state, as SOEs increase, given the demand for utility services and economic development, the importance of SOEs must be prioritised. The government should intensify and optimise governance processes within SOEs, as negative events such as fraud, corruption, mismanagement, and mal-functions in services provision continue to exist (McGregor, 2014:2).

Bruton et al. (2015:94), and Florio (2014:204) state that a few studies of significant value on CG in SOEs have been conducted and are available, regardless of the importance of SOEs. Grossi et al. (2015:276) state that the availability of information on CG within SOEs is limited. This lack of available information negatively affects academia, as limited comprehension on the evolution and development of SOEs is derived while gaps in CG within SOEs still must be addressed.

Jahed et al. (2015:i) revisited the 2014 Medium-Term Budget Policy Statement (MTBPS) that informs about SOEs facing financial difficulties due to the recession that resulted in a failing economy and regressive revenue collection by the South African Revenue Services. Two of SA's biggest SOEs, Eskom and South African Airways, fell victim because of falling economic growth.

Gwanyanya (2015:3106) emphasises the great need for corporate social responsibility to exist as a responsibility to an organisation, as states are no longer the only danger to social rights of citizens, but corporations are too (companies support political parties to gain unfair advantages). The economic power of companies has battered the supremacy of states to protect their citizens in emerging countries. A strong link exists between corporations and affected citizens and ignoring these links could lead to unsavoury effects. Matsiliza (2017:36) states, although SA is a developing state, there remains an inefficient relationship between the economy and the state.

In SA, the principles prescribed by the King 4 Report on Corporate Governance are considered as the guideline on proper governance practices. These principles stipulate how CG practices in SOEs should be, and importantly highlight the need for the presence of a risk-based IAF (King report on Corporate Governance, 2016:31). Despite the existence of the IAF within SOEs, the following examples of CG mal-practices, however, have been reported in various media publications, both online and in the newspapers:

#### Case 1<sup>2</sup>

Zwelakhe Ntsephe, Denel's CEO has resigned with immediate effect on 15 May 2018, following his role in awarding a bursary worth R1m to the son of the North West Premier, Supra Mahumapelo. Mr Ntsephe has been with the company for 20 years and was appointed to the position in 2017, after he was acting CEO of Denel for two years. His resignation follows after new Public Enterprises Minister, Pravin Gordhan, replaced the board of Denel early in 2018.

#### Case 2<sup>3</sup>

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<sup>2</sup> Denel CEO Zwelakhe Ntsephe quits as questions swirl over bursary to Supra's son. Reported by GARETH VAN ZYL on the Leadership website on 15 MAY 2018.

The South African Broadcasting Corporation (SABC) is awaiting the outcome of a special investigating unit's investigation into the awarding of an R185m security tender to Mafoko Security. A losing bidder is challenging the process of awarding the tender and claims that the tender was corruptly awarded to Mafoko Security. The scandal involves former SABC interim board chairperson and individuals employed at the SABC.

#### Case 3<sup>4</sup>

A new corruption scandal has been exposed at Eskom involving CFO Anoj Singh, who is being accused of signing a dodgy deal with a Chinese company amounting to R400m as a commission for getting a loan for Eskom in China. Anoj Singh signed the contract in March of 2017, committing a cash strapped Eskom to pay the Chinese Company to procure Eskom an R2bn loan in China.

Some of the latest reports on CG within various online tabloids about SOEs include:

Nersa likely to investigate Eskom governance issues – Friday, March 8, 2019. South African Government News Agency ([www.sanews.gov.za](http://www.sanews.gov.za))

SAA marred by lack of good governance says analyst – 3 July 2017, 6:09 PM. 702 late night talk online.

ACSA down to 3-member board as CG plagues SOE – June 01, 2018. 11:41 AM. Lameez Omarjee. Fin24

Denel Asia venture cost Denel R3 billion. Written by Guy Martin – 14 Feb 2019. defenceWeb – Africa's leading defence news portal

“Kickback” scandal engulfs Transnet. AmaBhungane Reporters – 31 Jul 2015, 00:00. Mail & Gaurdian – Africa's Best Read.

Poor governance at SABC started 5 years ago: Tseisi – 6 March 2019, 10:29 PM |SABC | @SABCNewsOnline

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<sup>3</sup> SABC says it awaits probe outcome on R185m tender scandal. Reported by GETRUDE MAKHAFOL on the African News Agency/ANA website, on 26 March 2018.

<sup>4</sup> Eskom mired in new corruption scandal. Reported by SABC News online on 19 January 2018.

## 2.8 The Internal Audit Function (IAF)

According to the institute of IAs<sup>5</sup>, the IAF is an independent, evaluation function, established within an organisation that inspects and appraises its activities as a tool that assists the organisation and management (IIA, 2019). The IAF supports the organisation with the effective discharge of its responsibilities by providing mitigating recommendations to challenges faced by the organisation, such as competition, downscaling, safety dangers, and financial fears. These mitigating elements should be cost-effective when recommended by the IAF. The King 4 Report on Corporate Governance (2016:31) states that the IAF as a progressing, evaluative function to an entity and remains fundamental to CG because it serves as a trusted consultant that adds insight into the processes and procedures of the entity.

Seago (2015) highlights the mission statement of the institute of IAs “to enhance and protect organizational value by providing risk-based and objective assurance, advice and insight”. The updated International Professional Practices Framework (IPPF) serves as a guidance framework to the IA profession, which stipulates mandatory as well as recommended roles that IA professionals must undertake, as members of the institute of IAs (Seago, 2015).

### 2.8.1 Mandatory guidance

Mandatory guidance for IAs, as prescribed by the IPPF, includes the definition of IA, ISPPIA, the Code of Ethics, and the Core Principles for the Professional Practice of Internal Auditing (IIASA, 2019).

The definition of IA reads as follows:

*An objective, assurance and consulting activity that is designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes (IIASA, 2019).*

The ISPPIA are crucial standards to the IAF and their purpose include defining the basic values that epitomise the practice of IA; the offering of an outline for performing and

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<sup>5</sup> [www.iiasa.org.za](https://www.iiasa.org.za) – [https://www.iiasa.org.za/page/Technical\\_IADef](https://www.iiasa.org.za/page/Technical_IADef)

encouraging a wide range of value-added internal auditing; establishing the foundation for the appraisal of IA performance; and fostering better-quality organisational expansions and actions.

While the standards are principles-focused, compulsory requirements consist of the declarations of straightforward requirements for the professional practice of IA; for appraising the success of the performance that is globally relevant at organisational and individual levels; and offering explanations that clarify terms of ideas within the statements (IIA, 2018). These standards are separated into attribute standards addressing the qualities of the organisation and individuals executing IA duties, and performance standards describing the nature of IA and measures against which the IA performance is measured (IIA, 2019).

The Code of Ethics to which every IA or member of the institute of IAs must align and comply include integrity, objectivity, confidentiality, and competency (IIA, 2019). According to Seago (2015), the core principles of the IPPF include the demonstration of honesty, capability, and outstanding qualified care; demonstrating impartiality and independence, aligning with the company's strategies, aims, and risks; suitable placement within the organisation and being sufficiently resourced; demonstrating and maintaining excellence and unceasing improvement; excellent communication; perceptiveness and a future-focused mindset; and encourages organisational development.

Motubatse (2013:569) states that the basis for professional quality service of the IAF is built on the foundation and criteria of the Standards and Code of Ethics and must be maintained throughout the execution of the audit engagement to the point of disseminating results. Furthermore, Motubatse (2013:569) explains that IAFs are crucial as a function that possesses the evaluative tools for review of compliance with legislation, regulations, and processes, as the function serves as assurance providers towards strategic objectives of an organisation.

### **2.8.2 Recommended guidance**

Recommended guidance consists of the implementation and supplemental guides that assist IAs to implement the ISPPA, core principles, the definition of IA, and the Code of Ethics (IIA, 2019). The implementation guide helps IAs with the interpretation and implementation of each standard (Seago, 2015). It also addresses IA's tactics, methods, and deliberations but not detailed procedures. Supplemental guidance offers evidence on how to perform IA

activities, including detailed progressions and actions, tools and techniques, programmes, step-by-step tactics, and illustrations of deliverables.

### 2.8.3 The history of internal auditing

According to Munteanu and Zaharia (2014:2239), the IAF has undergone various, redefined stages in its need to evolve within organisations because of changes in technology, leadership and governance principles to which organisations must adapt. Table 2.1 describes the changes to which the IAF had to adopt over the years to remain current and in line with the latest trends within and the needs of organisations.

**Table 2.1. Changes to the IAF over the course of its existence.**

<b>Change</b>	<b>Year</b>	<b>Description</b>
Checking the accounting records	1950	The group of auditors had the duty of examining the validity and accuracy of accounting records. These examinations served as a way to test the performance of the IAF, which were incorrectly stated in the past following various errors recognised within accounting records.
Evaluation of conformity	1960	IAs used to evaluate the degree of compliance with financial procedures by using checklists when executing functions within the financial accounting department. The IAF performed surprise audits to assess the control activities and examine records to identify non-compliance, which were considered successful.
Examination of procedures	1970	With exciting improvements to the IAF in the 1960s, the function exercised greater care to ensure accurate procedures had been followed. To identify and eliminate the causes that led to prior challenges, the IAF had the significant role of examining documents and checking records, which would assist



Change	Year	Description
		auditors in identifying errors caused by non-clarity, or inaccurate interpretation of procedures. Management thus considered the IAs and their opinions helpful, as the IAF recommended solutions for improvement.
Evaluation of controls	1980	Improvements to controls were possible when greater care was exercised towards various tools of control. Consequently, the performance of an entity is not professed as being the consequence of compliance with the manual procedures, but the result of the communication of all control tools that the employees were permitted to use for performing their tasks. The IA became a management consultant regarding various types of controls that could be implemented within the organisation.
Report on the internal control system	1990	A fresh phase in the development of the IAF occurred between 1980 and 1990 where independent assurance providers assessed the functioning of internal controls and delivered quality assessments on work performed by IAs towards internal controls. These assessments were done to determine whether the IAF performed its responsibilities within the guidelines of the internal audit process.
Evaluation of the risk management system	2000	The last decade (1990–2000), before the start of the new millennium, served as a period in which there was extensive use of risk management to prevent further scandals, lack of poor governance, and other irregularities that negatively affected the performance within entities. The incorporation of new systems of operational risk management brought about the

Change	Year	Description
		realisation for the importance of good governance in both the private and public sectors. Organisations soon realised the importance of IAF and its role towards risk management, as IAs inspected and evaluated risk management processes implemented by management, and then rendering opinions on the adequacy and effectiveness of these processes and recommending ways to improve them.
Improvement of the risk management system	2001	From 2001, the work of the IAF was classified by equality due to the employment of the IA standards, which convinced large organisations to follow the concept of risk management. Because of the reliance on risk management, leaders of organisations who adapted the risk management approach within their organisations began to raise fears relating to risk identification, assessment, and the implementation of internal control actions leading to the accomplishment of their organisations' planned goals.
Reporting of activity performed	2002	While IA work was performed according to the standards, it enjoyed the support of management in assisting the organisation towards achieving its goals and became the norm to report results of IAs' work performed to top management in the organisation. This reporting was also incorporated within annual reports. Noteworthy, IA recommendations could transform the management plan and the implementation of the organisation of some tangible steps that lead to the realisation of the planned targets.

Change	Year	Description
Adding a value plus	2003	Professionals to the field informed a strategy of adding value that included gaining a maximum competency of IA reflected in the stability among the effect as a consequence of applying the recommendations, and costs related to the internal audit structure; supporting management in executing a structure of control within the entity; setting up an overall outline on which the audit committee could rely; the plan for the internal audit within the entity and guarantee to the committee affiliates and management aids on which recommendations are based; and recognising the vital aspects considering the existing development and the trends established by the entity activity.
Consolidation of the internal audit	2004 – 2009	As IA serves as a qualified and competent function able to render an opinion on relationships, processes, and management systems, it also supports and strengthens them. It serves as an instrument that can underline the management's alertness and destroy unprofessionalism. The internal audit activity is grounded on an elastic frame of reference with the capability to acclimatise in compliance with the procedures governing several areas of activity and culture of an organisation.
Capacity of managing financial risk	2010 – 2013	At the end of 2013, the IAF followed a new approach that highlighted grounds for the mitigation of various risk management issues. Although IA departments have significantly enriched the ability of organisations to control their financial risks, new challenges come to the fore because of market trends and

Change	Year	Description
		shareholders.

Source: Munteanu and Zaharia's (2014:2239-2242).

PwC (2015:2) reports on market-related characteristics from its Annual Global CEO survey, indicating that reported regulation, opposition, and fluctuations in client behaviours are developments that are most troublesome to organisations and inspire others to re-evaluate its propositions. As opportunities of companies increase within markets, companies are instituting actions to capitalise on these changes by increasing their operations in new markets, acquiring more resources, creating joint projects, fundamentally revolutionising their product and service portfolio, and expanding into new industries. New areas of opportunities available to entities bring various risks that contest the capability of companies to effectively accomplish their objectives. IA, therefore, must evolve to serve the entity in times when the need for transformation within the businesses are essential to its survival (PwC, 2015:3).

#### **2.8.4 The Internal Audit Function within SOEs**

Most SOEs in SA faces many challenges, and much more concerning are the CG mal-practices (McGregor, 2014:5). Regulations such as the PFMA (Act 1 of 1999) and the Companies Act (Act 71 of 2008) state that each SOE should have an IAF that would serve as a vital line of defence (3rd line) towards acceptable CG practices (Florea & Florea, 2013:83; Gamal, 2015). Information on the role of the IAF in SOEs in SA, however, remains limited, resulting in gaps relating to the function that must be addressed.

SOEs such as Eskom and Transnet have been exposed for poor CG practices, which have been cited as some of the main reasons for their need for financial bailouts from the SA Government. Radasi and Barac (2015:95) cite the water crisis experienced in Gauteng in 2014 resulted in a public outcry as a direct result of the fear that this critical basic need could not be delivered to SA who depend on it for sustainability and survival. According to Aprosokie et al. (2014:2), this factor alone illustrates the critical importance for the existence of SOEs as strategic contributors to all sectors of the economy while underlining their relevance to SOEs in developing economies, highlighting their responsibility for the provision of services that is of national importance.

According to Crosby (2014:47), and Odoyo et al. (2014:169), various changes such as improvements of technology and complex multifaceted financial devices influence the environment in which SOEs operate. Chambers and McDonald (2013:4) motivate further that these changes are associated with uncertainties and exposure to risks, sometimes perceived as emerging economy threats. Odoyo et al. (2014:174) reiterate the definition of IA that the IAF can render consulting services to assist an organisation in recognising, measuring, and employing risk management practices and controls to mitigate important risks. Octavia (2013:79) states that the IAF should acclimatise to fluctuating corporate demands in the environment where SOEs operate, given the transformations SOEs must undergo because of the demands of the public and economy.

According to Cavaleros (2013:21), and Piper (2014:30), the IAF could be more prominent within SOEs in identifying risks that arise constantly if the IA charter is adaptable enough to allow the IA to take a positive, progressive approach. This approach is aligned to purposefully prioritise the needs and priorities of all stakeholders, including the audit committee and senior management.

Accelus et al. (2013:3) together with the core principles of the IPPF (mentioned earlier in this chapter) motivate the need for IAs to provide future-focussed recommendations to top senior management and the board, identifying exposures and ways of preventing losses to the organisation. According to the IIA (2019), IA has many stakeholders, including senior management within the organisation and the chairperson of the Audit Committee to whom the Chief Audit Executive (CAE) reports functionally.

Erasmus and Coetzee (2017:86) state that the IAF is considered to be effective when it adds value to both these stakeholders. Erasmus and Coetzee (2017:87) highlight the drivers of an effective IAF as being dependent on the leadership of the IAF, in particular, the qualifications and capability of the CAE, and his/her authority in the organisation, which is connected to the administrative line of the CAE. An effective IAF's independence is determined by the functional reporting associations and the limitless access to information and several parties, for example, the audit committee and scope of events. The functioning of the IAF relates to the magnitude and structure, class of work, the dimension of performance, and specialised expertise, budget portion, the prescribed contract between management and the IAF, and a variety of skills within the IAF.

The IAF status refers to the position of the IAF and is determined by the demand for the function to help various activities. For example, an invitation extended to the CAE to attend

EXCO meetings could serve as an understanding that the IAF is valued within the organisation. IA competence refers to the desire to maintain proficiency and due professional care helps the function to stay abreast of what is expected of the IA and serves as a tool for self-reflection on duties performed in the past and of what standard it has been rendered. IAF services and role are determined by the IPPF. It governs key activities of the IAF, which includes compliance, assurance and consulting within governance, internal control, and risk management (Erasmus & Coetzee, 2017:86). Other characteristics used to measure IA effectiveness, include contentment by stakeholders, significant adding of the role for the organisation in several aspects, and the actual input on various considered features (Erasmus & Coetzee, 2017:87).

### **2.8.5 The IAFs role towards corporate governance**

The King 4 Report on Corporate Governance (2016:31) expresses the view that the IAF adds value when it is risk-based. IAs provide risk-based assessments to boards on the system of internal controls and the audit committee, especially on the effectiveness of internal financial controls. Gamal (2015) furthermore states that an effective IAF is crucial in supporting the board of directors in the discharge of its governance and control accountabilities such as guarding assets, status, and sustainability of the organisation. CEOs obtain assurance that internal controls are adequate and operating as intended from the IAF.

As per the definition of IA, the IAF evaluates three crucial aspects of an entity, namely risk management, governance, and control (IIASA, 2019). The presence of the IAF should play a vital role in ensuring good CG. Okibo and Kamau (2012:109) state that the IA must review and recommend ways to improve risk management within an organisation.

Further to the IAF's role, the ISPPIA, with particular reference to Governance standard 2110 (ISPPIA, 2017: 11), the IAF must assess the governance process within an organisation and recommend methods for improvement to help the organisation achieve the organisation's objectives. These IAF assessment objectives include, but are not limited to, promoting appropriate ethics and values within the organisation, ensuring effective organisational performance management and accountability, communicating risk and control information to appropriate areas of the organisation, and the coordination of activities and communicating information among the board, external IAs, and management (ISPPIA, 2017:11).

According to Ncgobo and Malefane (2017:78), internal controls enhance the comprehension of governance criteria and the capability to discern between ethical and unethical

governance. Furthermore, internal controls remain important to an organisation, as they guide managers and employees towards the optimal performance of their duties, if followed and adhered to. Gamal (2015) states that employing the correct controls in place that operate as intended is an important aspect that remains at the core of CG. Ngcobo and Malefane (2017:74) explain that IAs are the main assurance providers on internal controls within an organisation, as they are responsible for the evaluation of these controls and provide recommendations for its improvement. Mthethwa (2013:4) indicates that corruption in public institutions, which is a result of poor governance, is the root of poverty in Africa.

Within companies, various levels of controls exist (Gamal, 2015). The first level is usually located at the departmental level where work processes ensure the existence of controls to mitigate opportunities for errors and misconduct (Gamal, 2015). Ngcobo and Malefane (2017:75) advise that when internal controls are managed successfully, it remains inevitable that funds will be procured to regions where they will have the utmost effect that will enhance accountability, diminish the loss of assets, guarantee that accounting records are opportunely and accurately organised, and that financial information is stated dependably. Ngcobo and Malefane (2017:75) furthermore explain that effective management of internal controls helps to improve service delivery.

Ngcobo and Malefane (2017:81) state that the independent assurance delivered by the audit and risk committee on the competence and helpfulness of internal controls is vital because it improves the governance within the public institutions, which constitutes good governance. Gamal (2015) advises, referring to the definition of IA, the positive influence of the IAF within an organisation must exceed the out-dated concept of controlling and protecting company resources, controlling flexibility, and applying company policies.

Gamal (2015) furthermore emphasises that the role of IA should be to focus on value establishment and on assessing and proposing enhancements to CG systems within organisations. The value creation role of IA remains to ensure that the company achieves long-term success.

## **2.9 Combined assurance**

The King 4 Report on Corporate Governance (2016:68) states that it is the responsibility of the Board of Directors to ensure that assurance functions exist and are strategically placed to address the entity's risks matters. PwC (2011:5) conducted a study on governance and

documented their findings, which identified poor governance frameworks as the root cause for poor performance of SOEs in SA. To ensure the effective discharge of the duties of the combined assurance model, the King 4 Report on Corporate Governance (2016:68) states that the audit committee, should assume the duty of ensuring that measures are in place and functioning as intended, to achieve the goals of empowering an effective internal control setting within the organisation.

These goals are that leadership should support the reliability of information used for decision-making and supporting the truthfulness of external reports. The demand for auditors with governance, risk, and compliance competencies has increased because of the challenges in applying suitable governance frameworks to which boards raised concerns because of its outlay and supervision (Konstans et al., 2011:55).

The King 4 Report on Corporate Governance also identifies the members of the combined assurance model that should be present within organisations as the organisation's operational departments that own and administers risks; the organisation's risk specialists that oversees the risk management function; IAs forensic fraud evaluators, occupational health and safety assessors, and legal actuaries; self-governing external assurance givers such as external examiners; additional external assurance examiners such as sustainability and environmental evaluators, independent actuaries, and independent forensic fraud specialists and forensic auditors; and policy examiners (King report on Corporate Governance, 2016:68).

According to Chambers (2014:57), international research conducted showed that management takes a keen interested in the insight provided by IAs on governance, risk, and compliance practices performed within their organisations. While it is clear that IAs have the daunting task of ensuring that suitable governance frameworks are regularly examined, and monitoring are tested, it is a fundamental responsibility of the IAF, which, if regularly evaluated, would enhance the governance frameworks necessary to enhance and sustain SOEs. If the frameworks are not regularly evaluated, or a lack of monitoring on governance practices occur, Bouwman (2010:26) explains that non-performance by SOEs will drain public resources, and thereby, affect the economy negatively.



## 2.10 Risk management and SOEs

The Institute of Risk Management South Africa (IRMSA) Risk Report (2018:7) states that SA remains an uncertain habitat for companies and individuals because of negative occurring events highlighted on media platforms. According to Lundqvist (2015:442), the absence of risk management practices has been the main contributor to the global financial crises experienced in recent years in financial and non-financial organisations. Despite risk management's importance, the opinion on the assessment of risk within entities is a subjective stance.

The IRMSA Risk Report (2018:7) highlights that in these uncertain times in SA, companies should use risk management as an instrument to navigate their operations. The Corporate Governance Index (CGI) (IIASA, 2016:14) furthermore advises that because of the unpredictability of operations in organisations in recent years, and with the upsurge in risk and probability (by the numbers), it undesirably affects the organisation's performance.

Aven et al. (2015:3) provide various definitions of what risk is, which include "the possibility of an unfortunate occurrence", and "the potential for realization of unwanted, negative consequences of an event" and "an uncertainty about and severity of the consequences of an activity with respect to something that humans value".

Hillson and Murray-Webster (2017:xvii) state that risk management is recognised as a vital promoter of business success because of its attention towards actively mitigating uncertainties with the emphasis on decreasing threats and exploiting opportunities, thus enhancing the achievement of objectives. According to the CGI (IIASA, 2016:14), a vigorous risk management methodology is fundamentally connected to the sustainability of the organisation. Hillson and Murray-Webster (2017: xvii) advise that the most important contributing factor to effective risk management is an ever-lacking element called a suitable and established risk culture. Previous studies and experience point toward the attitude of individuals and companies as factors that has a major influence on whether risk management delivers on its reputation.

Lundqvist (2014:394) advises that corporate mal-practices have stressed the necessity for boards of directors to evaluate a broader range of risk within environments of increased supervisory mediations, and ones that stakeholders regard as vigorous risk management practices that are fruitful and justifying of business expenditure. Business Roundtable (2016:16) advises that an organisation's risk monitoring arrangement should render the

board with all risk-related information it requires to comprehend and appreciate all of the organisation's risks, its association to the company's strategy, and how these risks are mitigated. Furthermore, committees with risk-related tasks should account for it and inform the board on the status risks in the company that they supervise and brief the audit committee in the areas of risk that the audit committee oversees.

According to the IRMSA Risk Report (2018:10), the top 10 risks in SA are physical unemployment/underemployment; uncontrollable fraud and corruption; governance failures in both public and private sectors; state policy, legislative, and controlling changes and uncertainty; macro-economic changes; deficient leadership; cyber-attacks and its non-disclosures; and skills scarcity including the aptitude to attract and keep top talent. The majority of the risks has its origins within the operational areas of an organisation. The CGI (IIASA, 2016:14) highlights operational risks as the regions of the uttermost concern within organisations. Thus, the risk function within an organisation must not solely be tasked with the duty of managing risk, but that clear communication exists within the entity that advises that ownership of risk must be adopted by every individual in the organisation that understands the concept within their region and fields of operations.

According to the risk management standard 2120 of the ISPPIA (2017:13), the IAF's duties in establishing whether the risk management process in the entity functions as intended is a conclusion subsequent from the IA's evaluation on: whether the organisation's aims support and align with the organisation's mission; major risks are recognised and measured; suitable risk reactions are chosen that align risks with the organisation's risk appetite; and that pertinent risk information is recorded and communicated timely across the entity, permitting employees, management, and the board to perform their duties.

Furthermore, the ISPPIA (2017:13) advises that the IAF must assess risk exposures concerning the organisation's governance, processes, and information systems regarding the accomplishment of the entity's planned objectives; trustworthiness and honesty of financial and operational data; effectiveness and efficiency of processes and programs; protection of assets; and compliance with regulations, policies, procedures, and agreements.

Vergotine and Thomas (2016:682) state that although practical differences exist between the public and private sectors, both sectors experience similar risk occurrences or risk exposures. Risks in an SOE landscape, however, are ever-changing. Matsiliza (2017:40) states that risk management catastrophes various SA SOEs face has been highlighted and highly publicised in recent years.

Matsiliza (2017:40) is of the view that SA SOEs' assessment of risk is mistakenly concentrated on individual risks rather than the collaboration of various risks with the potential to address risks that affect CG. These interrelated risks identified by Matsiliza (2017:40) from the State Capture Report (2017) include financial credit rating, interest rates, compensation of executives, asset administration, resource control, and the going-concern status of the entity.

According to Bromiley et al. (2015:265), enterprise risk management highlights the importance of organisations to inclusively and articulately address risks by aligning the risk management process between CG and the strategy of organisations. Yaraghi and Langhe (2011:576) state that the success of risk management is dependent on the existence and effectiveness of a management framework that understands and promotes the risk management process throughout the entire organisation. Matsiliza (2017:40) further explains that the presence of ethical CG within SOEs should address the complications and control risks that exist.

## **2.11 Conclusion**

SOEs remain characterised by CG mal-practices and challenges such as financial mismanagement, improper risk management practices, fraud, and corruption (McGregor, 2014:5). This chapter included the institutional and stakeholder theories in justification of the study with both theories confirming the public as stakeholders to SOEs and public entities. While the nature of SOEs remains to provide social utility services to the public, core elements were discussed to highlight its relationship with the public that can aid SOEs' challenges, thus satisfying public expectancy. These core elements explored CG, risk management, and the IAF within SOEs. With the literature consulted and embodied in this chapter, the aim was to highlight existing literature that informs readers on the current status of these core elements in SOEs. The following chapter provides a breakdown of the methods the researcher explored and employed in his quest to obtain answers to the research questions by collecting accurate and valid information from IA professionals previously and currently employed in IAFs within SOEs in SA.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Introduction

In SA, SOEs play many roles including providing utility services such as water, electricity, sanitation, transportation, and refuse collection while contributing towards the development of the SA economy. The sustainability of SOEs, however, remains threatened by challenges such as mismanagement and non-compliance stemming from CG mal-practices. Despite the presence of the IAF, negative events such as fraud, corruption, and mal-functions in service-provision occur consistently within SOEs. One of the reasons for the low number of unqualified audits reports received in SOEs could be attributed to CG mal-practices that occur within SOEs with which the IAF should be able to deal. It, therefore, is unclear whether the IAF is fulfilling its role adequately towards CG in SOEs. With this research study the researcher, therefore, aims to gain the perceptions from IAs as to why these governance irregularities occur within SOEs.

Myers (2009: 301) states that the research methodology explains the researcher's approach (methods and motivations used) in gathering information to answer a research problem.

Together with the above, this study was designed to explore these CG mal-practices to obtain solutions to mitigate continuous CG mal-practices occurring in SOEs in SA. This chapter is divided into various sections that address the purpose of the study, research questions, objectives, research design, research setting and delineation, population, sampling, data collection, instrumentation, procedures, ethical consideration, and means of analysing data.

#### 3.2 Purpose of study, research questions and objectives

##### 3.2.1 Purpose of the study

The purpose of the study was two-fold, namely 1) to explore the perspectives of IA professionals on CG practices in SOEs in SA, and 2) to determine why CG mal-practices continue to persist within SA SOEs.

Accurate, detailed and trustworthy information/literature on the roles played by SOEs in SA were explored, and this information sought, aimed to highlight the current status of CG practices in SOEs, whether ethical and unethical, from the IAs perspective. It also indicates the roles played by the IAF in ensuring the achievement of ethical CG within SOEs. Furthermore, this study aimed to collect data from respondents currently/previously employed in the IAF in SOEs in SA, to gain perspective of the current status of performance of the IAF in SOEs, and to contribute towards changes that can enhance the practices of the IAF. The results obtained, are self-reflective results of respondents, and represents the views of IA professionals on various questions stated in the questionnaire. These results from respondents are unique to the existing body of knowledge, and of great significance, as the results obtained are current, and reflective of current practices in SOEs and its IAFs. In future, perceptions may differ as CG practices and the role of the IAF thereto in SOEs, are enhanced thereby assisting the SOEs to deliver its mandate. If CG practices deteriorates, it may cause greater challenges to the performance of the IAF in SOEs. Lessons learnt from the study, in particular, the analysis of data collected, provides IA professionals with the opportunity to learn from past mistakes, in order to apply and ensure future-focussed, efficient and effective recommendations for effective governance within SOEs in SA. The study is of significance to IAs, SOEs, the public and public and academic institutions (especially higher learning institutions).

### **3.2.2 Research Questions**

The primary research question for this study reads as follows:

What do IAs in SA perceive as their role towards CG in SOEs?

The primary research question is supported by the following sub-questions:

SOEs are currently experiencing various challenges that affect their service delivery. With this in mind, how do you perceive the status of CG in SA SOEs?

What lessons can be learnt from SOEs' CG mal-practices in SA by IA professionals?

To what extent do institutional dynamics affect the IAF's discharge of duties?

### **3.2.3 Objectives of the research study**

The primary objective of this study was to establish the perceptions of SA IA professionals employed regarding their roles towards CG in SOEs.

The primary objective of the study was supported by the following secondary objectives:

to determine the status of CG within SA SOEs;  
to establish the lessons that IA professionals can learn from CG mal-practices in SOEs while finding ways to eradicate these CG mal-practices in SOEs; and  
to determine the extent to which institutional dynamics affect the IAF's discharge of duties.

### **3.3 Research design**

According to Bryman and Bell (2015), the research and design is the base plan of a research study that guides the researcher on how to conduct the study to answer the research questions. The research design enables the researcher to identify, for example, the sample size, measures/methods, and applications/programmes that can be used to answer the research questions. Among these elements, and in an attempt to simplify the data collection process, the researcher developed an online questionnaire using an application called Lime Survey.

While there are two types of research approaches (qualitative and quantitative), this study adopted a quantitative approach to determine the relationships that exist between dependent and independent variables (Wegner, 2010:408) statistically within the study, thus confirming the accuracy of existing theory relationships (Wegner, 2010:426). A descriptive research approach was applied to explore the present/current status of a phenomenon (Patton, 1990:234), in this case, the current status of CG in SOEs in SA.

#### **3.3.1 Exploratory and descriptive**

According to Stebbins (2001: vi), exploratory research focuses on discovering probable and extensive facts in an area with which one would usually not be familiar. Exploratory research requires personal dedication and longevity in the information-gathering process to achieve the desired results that justify the fact-finding exercise (Stebbins, 2001: vi). This study aimed to explore the perceptions of IAs on the roles of the IAF in enhancing CG in SOEs in SA from existing literature consulted.

In addition to the exploratory approach, the study also used a descriptive approach. According to Dulock (1993: 154), this study type describes thoroughly and precisely the actualities and characteristics of a recurring problem. This study describes the current state of CG in SOEs and the perceptions of IAs and IA professionals of their roles in IAF towards enhancing CG in SOEs, with the emphasis of obtaining clear perspectives on why CG mal-practices occur within SOEs.

### **3.4 Research setting and delineation**

For quantitative research data collection, the boundaries of this research study include IAs and IA professionals who:

are qualified in Internal Auditing;

are members of the Institute of Internal Auditors South Africa (IIASA);

are currently employed within an SOE environment; and

have performed Internal Audit functions previously within an SOE environment.

### **3.5 Population**

According to the Centre for Innovation and Research Teaching<sup>6</sup>, “a population is as a group of individual units with some commonality”. The population identified for data collection were from IAs who are registered members of the Institute of Internal Auditors South Africa (IIASA), whose overall membership are estimated to be around 8000 members.

With the population size being unknown, of IA professionals with current and previous experience in SA SOEs, a data collection tool was distributed to the population (to all members of the IIASA via the IIASA newsletter) with a strict criteria, requesting only those with current or previous experience in the IAF in SOEs in SA, to participate in the quantitative data collection process.

### **3.6 Sampling**

To determine the sample size for quantitative research, purposive sampling (a non-probability sampling method) were conducted. According to Etikan et al. (2016:2):

the purposive sampling technique, also called judgment sampling, is the deliberate choice of a participant due to the qualities the participant possesses. It is a non-random technique that does not need underlying theories or a set number of

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[https://cirt.gcu.edu/research/developmentresources/research\\_ready/quantresearch/sample\\_meth](https://cirt.gcu.edu/research/developmentresources/research_ready/quantresearch/sample_meth)

participants. Simply put, the researcher decides what needs to be known and sets out to find people who can and are willing to provide the information by virtue of knowledge or experience.

Du Plooy (2009:255) states that with purposive sampling, characters are intentionally picked from a sample because they describe the aimed population's restrictions or structures. According to Daniel (2011:92), purposive sampling offers greater control over which elements are to be included in a sample compared to availability sampling, and, as specific components of the population are deliberately chosen, it is more appropriate than various other sampling methods for research focused towards a particular population.

With this study, the researcher chose the purposive sampling based on the specific sample respondents that was identified, who could answer the research questions and the problem statement, that forms part of the population discussed earlier in this chapter. The criteria of respondents requested to participate in the survey, were purposefully identified by the researcher as IA professionals with previous and current experience in performing Internal Audits within SOEs. The targeted sample respondent is an individual who is also with familiar with CG practices in SOEs, and who views CG from an Internal Audit perspective. The CG elements identified, was purposeful in that the researcher has created questions therefrom with the aim of obtaining answers from this specific group of sample respondents, which the researcher was positive of, could answer.

The total amount of sample respondents who participated in the questionnaire was 288. Of the 288 sample respondents, 176 partially completed questionnaires were received, while 112 fully completed questionnaires returned to the Lime Survey application.

### **3.7 Data collection tool**

A questionnaire was used as the data collection tool to collect the quantitative data required for this study. The questionnaire consists of three (3) sections, A, B and C.

The distribution process of the questionnaire was aided with the assistance of the Institute of Internal Auditors South Africa (IIASA), with whom the researcher secured the commitment to distribute the questionnaire as a link on the monthly newsletters of the IIASA to IA professionals that held memberships to the IIASA (see Appendix B). This commitment with the IIASA was instrumental to the data collection process, as the information was collected first-hand from the targeted population. The online questionnaire was distributed as part of



the IIASA's monthly newsletters on 15 November 2018, 13 December 2018, 31 January 2019, and 14 March 2019 for completion. Respondents were also urged to distribute the online questionnaire to fellow IA professionals who did not receive the newsletter. The data collection period ended at the end of June 2019.

It was the view of the researcher that the questions created would be familiar to the IA professionals, and that the data collected from respondents, originated from a place of comprehensive understanding and experience on the topic of CG, as IA professionals test CG functions daily during the scope of their duties. The questions asked to respondents was solely intended to extract their perspectives to current trends within SOEs and its IAFs, specifically on CG practices in SOES, and the IAFs role thereto. These perspectives would then allow the researcher to determine the root cause(s) of mal-practices occurring within SOES in SA, which is discussed in Chapter 5.

### **3.8 Questionnaire Development**

The researcher, with the assistance of his co-supervisor, initially created a questionnaire (appendix A) in a manual format, whilst establishing its outline and furthermore determine what needed to be inserted in the questionnaire. The content of the questionnaire was copied by the researcher, and the questionnaire was thereafter created as an electronically online survey, with the content pasted in the survey. The purpose of creating this online survey/questionnaire, was to distribute the survey/questionnaire electronically to its target population, by way of a link created thereto. The survey was created in an application called Lime Survey. The creation of the questionnaire as an online survey, was instrumental, as the questionnaire could reach all members of the IIASA. The administrator rights to the survey/questionnaire was held by the researcher, who could peruse the Lime Survey platform at any time to observe how many respondents have completed the questionnaire after the link of the survey was communicated monthly in the newsletters of the IIASA to all IA members.

Questions contained in the questionnaire reflects in simple English that were easy for respondents/participants to understand, which were user-friendly, for the purpose of easily completing the questionnaire. The types of questions incorporated into the questionnaire included closed-ended questions, Likert-type scales, semantic differences, multiple-choice questions, rank-order questions, dichotomous questions, and open-ended questions. In

developing the instrument, were used, from where questions/statements of the questionnaire were derived. With the questionnaire created, the researcher could ask questions that would address the main research questions of the study, and finally, address the research objective. Various academic papers and other literature were consulted to understand and identify the types of questions that aimed to comprehensively discuss and prescribes CG practices. The questions were carefully constructed after perusal of the literature and reports which highlights the core principles of effective CG that should be employed by an entity.

Whilst Section A contained demographical information of respondents; Section B consisted of questions about SOEs, Financial Management the IAF and CG and Risk Management. These questions posed in Section B, was constructed from literature which included the Companies Act (Act 71 of 2008), PFMA (Act 1 of 2008), the King 4 Report on Corporate Governance (2016), as these sources includes objectives that the public sector should apply. Other sources consulted in the construction of questions in Section B, included the ISPPIA (2016) and Code of Ethics of the IASA. Section C contained questions about Organisational Risk and other risks regularly found in entities in line with the IRMSA Risk Report (2018), and was also complimented by the notion of Chambers and McDonald (2013:4), who stated that changes are associated with uncertainties and exposure to risks. The researcher also identified other important literature like Afolabi (2015:12), Hermanson and Rittenburg (2003:27), Matsiliza (2017:38), and Moloi (2015:3), Radasi and Barac (2015:95), which added to questions developed that was incorporated in the questionnaire.

Before the questionnaire was distributed to respondents, the questionnaire was discussed with co-supervisor and furthermore circulated to IA professionals at the Road Accident Fund in Cape Town (previous colleagues of the researcher), for any inputs to be provided in line any gaps identified by them. These IA professionals indicated that they understand the nature of questions asked, and agreed furthermore, that these questions have the potential to deliver significant results that could answer the research questions and problem statement, which would provide the researcher with the opportunity to recommended effective ways to mitigate mal-practices in SOEs.

The questionnaire consists of various sections, of which

### **3.9 Dependent and Independent Variables**

The researcher allocated the questions and its results from the questionnaire, into eight (8) themes also known as dependent variables, in an attempt to address all elements of CG, relative to this study, which is discussed in Chapter 4. These divided questions were allocated to a theme of its relevance, and the themes were given a heading. For example, questions that was asked about the leadership in SOEs, were allocated to the theme- Nature of Board Leadership. The King Report on Corporate Governance addresses the aspect of leadership in an entity, significantly. Questions allocated under the Risks theme, could address Risk Management, which are discussed in the ISPPIA, PFMA, and Companies Act.

These eight themes are named as The IAF Role (consisting of 14 questions), Compliance Irregularities (consisting of 5 questions), Risks (consisting of 4 questions), Utility Services (consisting of 3 questions), Nature of Board Leadership (consisting of 6 questions), IAF Resources (consisting of 4 questions), IAF Leadership (consisting of 3 questions) and Attitude towards IAF (consisting of 4 questions). These themes assisted greatly in the identification of findings, as the questions grouped together into a theme of its relevance, delivered results from which more than a singular understanding could be derived. It represented more than one meaning. The objective behind the construction of the questions eventually allocated to Themes, were to answer the research questions, address the problem statement and identify various findings that would assist the researcher to recommend measures that would assist SOEs in the mitigation of its risks, and identify areas for future research.

Independent variables refer to the Demographic information of respondents that was used to analyse and distinguish which of them had a significant effect on dependent variables, bearing in mind that these dependent variables consist of questionnaire questions that delivered significant answers. These Independent variables consist of age Groups, years of experience, ethnic group, home languages, gender, highest qualifications, sector of employment, whether respondents are employed in an SOE, Sector in which the SOE operates, staff complements of SOEs where respondents are employed, the SOE of employment's previous implication in CG mal-practices and membership of respondents to professional bodies.

### 3.10 Reliability and Validity

According to Kimberlin and Winterstein (2008:2276), the key elements in measuring the quality of data collection instruments are the reliability and validity of the measures. These elements are used to reduce error in the data collection process. These elements are broken down below to provide clearer perspectives of what they. Morse et al. (2002:13) state that research is insignificant if it is not executed thoroughly. Great emphasis is placed on reliability and validity, and without these elements, research becomes fictional, and its value remains insignificant (Morse et al., 2002:14).

#### 3.10.1 Reliability

Heale and Twycross (2015:66) define reliability as the steadiness of a measure. Reliability relates to the results of the information acquired from a source that is constant over a period, which is dependable and can provide the conclusions of a grouping that represents the population in question (Boyatzis, 1998). Heale and Twycross (2015:66) further explains that a researcher distributing data collection tools designed to measure a certain phenomenon should receive more of the same replies at the end of each data collection exercise. To analyse the internal stabilities of the research measures within the ambit of this study, the coefficient of Cronbach's alpha was used to calculate the values for each element within each theme, and each theme overall. According to Kimberlin and Winterstein (2008:2277), reliability coefficients range from 0.00 to 1.00, with higher coefficients signifying increased reliability. The questionnaire used to collect data should, according to Nunnally (1978:245) represent a consistency of 0.700 reliability or better.

**Table 3.1. Attributes of Reliability**

<b>Attributes</b>	<b>Description</b>	<b>How the attribute was achieved for this study</b>
Homogeneity (or internal consistency)	The extent to which all the items on a scale measure one construct	Cronbach's Alpha was used to test for internal consistency. Collectively, the scores are justified in Table 4.34 in Chapter 4.

Attributes	Description	How the attribute was achieved for this study
Stability	The consistency of results using an instrument with repeated testing	Cronbach's Alpha was used to test the reliability of stability. Collectively, the scores are justified in Table 4.34 in Chapter 4.
Equivalence	Consistency among responses of multiple users of an instrument, or among alternate forms of an instrument	Cronbach's Alpha was used to test the reliability of Equivalence. Collectively, the scores are justified in Table 4.34 in Chapter 4.

Source: Heale and Twycross (2015:66)

### 3.10.2 Validity

According to Kimberlin and Winterstein (2008:2278), Validity is the degree to which an instrument evaluates what it purports to measure. Boyatzis (1998) also defines Validity as the results or information that is the closest to the truth, or falsity of a targeted area of research. Spearman's Rank Correlation Coefficient was used as the measure to determine the Validity for this research study, of which the results indicate significant correlation between the elements.

<sup>7</sup>“The Spearman's Rank Correlation Coefficient, can take a value between +1 to -1 where,

A  $\rho$ -value of +1 means a perfect association of rank.

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<sup>7</sup> <https://www.questionpro.com/blog/spearman's-rank-coefficient-of-correlation>

A  $\rho$ -value of 0 means no association of ranks. Closer the  $\rho$ -value to 0, weaker is the association between the two ranks.

A  $\rho$ -value of  $-1$  means a perfect negative association between ranks.”

**Table 3.2 The strength of relationships**

<b>Size of <math>r</math></b>	<b>Interpretation</b>
$\pm$ (0.000 - 0.190)	very weak or no relationship
$\pm$ (0.200 - 0.390)	weak relationship
$\pm$ (0.400 - 0.590)	moderate relationship
$\pm$ (0.600 - 0.790)	strong relationship
$\pm$ (0.800 – 1.000)	very strong relationship
$+(1.000)$	Perfect association between ranks

Heale and Twycross (2015:66) define three types of validity in Table 3.3

<b>Type of validity</b>	<b>Description</b>	<b>How this was achieved for this study</b>
Convergent Validity	The extent to which a research instrument accurately measures all aspects of a	Convergent Validity was measured using Spearman’s Rank Correlation Coefficient. The results are depicted in Chapter 4, Table 4.35.

Type of validity	Description	How this was achieved for this study
	construct	
Construct Validity	The extent to which a research instrument (or tool) measures the intended construct	Construct Validity for this study was measured using Cronbach's Alpha, who measures the reliability of the data collection tool. In this case, the reliability data collected was also determined by Cronbach' Alpha, and the values are stated in Chapter 4, table 4.34.
Discriminant Validity	The extent to which a research instrument is related to other instruments that measure the same variables	Discriminant Validity was measured using Spearman's Rank Correlations Coefficient. The results are depicted in Chapter 4, Table 4.35.

Source: Heale and Twycross (2015:66)

### 3.11 Ethical consideration

The researcher considered the following ethical considerations:

**Informed consent:** The researcher sought the consent of research participants; thus, no participants were coerced in participating. Further, to ensure that participants were aware of what they are participating in, the researcher clearly explained the nature of the study and its objectives to the participants before collecting information from them. All information was obtained/collected by voluntary participation of participants, and at their discretion.

**Harm to participants:** The researcher ensured that this study will not result in any harm or damage to the research participants and their related companies. This study, therefore, is purely for academic purposes and while no harm can be foreseen, the researcher will not be held responsible for unforeseen circumstances that could result in harm. All information/data collected are treated confidentially and remain private.

**Invasion of privacy:** The researcher ensured that no private information is used for the study unless authorised by the participants. As such, the researcher requested exclusive permission where the data obtained is private. Further to this, the researcher did not use the data gathered for the personal benefit of the researcher. The study was conducted in adherence to the University's ethical standards.

### 3.12 Data analysis

After collecting quantitative data using questionnaires distributed as a link, data were cleaned and analysed using the SPSS (version 25) application, after extracting the data from the Lime Survey Application, which the researcher used to create an online questionnaire for distribution to the targeted population, and data collection from the population. Descriptive Statistics were used to describe the demographical background of sample respondents, while

To test the relationships between dependent and independent variables of this study, Regression analysis (Non-parametric tests and analysis of variance (anova)) were conducted.

*<sup>8</sup>“Regression Analysis is a statistical tool used to determine the probable change in one variable for the given amount of change in another. This means, the value of the unknown variable **can** be estimated from the known value of another variable.”* The regression tools used for this research study, was Kruskal-Wallis H Tests and Mann-Whitney Tests.

Chapter 4 states the results of data received from respondents, which was tested using the following statistical methods employed to interpret the raw data, which analysed through the SPSS:

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<sup>8</sup> *businessjargons.com › regression-analysis*



Descriptive Statistics, which states the statistical elements relative thereto, which includes the <sup>9</sup>Mean (the sum of all entries divided by the number of the entries), Median (The value that lies in the middle of the data when the data set is ordered) and Standard Deviation (which measures variability and consistency of the sample or population. In most real-world applications, consistency is a great advantage. In statistical data analysis, less variation is often better). Test of between-subjects' effects, which for the purposes of this study, determined whether <sup>10</sup>demographical groups differed from the stated dependent variables of this study, on an individual basis, whilst being tested with others.

Kruskal-Wallis H Test- For categorical/independent variables that had more than 2 categories, the Kruskal-Wallis test was used. According to McDonald (2009) the Kruskal-Wallis H Test is "A non-parametric method of 'analysis of variance' by ranks. Each observation regarding groups of treatment, genotypes or phenotypes to be compared are *ranked*." With categorical/independent variables that had only had categories, the Mann-Whitney test was used. McDonald (2009) states that "*The Mann-Whitney U-test (also known as the Mann-Whitney-Wilcoxon test, the Wilcoxon rank-sum test, or the Wilcoxon two-sample test) is limited to nominal variables with only two values.*"

Cronbach's Alpha was used to measure this research study's reliability elements pertaining to the data collection tool, and Bonett and Wright (2014) states that Cronbach's alpha reliability is a means commonly used to describe the reliability of measurements, which includes a sum or average of measurements. Spearman's Rank Correlation Coefficient was used to measure this research study's Validity. According to Hauke and Kossowski (2011:87), Spearman's rank correlation coefficient is a distribution-free rank measurement expected to calculate the level of the association between two variables. It evaluates how

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<sup>9</sup><http://www.compton.edu/facultystaff/jmmartinez/docs/Math-150-Spring-2015/Stat-Ch3-Formulas.pdf>

<sup>10</sup> <http://www.statmakemecry.com/smmctheblog/within-subject-and-between-subject-effects-wanting-ice-cream.html>

well a random monotonic procedure can define the association between two variables, without creating any assumptions about the frequency distribution of the variables (Hauke & Kossowski, 2011:87). With the above tests conducted to establish the various elements necessary to be displayed in the various Chapters, it must be taken into account that there are missing figures relative to each data set, which upon analyses, could not be used in the computation of results, as can be seen in Appendix E, with all the results. This may be due to non-provision of responses to these question by respondents. These data analysis tools stated above, were actioned with the aim of extracting the desired results on data collected, which was required to answer this research study's questions and problem statement in order to accumulate the findings that contribute to the CG mal-practices which threatens the existence of SOEs in SA. With these findings, the researcher aimed to provide the most critical and urgent recommendations in order to mitigate the risks faced by SA SOEs.

### **3.13 Research Limitations**

Limitations to this study included the difficulty to access SOEs, specifically in the endeavour to communicate with the targeted population. The researcher attempted on many occasions to contact IA professionals in SOEs but was unsuccessful, citing the outsourcing of the IAFs to private accounting firms as one, or the unavailability of professionals within those IAFs in SOEs as another reason. Various phone calls have been made in this regard to contact with professionals in the IAFs in SOEs.

The researcher together with McGregor (2014:3) experienced another limitation being the difficulty with obtaining valid and accurate information due to a lack of accessibility to information when contacting government departments. The government does not always allow the viewing of sensitive information that highlight challenge areas. Information perused online and through other means available were also often more than five (5) years old, thus qualifying as old information.

### **3.14 Conclusion**

This chapter focused on the methodology used in this study and explained the quantitative research methods used to collect data for analyses. This chapter furthermore highlighted the measures used for data collection and analysis from the required population and sample size. The following Chapter states all the descriptive statistics from the respondents, and

highlights various tests done to extract information that was critical in answering research questions, identifying the findings of persistent CG mal-practices in SOEs, and recommending ways to mitigate/improve CG practices within SOEs in SA.

## CHAPTER 4

### DATA ANALYSIS, PRESENTATION AND DISCUSSION OF RESULTS

#### 4.1 Introduction

Chapter 3 provided an insight into the methodology used to collect the data of this study. The purpose of this study, together with the research questions, objectives, data collection tools, and population were stated, while also discussing the composition of the questionnaire. It also outlined the process of collecting, capturing, processing, and analysing the data.

Chapter 4 provides the findings of the empirical study through analysis, interpretation, and discussion of the results. It also provides important statistical methods employed to determine the Reliability and Validity of the research tools used for this study. The Statistical Packages for Social Sciences (SPSS version 25.0 for Windows) was used to inspect and interpret the data, with the aim of addressing this study's research questions.

The research questions that this study aims to answer is as follows:

The primary research question for this study reads as follows:

What do IAs in SA perceive as their role towards CG in SOEs?

The primary research question is supported by the following sub-questions:

SOEs are currently experiencing various challenges that affect their service delivery. With this in mind, how do you perceive the status of CG in SA SOEs?

What lessons can be learnt from SOEs' CG mal-practices in SA by IA professionals?

To what extent do institutional dynamics affect the IAF's discharge of duties?

The purpose of this study, was to provide IAs' perspectives on CG mal-practices within the SOEs in SA with its objectives to:

establish the perceptions of SA-based IA professionals employed in SOEs on the roles of the IAF in enhancing CG in SOEs; determine the status of CG within SA SOEs; investigate if and how institutional dynamics affect the IAF's discharge of duties; and establish the responses of the IA professionals (and related institutions) to CG mal-practices

in SOEs.

The following section discusses the analysis of the results obtained during the data collection process, which will provide important insight that addresses the purpose and fundamental objectives of this study.

## **4.2 Data collection**

A questionnaire was used to collect data from targeted respondents. The questionnaire included various headings to the sub-questions asked to collect data that answers the primary and secondary questions of the study. Questions stated in the questionnaire, were resourced from affiliated literature to CG as a concept/practice that should exist within each entity, whether public or private. These sources of the affiliated literature, are stated in Chapter 3.

The questionnaire was distributed to IA professionals by way of a link on the IIASA's online newsletter that was circulated monthly to its members. Included in the questionnaire circulated as a link on the online newsletter, was a write-up introducing the researcher, the purpose of the study, together with the criteria of which respondents should complete the questionnaire. The contact details of the researcher and supervisor were also visible on the questionnaire, and therefore communicated.

The questionnaire was fully and partially completed by 278 respondents.

In data analysis, the explanation and discussion of observed findings relating to the questions asked within the elements in the questionnaire are presented in the following order:

first, frequency distribution tables;

second, Descriptive Statistics;

third, the effects of Demographic Variables on Themes;

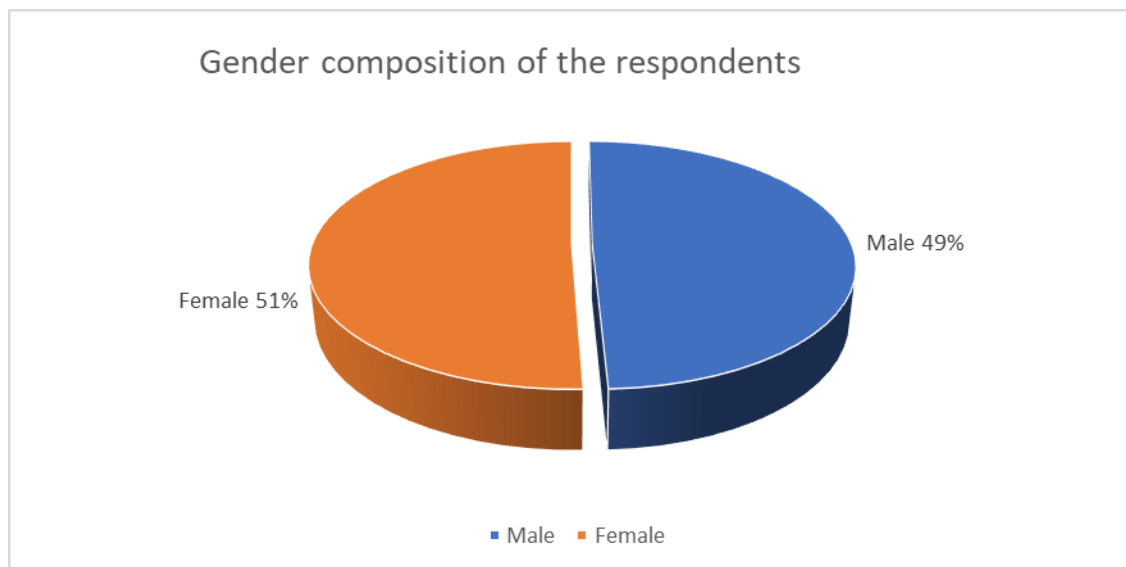
fourth, Non-parametric tests and T-tests; and

last, Reliability and Validity analysis.

### **4.3.1 Profile of the respondents**

Figure 4.1 illustrates the gender composition of the respondents who completed the questionnaire and indicates that out of 249 questionnaires completed, 50.6% of respondents

were male, while female respondents represents 49.4% of the total amount of responses observed. The difference in gender is minimal, and the responses received, almost evenly, could be an indication that the balance of gender may be prioritised when recruiting IA professionals to the IAF in SOEs, which indicates fairness. A gender balance is crucial to the IAF to promote equality within SOEs in SA. This important gender balance aspect may even be a strategic objective of SOEs when it comes to recruitment.



**Figure 4.1: Composition analysis of respondents**

#### **4.3.2 Race and age analysis of the sample respondents**

**Table 4.1. Race and Age Analysis of Respondents**

<b>Ethnic Group</b>	<b>Frequency</b>	<b>Percent</b>	<b>Age Group</b>	<b>Frequency</b>	<b>Percent</b>
African	172	69.1%	18 – 28	38	15.3%
Coloured	23	9.2%	29 – 39	129	51.8%
Indian	16	6.4%	40 – 49	52	20.9%
White	27	10.8%	50 – 59	20	8%
			60+	3	1.2%
<b>Total</b>	<b>238</b>	<b>95.6%</b>	<b>Total</b>	<b>242</b>	<b>97.2%</b>

The ethnic analysis depicted in Table 4.1 states that 69,1% (n = 172) of the respondents were African, 9.2% (n = 23) were Coloured, 6.4% (n = 16) were Indian, and 10.8% (n = 27) were white. From the sample taken, it seems that Africans represent the majority ethnic group employed within SA SOEs. This indicates the evolution of SOEs and its compliance with broad-based black economic empowerment in SA while creating equal opportunities within the IAF in SOEs. This could also indicate that the IAF is future-focussed when employing IA professionals from different ethnic groups, and currently signals an attempt by the IA profession to maintain an equal balance by encouraging the employment of professionals from various ethnic backgrounds as a condition in the recruitment process. In doing so, they attempt to eliminate the stigma of previous abominations relating to unequal opportunities. This practice levels the playing field for all aspiring and current IA professionals.

From Table 4.2, the dominant age group of respondents that completed the questionnaire were between the ages of 29 and 39 years (n = 129 = 51.8%), followed by respondents between the ages of 40 and 49 with 20.9% (n = 52), while respondents that participated between the ages of 18 and 28 represented 15.3% (n = 38), and 50 to 59 years 8% (n = 20). Respondents in the 60+ age group represent 1.2% (n = 3). This indicates that at the inception of the IAF into SOEs, most of the employees hired as part of the IAF were young individuals, fresh from tertiary education and tertiary institutions. This could also indicate how

young the profession of IA in SOEs in SA is and how far back the incorporation of the IAF in SOEs dates as an independent unit. From the sample analysis regarding the age groups, this can also serve as an indication of the exposure/level of experience within the IAF.

#### 4.3.3 Languages of respondents

**Table 4.2. Data Representing the Languages of Respondents**

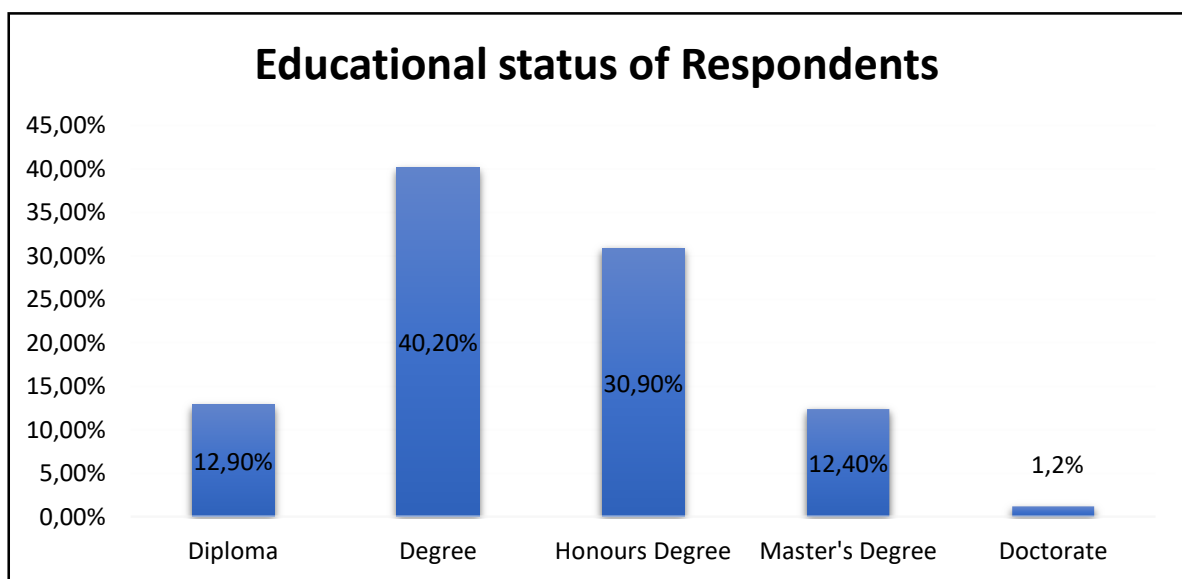
Home Languages of Respondents	Frequencies	Percentage
Afrikaans	25	10.0%
English	48	19.3%
isiNdebele	5	2.0%
isiXhosa	31	12.4%
isiZulu	30	12.0%
Sesotho	17	6.8%
Sesotho sa Leboa	33	13.3%
Setswana	25	10.0%
siSwati	2	0.8%
Tshivenda	12	4.8%
Xitsonga	6	2.4%
Total	234	93.8%

Table 4.2 indicates that 10% (n = 25) of the respondents were Afrikaans speaking, 19.3% (n = 48) English speaking, isiNdebele signified 2% (n = 5), isiXhosa respondents with 12.4% (n = 31) and isiZulu speaking respondents with 12% (n = 30). Furthermore, Sesotho speaking respondents from the sample represented 6.8% (n = 17), Sesotho sa Leboa represented



13.3% (n = 33), siSwati speaking professionals signified 0.8% (n = 2), Tshivenda speaking respondents represented 4.8% (n = 12), and Xitsonga speaking respondents represented 2.4% (n = 6). From the above, the dominating home language of respondents representing the sample was English. This is a positive contributor to the IAF in SOEs, as the universal communication code understandable to most individuals within and outside of SA is English. This important factor will continue to assist IA professionals in enhancing their proficiency, as most of the literature and training/proficiency enhancers communicated globally to members of the IIA are coded in English.

#### 4.3.4 Educational status of respondents



**Figure 4.2: The Educational Status of Respondents**

As depicted in Figure 4.2, the dominating qualification among the respondents were degrees (40.2%), while 12.9% of respondents held Diplomas. Respondents with Honours Degrees amounted to 30.9%, while other postgraduate degrees such as Master’s Degrees and Doctorates were 12.4% and 1.2%, respectively. Among other professional qualifications, these figures are an indication of IA professionals’ emphasis on the continuous proficiency that is required to keep the IAF updated and current, within all areas of responsibility of the IAF. Continuous proficiency enhancement will only increase the standards of performance within the IAF, as proficiency together with experience will contribute to the required efficiency and effectiveness of the IAF in SOEs. This is the desired level according to the ISPPIA the IPPF framework, COSO Framework, and reports such as the King 4 Report on Corporate Governance.

#### 4.3.5 Sector employment of respondents and those employed within SOEs

Table 4.3 illustrates the figures of the sector of employment of respondents, as well as the numbers of respondents employed in SOEs.

**Table 4.3. Sector of Employment**

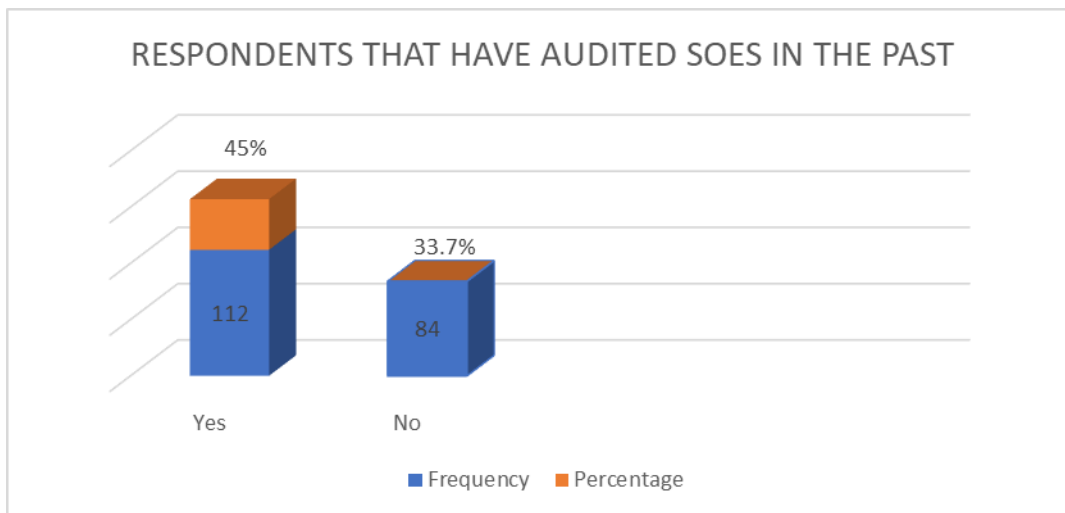
Sectors of Employment			Employed in SOEs		
Sector	Frequency	Percent		Frequency	Percent
Private Sector	78	31.3%	Yes	46	18.5%
Public Sector	159	63.9%	No	151	60.6%
<b>Total</b>	<b>249</b>	<b>100%</b>		<b>197</b>	<b>79.1%</b>

From Table 4.3, respondents employed in the private sector represent 31.3% (n = 78), while respondents employed in the public sector represent 63.9% (n = 159). Furthermore, respondents employed in SOEs represent 18.5% (n = 46), while other respondents not currently employed within SOEs represent 60.6% (n = 151). From the responses received to this question, this could indicate various SOEs listed under schedules 2 and 3 of the PFMA, who might have its IAF outsourced to private accounting firms such as KPMG, PwC, Deloitte, and Grant Thornton. It could also indicate that IA professionals are currently employed in the public sector but not in SOEs anymore.

The researcher also wishes to state that one of the objectives of this study was to seek the perceptions of IA professionals who have in the past been employed within SOEs, and who had the experience and knowledge of the operations within SOEs in SA. The objective was to seek their perceptions of CG, as this study aims to include all facts, which respondents employed inside and outside SOEs could highlight, that will assist SOEs and others to whom this study is of significance. Independence as a term is not always well known within organisations, and as such, it affects the internal control environment significantly. The researcher, therefore, is also of the view that each SOE and public entity should have an IAF, which is currently not the status within all government institutions. The induction of an IAF within all government institutions should decrease the spending of exorbitant fees to private accounting firms to which the IAF is being outsourced.

#### 4.3.6 Respondents that have audited SOEs in the past

Figure 4.3 illustrates the number of respondents that have audited SOEs in the past.



**Figure 4.3. Respondents that have audited SOEs in the past**

Figure 4.3 depicts the number of respondents that have performed audits in SOEs in the past. These figures are important to the study, as the experiences of these IA professionals contributed to vital data collected in the study. The researcher relied on their experience and proficiency to extract answers to research questions posed in the questionnaire to understand whether the IAF in SOEs is currently evolving and adding adequate value. Apart from evolving and adding value, stakeholders must also understand the latest trend of risks that threatens the IAF and SOEs in the performance of their responsibilities. As Figure 4.3

indicates, 45% (n = 112) of respondents have performed IA in SOEs in the past, while 37% (n = 84) have not.

#### 4.3.7 Sectors in which the SOEs currently operate

SA's key economic sectors, as illustrated per the <sup>11</sup>Shares of nominal GDP, Q3 of 2017 table, consists of Finance (20%), Government (18%), Trade (15%), Manufacturing (13%), Transport & Communication (10%), Mining (8%), Personal Services (6%), Construction (4%), Electricity (4%) and Agriculture (3%). The following Table solicits the various sectors of SOEs where IA professionals are employed.

**Table 4.4. Sectors in which SOEs currently operate**

Sector	Frequency	Percent
Finance Sector	4	1.6%
Energy	10	4%
Government	11	4.4%
Education	3	1.2%
Health	1	0.4%
Hospitality	1	0.4%
Information Technology	1	0.4%
Insurance	1	0.4%
Manufacturing	2	0.8%

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<sup>11</sup><https://www.brandsouthafrica.com/investments-immigration/business/investing/economic-sectors-agricultural>

Sector	Frequency	Percent
Mining	1	0.4%
Research & Development	1	0.4%
Transport	6	2.4%
Utilities	1	0.4%
Water	1	0.4%
<b>Total</b>	<b>44</b>	<b>90.6%</b>

From the sectors mentioned in Table 4.4, it is evident that SA SOEs operate in nearly sectors that significantly influence the SA economy. With this in mind, the researcher wants to highlight the significance of the contributions that SOEs could make to the SA economy while delivering its utility services to serve the social needs of the public. SOEs have a great opportunity to effect change, but their contributions have not lived up to the required expectations. The highest frequencies and percentage where IA professionals are employed within the IAF represent SOEs operating in Transport (n = 6; 2.4%), Energy (n = 10; 4%), Finance Sector (n=4; 1.6%), Government (n=11; 4.4%) and Education Sectors (n = 3; 1.2%). As discussed in Chapter 2, biggest SOEs in SA, namely ESKOM and TRANSNET, operates in energy and transportation sectors in SA.

#### 4.3.8 Staff complements of SOEs

A staff compliment refers to <sup>12</sup>"the complete number of staff", employed within an entity. Table 4.5 provides the figures of staff complements of SOEs in SA, as indicated by respondents.

**Table 4.5. Staff Complement of SOEs**

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<sup>12</sup> <https://amandabrittain.wordpress.com/2009/10/12/complement-vs-compliment/>

<b>Staff Complement</b>	<b>Frequency</b>	<b>Percentage</b>
0 – 150	8	3.2%
151 – 300	7	2.8%
301 – 550	3	1.2%
551 – 950	4	1.6%
951 – 1 600	4	1.6%
1 601 – 2 700	9	3.6%
2 701 – 6 999	5	2%
7 000 – 47 000	7	2.8%
460 000	1	0.4%
<b>Total</b>	<b>48</b>	<b>19.2%</b>

Table 4.5 illustrates the staff complements of SOEs in SA, and in particular, whose recruitment procedures are tested by the IAF within or outside (outsourced) SOEs. The staff complement that reflects the highest number, as per table 4.5 were SOEs with a staff complement of between 1 and 2 700 employees (n = 9; 3.6%) followed by SOEs with a staff complement of between 1 and 150 (n = 8; 3.2%). SOEs with a staff complement of between 1 and 300 (n = 7; 2.8%) were the third-highest frequency and percentage indicated by the respondents. SA SOEs also employ high numbers of staff given the size of the SOEs. These staff complements can range from 1 to 7 000 staff employed (n = 6; 2.4%), as well as 1 to 460 000 (n = 6; 2.4%) employees. These staff complement required within SOEs are significant and highlight the need for the required staff complement in assuring the successful operations of SA SOEs. It must be understood that the greater the size of the

SOE, the greater the challenges SOEs face, the greater the staff complement required, and the greater the importance for the existence of ethical CG. The IAF also must ensure that greater and wider areas are focussed on while performing their scope of duties in the organisation, whose institutional dynamics could bring challenges to the IAF in SOEs.

#### 4.3.9 Years of experience in the Internal Audit environment

Experience within the IA Environment was one of the independent variables highlighted in the Demographics section of the questionnaire. It had a significant influence on the data results derived from respondents because of it states the years of experience of respondents, obtained from respondents Table 4.6 indicates these results obtained that illustrates the level of experience, which could be a determining factor in understanding why challenges faced by SOEs, are not be adequately mitigated.

**Table 4.6. The years of experience of respondents**

<b>Years of experience</b>	<b>Frequency</b>	<b>Percent</b>
0 to 5 years	57	22.8%
6 to 10 years	70	28%
11 to 15 years	43	17.2%
16 to 20 years	27	10.8%
21 to 25 years	10	4%
26 to 30 years	3	1.2%
31+ years	1	0.4%
<b>Total</b>	<b>211</b>	<b>84.4%</b>

Respondents have indicated, as per Table 4.6, that towards the end of June 2019, IA professionals with 6 to 10 years' experience are the most renowned group employed in the IA field in SOEs, with 28% (n = 70), followed by professionals employed between 0 and 5 years in an IA environment with 22.8% (n = 57). The third-highest percentage is

professionals with between 11- and 15 years' experience with 17.2% (n = 43). Professionals with experience of between 21 and 25 years equals 4% (n = 10) of respondents, while 26 to 30 years' experience represents 1.2% (n = 3), and 31+ years' experience equals 4% (n = 1). From the above results, it is fair to say that the IAF in SOEs are made up of IA professionals with an adequate amount of experience.

#### 4.3.10 Respondents' professional memberships held

Memberships to professional bodies are a key contributor towards enhancing the proficiency of an individual. Membership to the IASA, for example, keeps IA professionals up to date with the latest trends within the IA environment and helps professionals improve their skills and expertise across risk, control, and governance practices. Figure 4.4 depicts the respondents' indication of their professional memberships held.

**Figure 4.4. Professional Memberships Held**

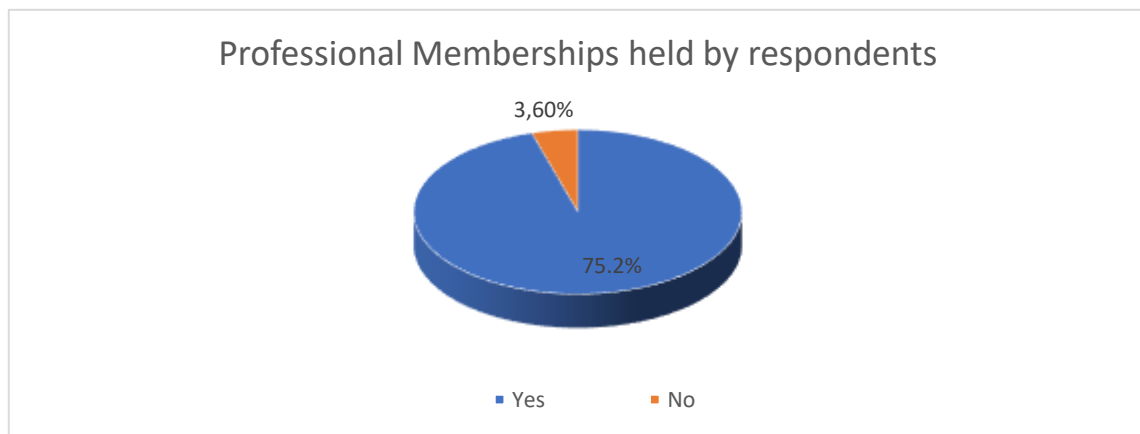


Table 4.7 provides a breakdown of the professional bodies to which respondents held memberships. Table 4.7 also provides an analysis of multiple memberships held by IA professionals, and specifically to which bodies memberships are held. Table 4.7 reflects the professional memberships held by the respondents.

**Table 4.7. Professional Memberships**

Professional body(s)	Frequency	Percentage



<b>Professional body(s)</b>	<b>Frequency</b>	<b>Percentage</b>
IIA (only)	135	54%
IIA + ACFE	4	1.6%
IIA + SAICA	13	5.2%
ACFE + SAICA	1	0.4%
IIA + ACFE + EU COUNCIL COMPLIANCE	1	0.4%
IIA + ICSA	1	0.4%
IIA + IODSA	3	1.2%
IIA + ISACA	4	1.6%
IIA + IRMSA	5	2%
IIA + ISACA + ICSAZ + ACCA	1	0.4%
IIA + ACFE + ICFP	1	0.4%
IIA + ICCSA	1	0.4%
IIA + IRMSA + SAICA	3	1.2%
IIA + IRMSA + ACFE + ETHICS INSTITUTE	1	0.4%

<b>Professional body(s)</b>	<b>Frequency</b>	<b>Percentage</b>
IIA + ISACA + SAIPA	1	0.4%
IIA + ISACA + CISA	1	0.4%
IIA + CISA + ACFE	1	0.4%
IIA + IRMSA + IODSA	1	0.4%
ISACA	3	1.2%
SAICA	1	0.4%
SAICA + SAIBA	1	0.4%
IIA + SAICA + IRBA	1	0.4%
IIA + SAIPA	1	0.4%
IIA + ACFE + BMF	1	0.4%
IRMSA	1	0.4%
IIA + IRMSA + IODSA	1	0.4%
<b>Total</b>	<b>188</b>	<b>75.2%</b>

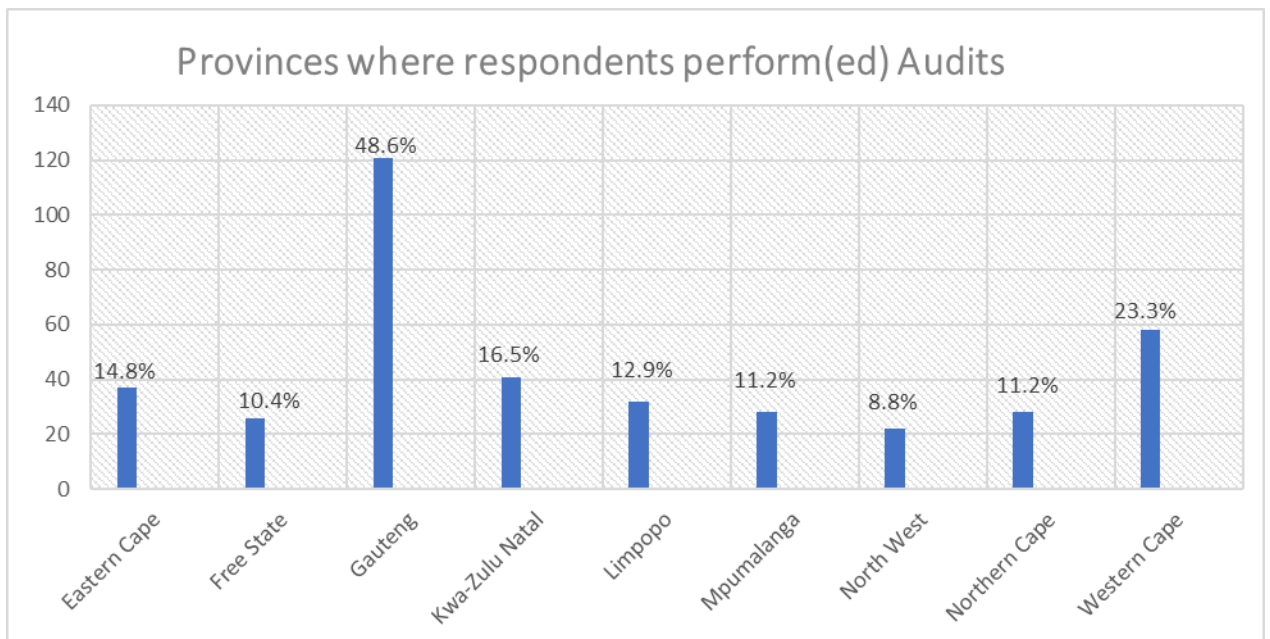
While the most renowned memberships held by IA professionals are membership to the IIA, with 96% (n = 181), other renowned and combined memberships held by respondents are memberships to both the IIA and SAICA with 5.2% (n = 13), as well as memberships to both IIA and IRMSA with 2% (n = 5). Memberships held to both IIA and ISACA and memberships

to the IIA and ACFE represents 1.6% (n = 4) of respondents, while combined memberships held to IIA, IRMSA, and SAICA consisted of 1.2% (n = 3) of respondents. Combined memberships to both the IIA and IODSA also consisted of 1.2% (n = 3) respondents.

With the above, it is encouraging to see that respondents held multiple memberships to various institutions, indicating that respondents and other IA professionals deem the enhancement of their proficiency important. It is also encouraging to see that companies allow their employees in the IAF to enhance their proficiency by procuring the necessary economic outputs for their employees to hold multiple professional memberships.

#### 4.3.11 Provinces where respondents perform(ed) audits

Figure 4.5 indicates that the majority of SOEs in SA's head offices are based in the Gauteng province. This geographical base could indicate that IA professionals in IAF in SOEs travel throughout SA to perform the IAF in various provinces.



**Figure 4.5. Distribution of SOE Audits**

Figure 4.5 also indicates that respondents who are employed as part of entities to whom SOEs' IAFs are outsourced, travel(ed) throughout SA to perform IAFs within SOEs. The majority respondents, 48.6% (n = 121), therefore, perform(ed) IAFs in Gauteng. The second-highest responses were received from sample respondents who perform(ed) IAFs in the

Western Cape, with 23.3% (n = 58), followed by Kwa-Zulu Natal with 16.5% (n = 41) and Eastern Cape with 14.8% (n = 37). Sample respondents from Northern Cape and Mpumalanga each represents 11.2% (n = 28), with the North West having the lowest percentage of respondents with 8.8% (n = 22).

This can also be an indication of where SOE offices are situated throughout the country, which affects the accessibility of the public to SOEs, which is one of the challenges noted in this study. The researcher is of the view that this relates to the financial resources that must be available to the IAF, as independence, confidentiality, due professional care, and objectivity could be adequately employed to further enhance SOEs, as per the principles prescribed by the IIA's code of ethics. The practices of the IAF can be further enhanced if IA professionals continue to rotate across areas audited within SOEs and can travel to the various branches to ensure adhering to the principles of the code of ethics. This could be another area for further research, by testing whether each principle is employed and evident within SOEs in SA.

#### 4.4 Descriptive statistics – Mean of a sample

Apart from the analysis on the demographics section stated earlier in this chapter, the following themes have been included, together with its overall analysis that describes the research questions that was included in the questionnaire/survey distributed by the IIASA to its members employed or previously employed within SOEs in SA. Here follows the analysis of the overall descriptive statistics incorporated under eight (8) themes, which consist of the IAF role, nature of board leadership, compliance irregularities, risks, IAF leadership, IAF resources, utility services, and attitude toward IAF. Table 4.8 reflects the overall descriptive statistics for each theme.

**Table 4.8. Overall Descriptive Statistics for each Theme**

Scale	N	Min	Max	Mean	Median	Std. dev.
The IAF role	125	1	5	3.73	3.86	0.767
Nature of board leadership	146	1	5	2.72	2.58	0.975

<b>Scale</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>Median</b>	<b>Std. dev.</b>
Compliance irregularities	112	1	5	3.77	4.00	1.041
Risks	112	1	5	3.70	3.75	0.915
The IAF leadership	134	1	5	3.54	3.83	0.975
The IAF resources	125	1	5	3.32	3.50	1.010
Utility services	169	1	5	3.13	3.33	0.987
The attitude toward IAF	125	1	5	3.06	3.00	0.954

From Table 4.8 and the below information depicted in the following tables, the highest mean score reflects that of the compliance irregularities theme with 3.77. This could indicate an important challenging area within SOEs. The highest standard deviation is reflective within the compliance irregularities theme at 1.041. This indicates the divergence was greater on the compliance irregularities theme in relation to the other themes. So, although this remains a challenging area, the significance that must be underlined with the standard deviation scores relates to the difference among the respondents on this theme, which could indicate another area where further intense research should be conducted.

The IAF Role ranked second with a mean score of 3.73. This could indicate that although there is room for improvement, the IAF is performing its duties above standard, and as per the ISPPIA code of ethics, IPPF, and other governance codes that are important to the profession. The Risks theme ranked third with 3.70, which signals another challenging area while IAF leadership and IAF Resources respectively ranked fourth and fifth with a mean score of 3.54 and 3.32, representing satisfactory average scores among respondents.

Utility services had a mean score of 3.13, which indicates room for improvement while attitude toward IAF had a mean score of 3.06, which is alarming. This could indicate that there is a lack of understanding about the purpose of the IAF within SOEs. The lowest mean

score represents the nature of board leadership theme with 2.72. This could indicate that IA professionals/respondents do not have full confidence in its board and the leadership it provides, which can furthermore indicate that the recruitment to the board and the leadership provided by the board are not in line with CG principles and ethical standards tested by the IAF. The lowest standard deviation experienced was 0.767 within the IAF role theme, which indicates that there was a stronger agreement among respondents on this theme compared to others. This could indicate that respondents are content with the IAF's role in the SOEs.

**Table 4.9. Descriptive Statistics Reflected within the IAF Role Theme**

<b>Descriptive Statistics within the IAF Role</b>					
<b>Scale</b>	<b>N</b>	<b>Min.</b>	<b>Max.</b>	<b>Mean</b>	<b>Std. Dev.</b>
The IAF Role		<b>1.00</b>	<b>5.00</b>	<b>3.73</b>	<b>13.35</b>
B049_1. Internal audit staff in the SOE follow the IPPF as a basis for performing IA engagements	125	1	5	3.89	0.918
B049_14. IAs maintain an impartial attitude when executing their duties in the SOE	124	1	5	3.77	0.961
B049_15. IAs maintain an unbiased attitude when executing their duties in the SOE	124	1	5	3.78	0.976
B049_18. Policy documents are readily available within the IAF to guide IAs	124	1	5	3.79	0.948
B049_19. IAs regularly evaluate internal controls within the SOE	124	1	5	3.78	0.959
B049_2. The IAF in the SOE are composed of	125	1	5	3.71	1.015

<b>Descriptive Statistics within the IAF Role</b>					
<b>Scale</b>	<b>N</b>	<b>Min.</b>	<b>Max.</b>	<b>Mean</b>	<b>Std. Dev.</b>
competent, skilled professionals					
B049_20. Reviews of the IAF within the SOE take place within stipulated timeframes	124	1	5	3.47	1.108
B051_11. IAs continuously assess the SOE objectives to test alignment with the mission of the SOE	119	1	5	3.57	1.013
B051_7. The IAF recommends ways to improve organisational performance management within the SOE	119	1	5	3.86	0.866
B051_8. The IAF recommends ways to coordinate activities among the board and various assurance providers within the SOE	119	1	5	3.73	0.890
B051_9. The IAF recommends ways to management how to address CG challenges faced by the SOE	119	1	5	3.77	0.952
B071_13. The IAF communicates appropriately to priority departments whose controls are most threatened by risk within the SOE	113	1	5	3.53	0.936
B071_5. The IAF continuously apply risk-based plans to determine the priority risk areas within the SOE	114	1	5	3.75	0.948
B071_6. IAs recommend ways for departments to mitigate risks identified	114	1	5	3.83	0.861

Out of 14 individual questions asked to address the theme, the IAF roles reflected in Table 4.9 shows a highest mean score of 3.89 and relates to IA staff in SOEs that follow the IPPF as their basis for conducting IA Engagements. This indicates IA professionals' reliance on the IPPF within SOEs in SA, which is encouraging and in line with the IIAs proficiency indicators towards the IAF in a company. While most other elements stated in the table above that addresses various IAF roles have a mean score of between 3.5 and 3.88, the lowest mean score on data collected from respondents reflects 3.47 on an element named the reviews of the IAF within the SOE taking place within stipulated timeframes. This could indicate that although review functions are in place to monitor the performance of IA staff, IA professionals might be unhappy about the timeframes of reviews, and other elements to these review processes. The goal of reviews of the IAF should ascertain whether the function is performing optimally while motivating the IAF as a whole to perform its duties adequately and effectively at the highest level within the IAF.

The highest standard deviation was 1.108, also on the element of reviews of the IAF within the SOE that takes place within stipulated timeframes. This indicates that respondents had greater deviation to this element within the theme compared to others. The lowest standard deviation achieved was on the element of IAs recommending ways for departments to mitigate risks identified with 0.861, which indicates that respondents had a greater agreement among each other to this element based on the responses received. The question is, do the process owners listen to and incorporate the recommendations made by the IAF?

**Table 4.10. Descriptive Statistics Reflected within the Nature of Board Leadership Theme**

<b>Scale</b>	<b>N</b>	<b>Min.</b>	<b>Max.</b>	<b>Mean</b>	<b>Std. Dev.</b>
Nature of Board leadership		<b>1.00</b>	<b>5.00</b>	<b>2.74</b>	<b>7.04</b>
B021_2. CG practices within the SOE have improved over the last 5 years	146	1	5	2.53	1.158
B021_5. The board offers a clear strategic direction	145	1	5	2.81	1.167



<b>Scale</b>	<b>N</b>	<b>Min.</b>	<b>Max.</b>	<b>Mean</b>	<b>Std. Dev.</b>
Nature of Board leadership for the SOE to achieve its objectives		<b>1.00</b>	<b>5.00</b>	<b>2.74</b>	<b>7.04</b>
B021_6. The board sets a zero-tolerance stance towards unethical conduct within the SOE	145	1	5	2.61	1.276
B021_7. The board sets a zero-tolerance stance towards fraud and corruption within the SOE	145	1	5	2.66	1.249
B031_5. The board recognises the best conditions under which the IAF can thrive	134	1	5	2.92	1.097
B031_6. The board supports the best conditions under which the IAF can thrive	134	1	5	2.88	1.097

Mean scores reflected in Table 4.10 remains below 3.0 within the Nature of Board Leadership theme. The King 4 Report on Corporate Governance states that the Board of Directors must steer the company with visionary leadership towards ethical and moral soundness to achieving the company's objectives. In Table 4.10, 134 (mean = 2.92) respondents have indicated that the board recognises the best conditions under which the IAF can thrive, which resembles the highest mean score obtained from respondents. The lowest mean score of 2.53 (n = 146) reflects the sentiments of respondents that CG practices within the SOE have improved over the last five years. This low mean score represents a concern, as it can be indicative that CG within SOEs are just above 50% and not at the level that they should be. Another element indicates that CG practices have not been enhanced in SOEs in the last five years. This could also indicate why the strategic objectives of SOEs have not been achieved.

Standard deviation scores were relatively high within each element within the Nature of Board Leadership theme, with the lowest standard deviation reflecting 1.249, which indicates that the board sets a zero-tolerance stance towards unethical conduct within the SOE. This is an indication of the degree to which respondents differed regarding this statement versus the mean score. The highest standard deviation score recorded above reflects the last two elements scoring 1.097, which indicates that although the standard deviation score still resembles a divergence, it is perceived that a greater number of respondents agreed as compared to the rest of the elements within this theme.

**Table 4.11. Descriptive Statistics reflected within the Compliance Irregularities theme.**

<b>Scale</b>	<b>N</b>	<b>Min.</b>	<b>Max.</b>	<b>Mean</b>	<b>Std. Dev.</b>
<b>Compliance Irregularities</b>		<b>1.00</b>	<b>5.00</b>	<b>3.77</b>	<b>6.22</b>
C01_14. Appointment of unqualified and unskilled executives and managers	112	1	5	3.81	1.339
C01_15. Lack of managers' informed decision-making	112	1	5	3.69	1.201
C01_17. Irregular recruitment and selection of staff	112	1	5	3.65	1.320
C01_18. Lack of staff complement necessary to perform vital responsibilities within the SOE	112	1	5	3.50	1.230
C01_6. Tender irregularities	112	1	5	4.21	1.132

As discussed earlier in this section on descriptive statistics, compliance irregularities as a theme had the highest mean score overall of 3.77. Respondents have indicated the highest mean score under this theme as 4.21 (n = 112), which represented tender irregularities. This is a clear indication of a problem area within supply chain management within SOEs where there is a need for greater monitoring and assurance provision. Extensive testing could be

incorporated to understand whether the most effective standard operating procedures are applied and whether the most updated governance principles are enforced within SOEs. A lack of staff complements necessary to perform vital responsibilities within the SOE has the lowest mean score with 3.50 (n = 112). With this, respondents highlighted that an insufficient staff complement could exist within SOEs, which is fundamentally required to ensure that SOEs function at maximum capacity across all operations. It could have a positive effect on, for example, the service delivery of social utility services such as water, energy, and transport that will influence the SA economy.

Within the compliance irregularities theme, the element on the appointment of unqualified and unskilled executives and managers had the lowest standard deviation score of 1.339, while tender irregularities maintained the highest standard deviation score of 1.132, indicating that the respondents shared greater consensus on tender irregularities than that of the appointed of unqualified and unskilled executives and managers. This means that respondents indicated that tender irregularities are perhaps the greatest challenge within SOEs. This could be a further avenue for more in-depth research, to understand the processes applied in SCM on the tender function to understand the institutional dynamics that affect the function, and more importantly, to grasp the reality of why tender irregularities occur within SOEs and remain a challenging area.

**Table 4.12. Descriptive Statistics Reflected within the Risks Theme**

<b>Scale</b>	<b>N</b>	<b>Min.</b>	<b>Max.</b>	<b>Mean</b>	<b>Std. Dev.</b>
<b>Risks</b>		<b>1.00</b>	<b>5.00</b>	<b>3.70</b>	<b>4.44</b>
C02_2. Financial risk	112	1	5	3.97	1.035
C02_3. Operational risk	112	1	5	3.65	0.984
C02_4. Reputational risk	112	1	5	3.58	1.198
C02_5. Governance risk	112	1	5	3.60	1.219

Within the risks theme, respondents have indicated that they rank financial risk the highest with the highest mean score of 3.97 (n = 112). This could indicate the financial irregularities that exist. Audit employees in SOEs regard financial risk crucial. It, therefore, is imperative that state officials are held accountable for public funds adjudicated to state enterprises, as the majority of the SOEs are funded with the public's funds for service delivery. The unspoken agreement in existence is that the public pays for the state to provide optimal services, which in this case, remains doubtful, given its financial risk ranking.

The risk within operations ranked second, based on its mean score of 3.65 (n = 112), while the lowest mean score of 3.58 (n = 112) reflects that of reputational risk SOEs suffer in SA, according to respondents. While this is not a high-ranking risk as indicated by respondents, the importance of reputational risk suffered by any state institution cannot be diminished, as it is reflective of how the state functions and how state officials at the leadership of SOEs employ governance. From the above discussion, the researcher is of the view that risk management within SOEs remains a crucial function within SOEs, as the adequate and effective operation of this function remains critical in seeing the SOE achieve its strategic objectives.

Governance risk had the lowest standard deviation score of 1.219, which indicates a greater degree of divergence existing among respondents, while operational risk had the highest standard deviation score of 0.984, which indicates that there is a stronger agreement among respondents on this element.

**Table 4.13. Descriptive Statistics Reflected within the IAF Resources Theme**

<b>Scale</b>	<b>N</b>	<b>Min.</b>	<b>Max.</b>	<b>Mean</b>	<b>Std. Dev.</b>
<b>The IAF Resources</b>		<b>1.00</b>	<b>5.00</b>	<b>3.32</b>	<b>4.48</b>
B049_6. The IAF in the SOE is adequately resourced to provide high-quality professional assurance	125	1	5	3.26	1.151
B049_7. The IAF in the SOE is adequately resourced	125	1	5	3.22	1.126

to provide high-quality advisory services					
B049_8. The IAF in the SOE is adequately positioned to provide high-quality professional assurance	124	1	5	3.42	1.098
B049_9. The IAF in the SOE is adequately positioned to provide high-quality advisory services	124	1	5	3.38	1.101

Within the IAF Resources theme, responses received were all positive. The highest mean score was 3.42 (n = 124), reflecting that the IAF in the SOE is adequately positioned to provide high-quality professional assurance. This indicates that there is room for improvement on the status of the IAF's position within the SOE, which can be reflective of insufficient knowledge within the organisation regarding the importance of the IAF, specifically to its position, authority, and the responsibility as a unit within the organisation. The lowest mean score recorded under this theme was 3.22 (n = 125), which relates to the IAF in the SOE being adequately resourced to provide high-quality advisory services. This could be interpreted as an area where more suitably skilled IAs are required within the function in SOEs.

Within the IAF resources theme, the lowest standard deviation score was 1.151, reflective of the element, The IAF in the SOE is adequately resourced to provide high-quality professional assurance. Here, respondents illustrated a greater level of difference in view among each other on this element. The element, The IAF in the SOE are adequately positioned to provide high-quality professional assurance, enjoyed the highest standard deviation score of 1.098 among other elements, which indicates that there is a greater agreement among respondents on this element.

**Table 4.14. Descriptive Statistics Reflected within the Utility Services Theme**

Scale	N	Min.	Max.	Mean	Std. Dev.
Utility Services		1.00	5.00	3.12	3.61

B011_1. The SOE is timely in providing utility services such as water and electricity to the public	168	1	5	3.28	1.168
B011_2. The SOE has the required technological ICT infrastructure to effectively provide utility services	168	1	5	3.21	1.193
B011_9. The SOE is future-focussed	167	1	5	2.88	1.246

SOEs' timely provision of utility services, which include the provision of water, electricity, health and sanitation services is the highest mean score recorded by respondents at 3.28 (n = 168), according to the information reflected in Table 4.14 within the utility services theme. The lowest, but still positive, mean score was 2.88 (n = 167), which might indicate SOEs' lack of being future-focussed.

Among the three elements stated in Table 4.14, standard deviations across these elements are indicative of great divergence among respondents on these elements, with the element, The SOE is future-focussed, having the lowest standard deviation score of 1.246. The element, The SOE is timely in providing utility services such as water and electricity to the public, had the highest standard deviation score of 1.168, which indicates, although not much different, a stronger agreement among respondents on this element.

**Table 4.15. Descriptive Statistics Reflected within the IAF Leadership Theme**

Scale	N	Min.	Max.	Mean	Std. Dev.
<b>The IAF Leadership</b>		<b>1</b>	<b>5</b>	<b>3.54</b>	<b>3.21</b>
B031_12. The CAE regularly explains the purpose, authority, and responsibility of the IAF to senior management	134	1	5	3.67	0.940

B031_7. The audit committee recognises the best conditions under which the IAF can thrive	134	1	5	3.47	1.155
B031_8. The audit committee supports the best conditions under which the IAF can thrive	134	1	5	3.47	1.115

The IAF leadership theme is crucial in this study, and the data collected reflect that of individuals who are subordinates to the IAF leadership within their respective SOEs. The highest mean score obtained in Table 4.15 relates to the view from respondents that the CAE regularly explains the purpose, authority, and responsibility of the IAF to senior management with 3.67 (n = 134). The argument then exists on whether the IAF is prioritised by senior management, and that communication is provided to subordinates of senior management about the purpose, authority, and responsibility of the IAF within the company.

While the shared mean score of 3.47 (n = 134) reflects on the audit committee recognising and supporting the best conditions under which the IAF can thrive, one can ask the questions of whether the audit committee is rightly positioned with the SOE, or whether the audit committee has the required powers needed to empower the IAF within SOEs. The IAF leadership are responsible for ensuring that the IAF has the necessary platforms available to them to perform their functions adequately and efficiently as an independent unit within the organisation.

Within the theme The IAF leadership, the element the audit committee recognises the best conditions under which the IAF can thrive, recorded the lowest standard deviation score of 1.155, which indicates that the views of respondents on this element differed substantially. The highest standard deviation score recorded was 0.940 on the element The CAE regularly explains the purpose, authority, and responsibility of the IAF to senior management, which indicates that respondents had a greater agreement on this element compared to others.

**Table 4.16. Descriptive Statistics Reflected within the Attitude Toward the IAF theme**

Scale	N	Min.	Max.	Mean	Std. Dev.
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<b>The Attitude toward the IAF</b>		<b>1.00</b>	<b>5.00</b>	<b>3.07</b>	<b>4.46</b>
B049_10. Recommendations provided by the IAF to management within the SOE are adopted	124	1	5	3.14	1.092
B049_11. Recommendations provided by the IAF to management within the SOE are implemented	124	1	5	2.95	1.111
B049_3. Management and staff within the SOE respect the IAF	125	1	5	3.12	1.112
B051_5. The SOE is dedicated to employing CG principles defined in the King 4 Report within the entity	119	1	5	3.08	1.147

Table 4.16 indicates that the element with the highest score under the theme The Attitude toward the IAF reflects those of recommendations that the IAF provide to management within the SOE are adopted with 3.14 (n = 124). This could indicate that recommendations being adopted by management are at a level above average. It, however, could also indicate that there is room for improvement by management. This could be because of management not valuing or understanding the IAFs role in testing various functions within operations to add value and recommend improvements to these functions to management as the process owners to their respective functions. The mean score ranked second within this theme with 3.12, where the element on the IAF that are respected by management and staff within the SOE relates to the previous point on that management adopt recommendations from IAs.

Regarding these recommendations, respondents have indicated this aspect as the lowest (but still positive) mean score of 2.95 (n = 124) within this theme. This could indicate that not all recommendations of the IAF are implemented, which is a cause for concern given the independent nature of the IAF, and the IIA's reliance on IAs being proficient and equipped to provide reasonable assurance within all entities where the IAF exists.

The researcher deems the element on whether the SOE is dedicated to employing CG principles defined within the King 4 Report on Corporate Governance critical. The mean score of this element was 3.08. Although the King 4 Report is not an aspect of the law that is required to be applied within an entity, its governance principles are second to none and



have been tested by professionals. It is adopted across the globe as the code on CG that is prescribed to companies in its endeavour to ensure ethical behaviour across all operational functions within companies. This mean score is concerning because of the indication given by respondents that there is a greater need for CG principles to be enforced within SOEs in SA. The SOE is dedicated to employing CG principles defined in the King 4 Report within the entity had the lowest standard deviation score of 1.147, while the element Recommendations provided by the IAF to management within the SOE are adopted, recorded the highest standard deviation score of 1.092, which indicates greater agreement among respondents.

#### **4.5 The effects of demographic variables on themes**

The univariate analyses of variance were used to determine which independent variables had a significant effect on dependent variables in this study. The sample taken for the study amounted to more than 30, which was a condition of this test, and the variance of the dependent variable was the same for all levels of the categorical variables. Independent variables with a  $p$ -value of lower than 0.05 (50%) represented a significant influence on dependent variables, as can be seen below. Where there is no  $p$ -values recorded, this parameter is set to zero because it is redundant.

The test between subjects was done, where more than one independent variable was tested against a dependent variable. All independent variables were tested against the dependent variables, with the aim of establishing which independent variable had a significant effect on dependent variables. These results are stated as they presented figures to this test that could be taken into consideration in determining which independent variable had a significant effect on the dependent variables.

##### **4.5.1 Compliance irregularities (dependent variable)**

Table 4.17, depicts the results of the test of between-subject effects, performed to establish which independent variables had a significant effect on this dependent variable. Independent variables tested against this dependent variable, included Ethnic Groups and Employed within SOEs and Age Group. Results obtained from this test that are significant to Compliance Irregularities, are stated below in Table 4.17.

**Table 4.17. Test of between-subject effects performed between independent variables and Compliance Irregularities.**

<b>Between-Subjects Factors</b>					
Independent Variable label		Value Label	<i>n</i>	Position Rank	p-value
What is your ethnic group?	1	African	64	1	0.976
	2	Coloured	11	3	0.963
	3	Indian	10	4	0.070
	4	White	12	2	-
Please select your Age group?	1	18 – 28	8	4	0.742
	<b>2</b>	<b>29 – 39</b>	<b>52</b>	<b>1</b>	<b>0.005</b>
	3	40 – 49	25	2	0.148
	4	50 +	12	3	-
Are you employed in an SOE?	1	Yes	26	2	0.161
	2	No	71	1	-

From Table 4.17, the age group [2] demographic (independent variable), which refers to respondents between the age 29 – 39, has a *p*-value of 0.005 (> 0.05), and is therefore an indication that this variable has a significant effect on the compliance irregularities theme. This age group represents the highest number of respondents (52) that completed the

questionnaire. It can be that the majority of results obtained from data analysed, originates from this group.

#### 4.5.2 Utility services (dependent variable)

Table 4.18 indicates the independent variables together with its groupings, frequencies, and position rank that had a significant effect on utility services. The independent variables that were tested against the dependent variable, included Ethnic Group, Employment within SOEs and Age Groups of respondents that delivered significant results out of all independent variables tested.

**Table 4.18. Test of between-subject effects performed between independent variables and Utility Services**

<b>Between-Subjects Factors</b>					
		Value Label	n	Position Rank	p-value
What is your Ethnic group?	<b>1</b>	<b>African</b>	<b>100</b>	<b>1</b>	<b>0.037</b>
	2	Coloured	17	3	0.569
	3	Indian	12	4	0.526
	4	White	19	2	-
Are you employed in an SOE?	<b>1</b>	<b>Yes</b>	<b>34</b>	<b>2</b>	<b>0.032</b>
	2	No	114	1	-
Age Group	1	18 - 28	16	4	0.704
	2	29 - 39	79	1	0.957

	3	40 - 49	35	2	0.830
	4	50 +	18	3	-

Independent variables that had a significant effect on the Utility Services theme were the respondents' ethnic group and the independent variable stating whether respondents were employed in an SOE. Results of the Ethnic Group (Kruskal-Wallis H Test), tests with Utility Services indicated that majority of respondents whom provided information on this dependent variable were African, representing 100 responses ( $p$ -value = 0.037 > 0.05). This could indicate BBBEE criteria being met within SOEs in SA. The other variable that affects the Utility Services theme is the number of respondents employed within SOEs. Majority of responses were received from IA professionals that are currently employed in SOEs (Mann-Whitney Test), representing 34 responses with a  $p$ -value of 0.032 (> 0.05). The low number of respondents is consistent with the low number of IA professionals employed within SOEs. This independent variable nor the Age Group (Kruskal-Wallis H Test) variable had no significant effect on Utility Services.

#### 4.5.3 Attitude toward IAF (dependent variable)

Table 4.19 states the independent variable that delivered results upon this Test of between-subjects effects performed. The independent variable values stated below in Table 4.19, indicates the scores of its independent variables, amongst all independent variables tested, that had a significant effect on this theme. These independent variables include Ethnic Group, Age group and Employment in an SOE variables.

**Table 4.19. Test of between-subject effects performed between independent variables and Attitude toward IAF**

<b>Between-Subjects Factors</b>					
		Value Label	n	Position Rank	p-value
Ethnic Group	1	African	72	1	0.101

	2	Coloured	13	3	0.748
	3	Indian	10	4	0.337
	4	White	14	2	-
Please select your Age group?	1	18 - 28	10	4	0.473
	2	29 - 39	57	1	0.271
	3	40 - 49	28	2	0.621
	4	50 +	14	3	-
Are you employed in an SOE?	1	<b>Yes</b>	<b>26</b>	<b>2</b>	<b>0.010</b>
	2	No	83	1	-

Table 4.19 indicates the  $p$ -value that justifies the effect of the Employed in SOE variable on the attitude toward the IAF theme. From the data, it is established that only the Employed in SOE demographic (independent variable) has a significant effect on the attitude toward the IAF theme. Its  $p$ -value is 0.010 ( $> 0.05$ ). The number of respondents who are employed within SOEs and who have provided an answer to this theme amounted to 26. This number contributes, together with the same variable for other themes, to the minimal number of IA professionals employed within SOEs in SA.

#### 4.5.4 Mann-Whitney test performed between Gender and all dependent variables

Table 4.20 highlights the Mann-Whitney tests performed to establish the effect of each category of Gender on all dependent variables.

**Table 4.20. Mann-Whitney test performed between Gender and dependent variables**

<b>Test Statistics<sup>a</sup></b>
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	IAF Role	Nature of Board Leadership	Risks	IAF Leadership	IAF Resources
Mann-Whitney U	1701.000	2552.000	1196.500	2021.000	1803.500
Wilcoxon W	2782.000	6380.000	2057.500	5424.000	2884.500
Z	-0.595	-0.058	-1.572	-0.515	-0.071
p-value (2-tailed)	0.552	0.954	0.116	0.606	0.943
a. Grouping Variable: Please select your Gender					

Table 4.20 shows Mann-Whitney tests results reporting gender variable (male and female) and its statistics indicating its effect on dependent variables. The *p*-value shows that gender as an independent variable did not affect any of the key CG determinants, which confirms that although the frequencies were slightly different, as indicated in the demographics section of this chapter, the information provided by males and females shared similar analysis.

#### 4.5.5 Mann-Whitney test performed between sector of employment and all dependent variables

To the sector of employment variable, respondents had to indicate which sector they are employment in, being either private or public sector. The Mann-Whitney test was thus applicable here, with only the two categories being tested, and the results are stipulated in Table 4.21.

**Table 4.21. Mann-Whitney Test of between Sector of Employment on all dependent variables**

Test Statistics <sup>a</sup>					
	IAF Role	Nature of Board Leadership	Risks	IAF Leadership	IAF Resources
Mann-Whitney U	1129.000	1920.000	1075.500	1610.000	1408.500

Wilcoxon W	1909.000	2955.000	1670.500	2513.000	4648.500
Z	-2.446	-0.785	-1.010	-0.914	-0.882
p-value (2-tailed)	<b>0.014</b>	0.433	0.312	0.361	0.378
a. Grouping Variable: In which sector are you employed?					

The independent variable, in which sector are you employed, had a significant effect on the IAF role, as its *p*-value was below 0.05 (< 0.014). This could indicate a change to institutional dynamics within the IAF regarding the sector and roles performed within respective IAFs, as it could indicate the different roles performed in the public sector to that of the private sector. The differences could be great, depending on where IA professionals are employed. This could be indicative of the changes to the nature of the IAF and goals of the IAF.

#### 4.5.6 Mann-Whitney Test performed between Employment in SOE, on dependent variables

The results stated below in Table 4.22 Is a reflection of those respondents currently employed in SOEs, and its scores (*p*-value) relative to various dependent variables.

**Table 4.22. Mann-Whitney Test performed between Employment in SOE? and Dependent Variables.**

Test Statistics <sup>a</sup>					
	IAF Roles	Nature of Board Leadership	Risks	IAF Leadership	IAF Resources
Mann-Whitney U	801.000	1137.000	955.000	1322.000	1042.500
Wilcoxon W	4456.000	6087.000	1361.000	5417.000	4697.500
Z	-2.593	-2.821	-0.511	-0.697	-1.011
p-value (2-tailed)	<b>0.010</b>	<b>0.005</b>	0.610	0.486	0.312

a. Grouping Variable: Are you employed in an SOE?

Table 4.22 shows that the independent variable has a significant effect on both the IAF roles ( $p$ -value = 0.010 > 0.05) and nature of board leadership ( $p$ -value = 0.002 > 0.05). This could indicate the difference in roles of the respondents in the IAF in SOEs to those outside SOEs. This independent variable also has a significant effect on the nature of board leadership, which, if the IAF is managed effectively and efficiently, could positively affect the CG provided within the SOE. The decision making that affects processes and functions within the SOE are tested by the IAF to establish if the decisions made, positively affects processes and functions performed within the SOE. If, however, there is no significant effect of the IAF on the leadership provided by the board, the current challenges will persist.

#### 4.5.7 Mann-Whitney test performed between corporate governance mal-practices on dependent variables.

Table 4.23 provides the data analysis of the independent variable that significantly affects dependent variables.

**Table 4.23. Mann-Whitney test performed between SOEs with past corporate governance mal-practices, on all dependent variables.**

<b>Test Statistics<sup>a</sup></b>					
	<b>IAF Roles</b>	<b>Nature of Board Leadership</b>	<b>Risks</b>	<b>IAF Leadership</b>	<b>IAF Resources</b>
Mann-Whitney U	41.000	19.000	49.000	38.500	29.000
Wilcoxon W	132.000	124.000	127.000	143.500	120.000
Z	-2.018	-3.894	-1.599	-2.768	-2.734
$p$ -value (2-tailed)	<b>0.044</b>	<b>0.000</b>	0.110	<b>0.006</b>	<b>0.006</b>

a. Grouping Variable: Have your SOE previously been implicated in CG mal-practices?



From Table 4.23, the independent variable significantly affects the nature of board leadership with the  $p$ -value at 0.000 ( $> 0.05$ ), which could indicate that the leadership provided by the board is an area where SOEs have consistently failed, which is in line with the recent findings publicised about the Boards of Directors leading SA SOEs in the media. The independent variable significantly affects the IAF leadership as well, demonstrating a  $p$ -value of 0.006, which is significantly below 0.05. This could indicate that the IAF leadership might not be leading the function in a manner that inspires the mitigation of governance mal-practices in the SOEs. Another theme on which the independent variable has a significant effect relates to the IAF resources. This might indicate a lack of resources available to the IAF to perform the function most adequately and efficiently. This could also serve as an area where further studies could be conducted to understand the resources required by the IAF within SOEs. This could also be a way to see how resources required by the IAF differs, as the sector of SOEs differs. IAF roles are also below 0.05, which may indicate a very diminished role played by the IAF in SOEs in the past, which may have led to CG mal-practices.

#### 4.5.8 Mann-Whitney test performed between, have you audited an SOE in the past, on dependent variables.

Table 4.24 describes the effect of the independent variable, have you audited an SOE in the past, on dependent variables.

**Table 4.24. Mann-Whitney Test performed between, Have You Audited an SOE in the Past, on dependent variables.**

<b>Test Statistics<sup>a</sup></b>					
	<b>IAF Roles</b>	<b>Nature of Board Leadership</b>	<b>Risks</b>	<b>IAF Leadership</b>	<b>IAF Resources</b>
Mann-Whitney U	1209.000	1655.000	1104.000	1567.500	1225.500
Wilcoxon W	1989.000	2831.000	1632.000	2470.500	2005.500
Z	-1.518	-1.901	-0.229	-0.617	-1.457

<i>p</i> -value (2-tailed)	0.129	0.057	0.819	0.537	0.145
a. Grouping Variable: Have you audited an SOE in the past?					

The statistical indicator (*p*-value) for the independent variable Have you audited an SOE in the past, as displayed in Table 4.24, shows that the independent variable had no effect on any of the key CG determinants/Themes.

#### 4.5.9 Mann-Whitney test performed between, professional memberships held by respondents, on dependent variables.

The value of professional memberships held by respondents cannot be diminished, as the benefits thereof are of significant importance to respondents in the scope of duties. The performance of duties of respondents, are enhanced, as a result of the knowledge educated to respondents by professional institutions such as the IIASA, IRMSA and SAICA. Table 4.25 states the effect of Professional memberships across various dependent variables.

**Table 4.25. Mann-Whitney Test performed between, the effect of Professional Memberships on Themes.**

<b>Test Statistics<sup>a</sup></b>					
	<b>IAF Roles</b>	<b>Nature of Board Leadership</b>	<b>Risks</b>	<b>IAF Leadership</b>	<b>IAF Resources</b>
Mann-Whitney U	102.500	161.500	94.000	90.500	133.000
Wilcoxon W	108.500	8939.500	100.000	7350.500	139.000
Z	-1.136	-0.546	-1.065	-1.493	-0.613
<i>p</i> -value (2-tailed)	0.256	0.585	0.287	0.135	0.540

a. Grouping Variable: Do you belong to a Professional Body?

Table 4.25 provides the statistics on the effect of the independent variable, Do you belong to a professional body, on the dependent variables. The statistical indicator ( $p$ -value) for this independent variable, as displayed in Table 4.25, shows that the independent variable does not have an effect on any of the CG determinants stated above, as the scores reflects those of a  $p$ -value above 0.05 (50%).

#### 4.5.10 Kruskal-Wallis H test performed between, the impact of Home Languages on dependent variables

Table 4.26 provides information on which home language affects dependent variables, and the last row in the table shows that home language grouped: Afrikaans (1), English (2), Xhosa (4), Zulu (5), Sotho (6), Other (7) has no significant effect on any of the five dependent factors tested. This independent variable consists of more than 2 variables, and therefore highlighted the need for the Kruskal-Wallis H test to be performed.

**Table 4.26. Kruskal-Wallis H-test performed, demonstrating the effect of Home Languages on Themes**

	IAF Roles	Nature of Board Leadership	Risks	IAF Leadership	IAF Resources
Kruskal-Wallis H	1.570	10.670	0.576	9.024	8.143
df	5	5	5	5	5
$p$ -value	0.905	0.058	0.989	0.108	0.149
a. Kruskal Wallis Test					
b. Grouping Variable: <b>HomeLangNew</b>					

As can be seen from Table 4.26, the effect of Home Languages did not have a significant effect on the various dependent variables reflected above.

**4.5.11 Kruskal-Wallis H tests performed between Academic Qualifications and dependent variables.**

Table 4.27 provides the statistics on qualifications held by respondents that had a significant effect on dependent variables, which indicates that the qualification levels of respondents have no effect on dependent variables. The dependent variables

**Table 4.27. Kruskal –Wallis H-test performed, illustrating the effect of Academic Qualifications on dependent variables.**

	IAF Roles	Nature of Board Leadership	Risks	IAF Leadership	IAF Resources
Kruskal-Wallis H	3.464	1.456	7.109	6.438	1.289
df	3	3	3	3	3
p-value	0.325	0.692	0.069	0.092	0.732
a. Kruskal Wallis Test					
b. Grouping Variable: <b>What is your Highest academic qualification?</b>					

**4.6 Reliability and Validity analysis**

**4.6.1 Reliability analysis**

From Table 4.34 and compared to the questionnaire items asked in the questionnaire across all themes, consistency across reliability has been achieved.

**Table 4.34. Summary of Cronbach’s Alpha Reliability based on the Themes**

Themes	No of Elements Within the Theme	Cronbach’s Alpha

IAF Role	14	0.959
Nature of Board Leadership	6	0.912
Compliance Irregularities	5	0.892
Risks	4	0.840
IAF Leadership	3	0.893
IAF Resources	4	0.927
Utility Services	3	0.745
Attitude toward IAF	4	0.879

From Table 4.34, across all eight themes, Cronbach's alpha reliability indicates that all themes are consistently above 0.700. The highest reliability scores represent that of the IAF roles with 0.959 (n = 14) indicating 96% reliability, followed by IAF resources with 0.927 (93%). Reliability statistics for the nature of board leadership theme is 0.912, indicating 91% reliability, followed by the IAF leadership theme with 0.893 (n = 3) with 89% reliability and compliance irregularities with 0.892 (n = 5) with 89% reliability. The attitude toward IAF theme had a reliability score of 0.879 (88% reliability), the risks theme had a Cronbach's alpha reliability score of 84% (0.840), and the lowest reliability score was within the utility services theme with 75% (0.745).

#### **4.6.2 Validity analysis**

After analysing the relationships (and its strengths) between various elements in the themes discussed by correlation coefficients using Spearman's Rank Correlation Coefficients, the correlation between the elements indicate that there is a significant correlation between them. From the values computed using Cronbach's alpha, as stated in the Reliability section,

is also an indication of significant Convergent Validity that exists. Construct and Discriminant Validity were established through Spearman's Rank Correlation Coefficient.

#### **4.6.2.1 Construct Validity**

As per Table 4.34, the Construct Validity of the scale was evaluated by Cronbach's Alpha for Reliability, which indicates results above 0.700 for the data collection tool, together with its questions that have been constructed.

#### **4.6.2.2 Convergent Validity**

Upon analysis of the correlation variables stated in Table 4.35, the highest average correlation among themes reflects that of moderate relationships (correlations between  $\pm$  0.400 – 0.590) shared regarding determining the strengths of relationships. Spearman's Rank Correlation Coefficient was used to measure Convergent Validity as stated in Table 4.35.

#### **4.6.2.3 Discriminant Validity**

Spearman's Rank Correlation Coefficient was used to calculate correlation analyses, which addresses the discriminant validity of this study. The study objectives outlined in Chapter 1 deemed it crucial to examine the relationships between the various themes of this study. It, therefore, was necessary to employ correlation analysis among the mentioned constructs (themes) to determine the strength of the underlying relationships amongst themes. The most significant relationships are stated in Table 4.35 on Spearman's Rank Correlation Coefficient.

**Table 4.35. Spearman's Rank Correlation Coefficient Analysis**

<b>Themes</b>		<b>The IAF Roles</b>	<b>Nature of Board Leadership</b>	<b>Compliance Irregularities</b>	<b>Risks</b>	<b>IAF Leadership</b>	<b>IAF Resources</b>	<b>Utility Services</b>	<b>Attitude toward IAF</b>
<b>IAF Role</b>	Spearman's Coefficient	1.000	0.468**	-0.183	-0.009	0.531**	0.535*	0.431**	0.548**
	Sig. (2-tailed)	.	0.000	0.053	0.926	0.000	0.000	0.000	0.000
	N	125	125	112	112	125	125	125	125
<b>Nature of Board Leadership</b>	Spearman's Coefficient	0.468**	1.000	-0.235*	-0.213*	0.569**	0.481**	0.459**	0.603**
	Sig. (2-tailed)	0.000	.	0.013	0.024	0.000	0.000	0.000	0.000
	N	125	146	112	112	134	125	146	125
<b>Compliance</b>	Spearman's Coefficient	-0.183	-0.235*	1.000	0.266**	-0.070	-0.133	-0.217*	-0.253**

Themes		The IAF Roles	Nature of Board Leadership	Compliance Irregularities	Risks	IAF Leadership	IAF Resources	Utility Services	Attitude toward IAF
<b>Irregularities</b>	Sig. (2-tailed)	0.053	0.013	.	0.005	0.461	0.162	0.022	0.007
	N	112	112	112	112	112	112	112	112
<b>Risks</b>	Spearman's Coefficient	-0.009	-0.213*	0.266**	1.000	-0.111	0.126	-0.023	-0.015
	Sig. (2-tailed)	0.926	0.024	0.005	.	0.245	0.186	0.812	0.878
	N	112	112	112	112	112	112	112	112
<b>IAF Leadership</b>	Spearman's Coefficient	0.531**	0.569**	-0.070	-0.111	1.000	0.465**	0.444**	0.556**
	Sig. (2-tailed)	0.000	0.000	0.461	0.245	.	0.000	0.000	0.000
	N	125	134	112	112	134	125	134	125



<b>Themes</b>		<b>The IAF Roles</b>	<b>Nature of Board Leadership</b>	<b>Compliance Irregularities</b>	<b>Risks</b>	<b>IAF Leadership</b>	<b>IAF Resources</b>	<b>Utility Services</b>	<b>Attitude toward IAF</b>
<b>IAF Resources</b>	Spearman's Coefficient	0.535**	0.481**	-0.133	0.126	0.465**	1.000	0.391**	0.580**
	Sig. (2-tailed)	0.000	0.000	0.162	0.186	0.000	.	0.000	0.000
	N	125	125	112	112	125	125	125	125
<b>Utility Services</b>	Spearman's Coefficient	0.431**	0.459**	-0.217*	-0.023	0.444**	0.391**	1.000	0.542**
	Sig. (2-tailed)	0.000	0.000	0.022	0.812	0.000	0.000	.	0.000
	N	125	146	112	112	134	125	169	125
<b>Attitude toward IAF</b>	Spearman's Coefficient	0.548**	0.603**	-0.253**	-0.015	0.556**	0.580**	0.542**	1.000

Themes		The IAF Roles	Nature of Board Leadership	Compliance Irregularities	Risks	IAF Leadership	IAF Resources	Utility Services	Attitude toward IAF
	Sig. (2-tailed)	0.000	0.000	0.007	0.878	0.000	0.000	0.000	.
	N	125	125	112	112	125	125	125	125
**. Correlation is significant at the 0.01 level (2-tailed).									
*. Correlation is significant at the 0.05 level (2-tailed).									

Table 4.35 illustrates the relationships of the IAF role with the nature of board leadership, compliance irregularities, risks, IAF leadership, IAF resources, utility services, and attitude toward IAF. The IAF roles shared a moderate relationship with the nature of board leadership ( $r = 0.468, p < 0.400$ ), IAF leadership ( $r = 0.531, p < 0.400$ ), IAF resource ( $r = 0.535, p < 0.400$ ), utility services ( $r = 0.431, p < 0.400$ ), and attitude toward IAF ( $r = 0.548, p < 0.400$ ). The IAF roles shared no correlation/relationship with compliance irregularities and risk themes. The above correlation coefficient scores indicated the strength of relationships between the themes being moderate.

The theme nature of board leadership, shared moderate relationships with the IAF role ( $r = 0.468, p < 0.400$ ), the IAF leadership ( $r = 0.569, p < 0.400$ ), the IAF resource ( $r = 0.481, p < 0.400$ ) and utility services theme ( $r = 0.459, p < 0.400$ ). The strongest relationship that indicates a strong relationship with the nature of board leadership, according to the correlation coefficient score, was with the theme attitude towards IAF ( $r = 0.603, p < 0.600$ ). The nature of board leadership theme shared no correlation/relationship with the compliance irregularities and risk themes.

Correlations/relationships with compliance irregularities theme only included risks ( $r = 0.266, p < 0.200$ ), and IAF resources theme ( $r = 0.126, p < 0.000$ ). The relationship between the compliance irregularities and risks falls within the ambit of a weak relationship, while compliance irregularities' relationship with the IAF resources theme is deemed as very weak.

The risk theme share an identical relationship with both compliance irregularities and IAF resources, while the IAF leadership theme shared moderate relationships with the IAF roles ( $r = 0.531, p < 0.400$ ), nature of board leadership ( $r = 0.569, p < 0.400$ ), the IAF resources ( $r = 0.465, p < 0.400$ ), utility services ( $r = 0.444, p < 0.400$ ), and attitude toward IAF ( $r = 0.556, p < 0.400$ ). The IAF leadership theme shared no relationship with compliance irregularities and risk themes.

The IAF resources theme shared moderate relationships with the IAF roles ( $r = 0.535, p < 0.400$ ), nature of the board leadership ( $r = 0.481, p < 0.400$ ), IAF leadership ( $r = 0.465, p < 0.400$ ) and attitude towards IAF ( $r = 0.580, p < 0.400$ ) themes, and very weak to weak relationships with risk ( $r = 0.126, p < 0.000$ ), and utility services ( $r = 0.391, p < 0.200$ ) themes. The IAF resources theme shared no correlation/relationship with the compliance irregularities theme.

The utility services theme also shared moderate relationships with the following themes: the IAF roles ( $r = 0.431$ ,  $p < 0.400$ ), nature of board leadership ( $r = 0.459$ ,  $p < 0.400$ ), IAF leadership ( $r = 0.444$ ,  $p < 0.400$ ), IAF resources ( $r = 0.391$ ,  $p < 0.200$ ), and attitude toward IAF ( $r = 0.542$ ,  $p < 0.400$ ). The utility services themes shared no relationship with compliance irregularities and risk themes.

The attitude toward IAF theme shared moderate and strong relationships with the following themes: the IAF roles ( $r = 0.548$ ,  $p < 0.400$ )- moderate, the nature of board leadership ( $r = 0.603$ ,  $p < 0.600$ )- strong, IAF leadership ( $r = 0.556$ ,  $p < 0.400$ ), IAF resources ( $r = 0.580$ ,  $p < 0.400$ ), and utility services ( $r = 0.542$ ,  $p < 0.400$ ), all moderate. The attitude toward IAF theme shared no relationship with compliance irregularities and risk themes.

#### **4.7 Conclusion**

In this chapter, the data gathered from the research participants were presented, analysed and discussed to provide the results aimed at finding solutions to the research questions to achieve the objectives of this study. This chapter started with an introduction that addressed the research questions, objectives, and the data collection tool used (questionnaire). Descriptive statistics were used to analyse demographical elements or independent variables of respondents currently or previously employed within SOEs in SA.

Also stated in this Chapter, were the methods used to test for the Reliability (Cronbach's Alpha) and Validity (by means of Spearman's Rank Correlation Coefficient) of the data collection instrument, and its questions asked therein. The analyses performed on the research questions allocated to the 8 Themes/Dependent Variables, covers various strategic areas of CG, which was identified from the literature, codes and Acts stated in the Questionnaire Development section. These questions and its analysis are considered to be an adequate scope to answer the primary and secondary research questions of this study. The primary and secondary research questions are addressed by the relevant questions and its analysis of the IAF Role, Risks, Compliance Irregularities, Nature of Board Leadership, IAF Leadership and Utility Services Themes, in Chapter 5.

While it is clear from the data collected from the study, that there is a greater need for in-depth research across various functions performed within SOEs, Chapter 5 provides an interpretation of the research relevant to this study's main and secondary research questions. Chapter 5 also provides a summary of areas to be further researched, and

recommendations that IA professionals can use to assist SOEs in SA to improve its CG practices, to help realise their full potential, and reach a point where their mandate for which they are established, realised.

## CHAPTER 5

### DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

The inspiration behind this research study was the researcher's attempt to assist the existing body of knowledge in finding solutions to an existing problem underlined within the problem statement. It is imperative to note that from the main research question, three (3) secondary questions were developed to find the most valid and accurate information available. This information was covered in the literature review. The research exercise is encapsulated throughout this thesis, in the literature review, research methodology, and analysis of data collected chapters.

Data were collected empirically in the form of a questionnaire distributed to the respondents following the exploration of various literature significant to this research study. The context of the literature review section, main research questions and objectives, and other sources such as the ISPPA, and the King 4 Report on Corporate Governance formed the basis for the formulation of the questionnaire used to collect the data from respondents. The questions formulated in the questionnaire were derived from these sources.

As indicated in Chapters 3 and 4, the vehicle used to distribute the questionnaire to respondents were the newsletter of the IIASA. The researcher developed the questionnaire from an online application program called Lime Survey, which was included as a link within the IIASA's monthly newsletters where respondents could click on the link to begin answering the questionnaire. At the same time, the researcher could instantly and at any time view the results as and how the questionnaires were completed to establish the stage at which the data collection process was.

This study used purposive sampling methods to collect the most accurate and reliable data from the targeted population. The criteria of the targeted population included IA professionals with a qualification in IA, who held memberships to the IIASA, and were, at the time of the survey, currently or previously, employed within the IAF in SOEs in SA.

The data collected from respondents were descriptively analysed using descriptive statistics, and the results were incorporated within Chapter 4. These results were incorporated within themes developed to describe the elements (questions asked in the questionnaire and stated

within each theme), namely the IAF Role, Nature of Board Leadership, Compliance Irregularities, risks, the IAF Leadership, IAF Resources, Utility Services, and Attitude Toward IAF.

Chapter 4 included sub-headings where the data were discussed and analysed, namely the frequency distribution tables, descriptive statistics, the effects of demographic variables on themes, non-parametric tests and t-tests, and lastly, Reliability and Validity analysis. Chapter 5 includes the conclusion on the data collected and analysed, the elements within the questionnaire, and states recommendations aimed at addressing the research problem statement, research questions, and objectives.

## **5.2 The research problem revisited**

As the basis for conducting this study, the researcher aimed to find the most valid and accurate information on why SOEs in SA's sustainability remains threatened given the negative publicity about SA SOEs that have been widely published globally as of late. Because of these sustainability threats, SA SOEs had to resort to unfortunate measures to ensure their sustainability and going-concern status. One of these measures was the request of funding by Eskom from international institutions such as the World Bank.

The PFMA and the King 4 Report on Corporate Governance explain the importance of the presence of the IAF within SOEs given the nature of the functions provided by the IAF in an organisation. The IAF is an independent unit that possesses all the skills, expertise, and qualities to provide assurance and consulting services to SOEs that should address all their threats. The problem statement of this study, therefore, reads as follows:

Despite the presence of the IAF, negative events such as fraud, corruption, and malfunctions in service-provision occur consistently within SOEs. One of the reasons for the low number of unqualified audits reports received in SOEs could be attributed to CG malpractices that occur within SOEs, with which the IAF should be able to deal. It, therefore, is unclear whether the IAF is fulfilling its role adequately towards CG in SOEs, and with this research study, the researcher aims to gain the perspectives/perceptions from IAs as to why these governance irregularities occur within SOEs.

To find a solution to the problem statement, a primary research question was developed to address the primary objective of this study. Scores from the respondents were determined using the Likert-scale test to determine the status of the scores between numbers 1 and 5,

with 1 = strongly disagree, 2 = disagree, 3 = undecided, 4 = agree, and 5 = strongly agree. Below follows the main research question and the primary objective of this study.

### **5.3 Primary research question and objective**

The primary research question of this study reads as follows:

What do IAs in SA perceive as their role towards CG in SOEs?

The IAF is a unit who is responsible for evaluating, among other functions, CG practices in an entity to assure its effectiveness and efficiency. The IAF performs this function by using various methods prescribed to IA professionals by the IIA.

By posing the primary research question, its research objective was to establish the perceptions of SA IA professionals employed in SOEs in SA to understand their roles towards CG in SOEs. The scores reflected below, is all above average (2.5 out of 5), however, the scores below is not the result of an adequately performing function that the IAF performs in SOEs. As the frequency of responses differ per question posed to researchers, the researcher's perspective is that although the mean scores reflect positive scores, there are still room for improvement within the IAF in SOEs. Therefore, the interpretation of the results is for this reason, reflected below.

The following statements provided the answer to the primary question, and the mean scores are reflected in brackets:

IAs regularly evaluate internal controls within the SOE (mean score = 3.78). Although this average score remains high, and is indicative of the testing of internal controls by IAs being at a respectable level. The concern is that this is an average score, which indicates that while some respondents have scored this question high, others have not, thus bringing down the mean score. This may be indicative of greater attention that needs to be exercised by the IAF in the evaluation of internal controls within the SOE, as this may be indicative of internal controls that may require improvement, and further improvement may be required in the testing of internal controls, to measure whether they provide the SOEs with the control measures for which they are intended.

IAs continuously assess the SOE objectives to test compliance with the mission of the SOE (mean score = 3.57). Although this score is significantly above 2.5, this mean score may be an indication that IAs do assess SOE objectives to test against the mission, but more regular



testing should be performed by the function, at strategic times during the financial year, which could be at beginning of the Financial year, or at the beginning of each quarter. This finding impacts on the IAFs responsibility to promote the objectives, vision, mission and values within the SOE, which may also impact on their responsibility to promote ethical standards and practices in SOEs. Further interpretation of this allows for the reasoning that management and staff may not be continuously reminded/educated about the company objectives, vision and mission, by the IAF. The IAF can action the promotion of company objectives and values better, through conducting roadshows and circulating internal communiques via the SOEs' e-mail system to SOE staff, but at present, this may be a gap that needs to be filled.

The IAF recommends ways to improve organisational performance management within the SOE (mean score = 3.86). From the results, it is clear that recommendations are provided to improve organisational performance management. These recommendations should include a section on non-compliance to standard operating procedures, where irregularities (minor or major) committed by individuals, are included, which management must address with staff, to ensure that greater integrity, accountability and responsibility is administered by and within SOEs. This action is a way towards ensuring that ethical governance standards are employed with SOEs.

IAs recommend ways for departments to mitigate risks identified (mean = 3.83). The IAF recommends ways to management to address CG challenges faced by the SOE (mean = 3.77). The IAF recommends ways to coordinate activities among the board and various assurance providers within the SOE (mean = 3.73). Each audit conducted by the IAF is followed up by a report addressed to management, which highlights the status of the function performed, and highlights all findings on the audit conducted. Importantly, and a critical part of the audit report on the function audited, are the recommendations provided by the IA professionals that can assist management in the mitigation of the various risks related to the function, that has been detected by the IAF. From the above scores, it is clear that the IAF is recommending ways to mitigate risk across various areas in SOEs, on audits performed. It is clear that recommendations are provided by IAs in the IAF, and are at the desired standard. Whether these recommendations are actioned by management, can relate to the theme- Attitude toward IAF.

The results that suggest whether the IAF identifies priority departments whose controls are most threatened by risk within the SOE, contains a mean score of 3.53 out of 5. The

identification of high-risk departments in an entity, is a critical role that should be performed by both the Risk departments and the IAF of the entity, and the IAF is responsible for the evaluation of Internal Controls. The evaluation of internal controls and risk management is stated in the definition of Internal Auditing, and as such, together with governance, forms the core essence of the IAF. Risk is imminent in each entity, and it is of paramount importance that the Risk management function, and the role of the IAF towards risks within each department of the entity, enjoys the highest priority. With this reflected mean score above, it is clear that this function is performed by the IAF in SOEs. As the IAF is a risk-based function, the results suggest that the IAF is identifying the priority areas of SOEs that are most threatened by risk. However, the score suggests that respondents are not entirely satisfied with this function, and that there is room for improvement in identifying departments whose controls remains threaten by risk. A reason for this may be that the IAF does not, or cannot provide absolute assurance on the areas that is audited.

Recommendations provided by the IAF to management within the SOE are also adopted (mean = 3.14) and implemented (mean = 2.95). The respondents further indicated that the IAF in SOEs communicates effectively and efficiently within the SOEs. The researcher, however, is of the view that looking at the average mean scores of 3.14 and 2.95, these numbers could be improved. As further stated on whether recommendations are actioned by management, the results suggest that respondents may not be satisfied with the implementation of their recommendations by management, after audits performed, and reports submitted by them, to management. Although management may adopt and implement recommendations, it is not clear as the scores are not at the required level. This action by management therefore requires improvement on adopting and implementing the IAF's recommendations. This could even indicate that management might not be welcoming of the recommendations and value that are provided by the IAF, which could affect adopting and implementing the IAF's recommendations within SOE operations.

### Findings

1. The IAF may not be aspire to provide absolute assurance required within areas where it is needed, like risk management. Reasonable assurance may not be adequate, because not the entire population areas are tested. The evaluation of risk management practices by the IAF may not be performed at an adequate level, and may require improvement. If risk is not entirely identified and mitigated, SOEs and its mandate to deliver utility services, will deteriorate as the risk increases in the SOE.

2. It is not entirely clear whether recommendations provided by the IAF after an audit, in audit reports to management, are adopted and implemented by management in the various departments in SOEs. If these recommendations are implemented by management, the functioning of departments will comply with CG standards, and these recommendations will assist the SOE to achieve its mandate.
3. Management may not be held accountable for ignoring recommendations provided by the IAF towards the mitigation of the findings/risks of a specific department.

#### **5.4 Secondary questions and objectives**

The researcher incorporated the following secondary questions to gain more perspective around the primary question, while also exploring other elements highlighted within the secondary questions that affects CG within SOEs in SA.

##### **5.4.1 Secondary question 1**

How do you perceive the status of CG in SOEs?

The objective of this question was to determine the status of CG within SA SOEs to find solutions to eradicate these CG mal-practices in SOEs. The following statements provide answers on the perceived status of CG in SOEs:

Tender irregularities (mean = 4.21) and financial risk (3.97) provided the highest mean scores overall, which could indicate that respondents strongly agree that tender irregularities and financial risk are the problematic areas in SOEs.

The appointment of unqualified and unskilled executives and managers (mean = 3.81), lack of informed decision-making by managers (mean = 3.69), and irregular recruitment and staff selection (mean = 3.65) are also elements respondents have identified, which reflect high mean scores as indicated by the respondents. It is critical that these scores are noted to find solutions to these current compliance irregularities.

Other risk areas within SOEs include operational risk (mean = 3.65), governance risk (mean = 3.60), and reputational risk (mean = 3.58), reflecting high scores from respondents. This indicates that although the IAF is present within the SOEs, risk management practices might not be at the required level, which could be a contributing factor to these risks ranking so

high when looking at their mean scores. This could also affect SOEs' ability to timely provide utility services such as water and electricity to the public (mean = 3.28).

Other critical elements to CG are the technological ICT infrastructure and the leadership provided within SOEs, which should be future-focussed to assist the SOE in achieving its objectives. The following statements relate to these three important aspects needed within an organisation as indicated by the King Report on CG:

The SOE has the required technological ICT infrastructure to effectively provide utility services (mean = 3.21). This result suggests that there is an IT infrastructure in existence in SOEs. However, the adequacy and effectiveness of the IT systems and its infrastructure, may require improvement, in order to assist the SOE to operate optimally. The SOE is future-focussed (mean = 2.88); and CG practices within the SOE have improved over the last five (5) years (mean = 2.53).

CG practices evaluated over the last five (5) years by respondents reflect a low mean score of 2.53, which could indicate that the CG framework that guides governance practices within SOEs are not at the desired level, which might be the biggest reason for the existence of CG mal-practices. The aim would be to improve CG and find solutions to the CG mal-practices, which might also have affected non-improvement over the last five (5) years, as indicated by respondents. This might relate to previous elements such as the IAF's recommendations on governance practices that are not implemented by management, or the IAF not recommending the latest governance trends within the SOE.

### Findings

1. The nature of the recruitment process in SOEs, may not comply with CG standards highlighted in the King Reports on Corporate Governance and PFMA. There may be political interference in the appointment of leadership/Boards of Directors of SOEs, and appointments may be based on their political affiliations to political parties, rather than based on independence, qualifications and experience of individuals. This finding is in line with challenges stated by McGregor (2014:8), on the recruitment of incompetent staff and unqualified boards of directors that maintains a political agenda.
2. Supply Chain Management, which deals with tender processes, and financial management, are key risk areas within SOEs. Respondents have scored these areas high, which is a concern, as these areas may be an indication of where the SOEs

loses its Capital. It may also be an indication of areas where unethical practices persist, which needs to be addressed urgently.

3. An IT infrastructure is in place within the SOE, but may not be functioning as intended, thereby contributing to IT risk in SOEs. This may negatively impact on SOEs' mandate to deliver, and may provide the platform for being hacked, and may compromise the IT security in place.
4. SOEs may not be future-focussed. This may indicate a lack of planning by management and boards of directors, towards the future sustainability in terms of planning and goals that the SOE wants to achieve. The IAF is a function within entities that are future-focussed, as it has to be for various reasons, which includes the recommendation of ways to new risks that threaten the organisation. This may not be entirely independent of the fact that recommendations of the IAF are not adopted and implemented by management in SOEs.
5. CG practices across all areas (departments/functions) of SOEs may not be regularly evaluated, as the risks like organisational, reputational and governance risks were scored high by respondents, for their existence within SOEs.

#### **5.4.2 Secondary question 2**

What lessons can be learnt from SOEs' CG mal-practices by IAs?

This question aimed to establish the lessons that IA professionals can learn from CG mal-practices in SOEs while finding ways to eradicate these CG mal-practices in SOEs. From the questionnaire used to collect data, the researcher identified the following statements that could assist in answering this secondary question:

Management and staff respect the IAF in the SOE (mean = 3.12). This score could indicate that the IAF is valued as a function within the SOE, but management does not seek the assistance of the IAF whenever critical factors that affect operations come to light, especially when important risks are identified. They might not know that the IAF, who performs assurance and consulting activities, has the experience to provide advice or recommendations that could adequately assist management with the mitigation of all types of risk within the entity.

The SOE is dedicated to employing CG principles defined in the King 4 Report within the entity (mean = 3.08). This statement and its mean score could indicate that there is room for

improvement in employing CG principles by SOEs, who might not adequately promote or action the prescribed governance principles within the SOE. The following statements indicate that the leadership provided by Boards of Directors in SOEs are below the desired level. The scores reflected below remain between 2.0 and 3.0 with respondents indicating that they lean towards being undecided:

The board offers a clear strategic direction for the SOE to achieve its objectives (mean = 2.81). The board sets a zero-tolerance stance towards fraud and corruption within the SOE (mean = 2.66). The board sets a zero-tolerance stance towards unethical conduct within the SOE (mean = 2.61).

Other statements that the researcher deemed as important to answer this secondary research question where statements already discussed within the ambit of the previous research question, which included tender irregularities (mean = 4.21), financial risk (mean = 3.97), lack of informed decision-making by managers (mean = 3.69), irregular recruitment and selection of staff (mean = 3.65), and lack of staff complement necessary to perform vital responsibilities within the SOE (mean = 3.50).

The researcher is of the view that these critical areas, which represent red flags because of its high scores reflected earlier in this chapter, are areas where, while performing IA duties, IAs will enhance their proficiency as they establish the unethical trends and practices that led to these irregularities/risks occurring within SA SOEs.

### Findings

1. The role of the IAF may be unclear to management and staff. This may result in a misperception that the IAF are understood to be the watchdog of the organisation.
2. There may not be sufficient and continuous promotion/awareness created of ethical standards and values in SOEs, that inspires staff in SOEs to conduct ethical practices within the scope of their duties, and within the ambits of the organisation outside of their duties.
3. It is unclear whether the boards of directors offer effective leadership to and within SOEs, that can assist the SOE to achieve its strategic objectives.

### 5.4.3 Secondary question 3

To what extent do institutional dynamics affect the IAF's discharge of duties?

The secondary objective is to determine the extent to which institutional dynamics affect the IAF's discharge of duties.

The researcher identified the following elements as those that could answer this research question. Respondents agree on the following elements describing and addressing this question on institutional dynamics of the IAF:

IA staff in the SOE follow the IPPF as a basis for performing IA engagements (mean = 3.89). Policy documents are readily available within the IAF to guide IAs (mean = 3.79). IAs maintain an unbiased attitude when executing their duties in the SOE (mean = 3.78). IAs maintain an impartial attitude when executing their duties in the SOE (mean = 3.77). The IAF continuously apply risk-based plans to determine the priority risk areas within the SOE (mean = 3.75). The IAF in the SOE is composed of competent, skilled professionals (mean = 3.71). The CAE regularly explains the purpose, authority, and responsibility of the IAF to senior management (mean = 3.67). These results on various internal factors of the IAF, indicates that the IAF follows the prescribed frameworks and policies in the execution of their duties, whilst remaining independent as a function within SOEs. Respondents have also indicated that the IAF are adequately staffed.

Reviews of the IAF within the SOE take place within stipulated timeframes (mean = 3.47). The audit committee recognises the best conditions under which the IAF can thrive (mean = 3.47). The audit committee supports the best conditions under which the IAF can thrive (mean = 3.47). The IAF in the SOE is adequately positioned to provide high-quality professional assurance (mean = 3.42). The IAF in the SOE is adequately positioned to provide high-quality advisory services (mean = 3.38). The IAF in the SOE is adequately resourced to provide high-quality professional assurance (mean = 3.26). The IAF in the SOE is adequately resourced to provide high-quality advisory services (mean = 3.22). The above scores are indication that positioning and resourced within the IAF is above average, however, there may be room for improvement in each of these areas, in order for the function to improve its output in this regard.

The following scores are below 3.0, which state the stance of the board towards the IAF:

The board recognises the best conditions under which the IAF can thrive (mean = 2.92), and the board supports the best conditions under which the IAF can thrive (mean = 2.88). These scores could indicate how the board perceives the IAF in the SOE. Respondents have indicated with these scores that they are happy with the boards attitude towards the IAF, while others have scored lower signalling their reservation towards these elements. The concern is that the board does not give the IAF the necessary respect in terms of the value that the IAF provides in an entity. This may be an indication that the board does not take the IAF serious, and maintains an ignorant attitude towards the IAF.

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### Findings

1. Reviews of the IAF does not occur regularly, which is instrumental in improving the IAF in SOEs.
2. The audit committee does not maintain the hands-on approach towards the IAF, and as such, creates doubt on the relationship with the IAF, as the audit committee provides leadership to the IAF and is instrumental towards steering the IAF in the right direction.

### **5.5 Kruskal-Wallis H Tests, Mann-Whitney Tests and Test between-subjects conducted**

The Kruskal-Wallis H Test, Mann-Whitney Tests and Test between subjects, were conducted to establish which independent variable had a significant effect on dependent variables of this study.

Test between-subjects were conducted, which suggest that the Age Group between (29-39) years old, with a p-value of 0.005, had a significant effect on compliance irregularities. Utilities were also tested by this means, and the ethnic group – African, with a p-value of 0.037, and IA professional that are employed in SOEs

Kruskal-Wallis H Tests were conducted on Home languages and Academic qualifications, as it contained more than two categories within its individual independent variables, and it was found that no dependent variable had a significant effect on these independent variables.



Mann-Whitney Tests were conducted on data collected, and with the gender variable (male/female), no dependent variable had a significant effect. The dependent variable – The IAF Role had a p-value of 0.014, and had a significant effect on Sector of Employment, whilst both The IAF role and Nature of Board Leadership (dependent variables) with p-values of 0.010 and 0.005 had significant effects on the independent variable- Employment in SOEs. The independent variable – SOEs with past CG mal-practices, had a significant effect on IAF Roles (0.004), Nature of Board Leadership (0.000), IAF Leadership (0.006) and IAF Resources (0.006) while other independent variables like Have you audited SOEs in the past? and Professional Memberships held by respondents, had no significant effect on any dependent variables.

## **5.6 Discussion**

CG practices still remains a terminology that is not promoted and fully conceptualised within SOEs, however, it is not too late to exercise the extreme prioritization of ethical governance standards and practices within SOEs. CG mal-practices have been persistent, and as a result, have had a crippling effect on SA SOEs, and its mandate to deliver public utility services. The persistence of mal-practices which include irregular tender practices and financial mismanagement, have diminished the SOEs' contribution towards the economy, and the alleviation of unemployment, at the desired results required.

As literature in Chapter 2 explains under section 2.4 on page 11, SOEs have to provide basic utility services to society at a cost that is below the cost price to provide these services. With this, it needs to be understood that the SOEs are not collecting the required finances for their services. This resulted in SOEs recently receiving government bailouts in order to continue its existence, and providing the required utility services. However, mal-practices are still found within the financial management and tender related areas of SOEs.

The IAF, according to the ISPPIA, does not provide absolute assurance, but reasonable assurance, which can result in the oversight of important irregularities/transgressions like fraud and corruption, that may not be detected by the IAF. Risk remains critical to each SOEs, and risk management practices should be prioritized like the strategic objectives of entities are. The role of the IAF should be prioritized within SOEs, and the IAF as an independent unit, should have the required platform to raise concerns in SOEs, which should be prioritized by the board of directors. Strong leadership in the IAF in SOEs are required, in

order to challenge the boards of directors on non-compliance to CG practices occurring in SOEs.

## 5.7 Recommendations

1. A strong view exists for the need for singular sovereign legislation that governs all aspects of OEs in particular, motivated by the desire for clear operational guidance that practically adds the best value to deal with the changing aspects of SOEs (Kanyane & Sausi, 2015:33) (as per the legislation section in Chapter 2). There should be legislation that governs CG practices in the public sector in SA that each public official employed within SOEs and other public entities should follow. A bill on CG should be deliberated on in Parliament to create awareness among cabinet members, and members of parliament. This will be educational, as those managing portfolios in all the different areas in the country (ministers and their sub-ordinates) are made aware of what is expected of them and can assist them to enforce the principles of good governance. A strong view exists for the need for singular sovereign legislation that governs all aspects of SOEs in particular, motivated by the desire for clear operational guidance that practically adds the best value to deal with the changing aspects of SOEs (Kanyane & Sausi, 2015:33). If SOEs cannot have a single sovereign legislation that governs its entirety, the researcher, would recommend that codes such as the King 4 Report on Corporate Governance, COSO, and ISO 3000 become legislation passed within SA that SOEs and other public entities must enforce within. By legalising CG codes, the legalisation thereof could ensure accountability among SOE leadership and further indicate the repercussions for those who are guilty of unethical practices employed within SOEs. As a start, a bill should be brought before parliament on which to debate, and parliament should pass the bill on governance codes that must be followed by each public official.
2. Bronstein and Oliver (2015:7) and Kanyane and Sausi (2015:33) state that SOEs face various hurdles while operating under the inflexible PFMA environment, because of added regulation that includes government/taxpayer funding without the expectancy of profit-making. The PFMA should be revisited to incorporate mitigative practices to latest financial management and governance threats faced by public sector entities.
3. As risks are elements that challenges the existence of an entity, the IAF must devote a sufficient staff complement to the audit of risk management practices in SOEs, as

this is an area where assurance is required in excess of reasonability. All elements related to risk management practices, should be tested. As stated in Chapter 2, page 15, PwC (2015:6) states that stakeholders of companies rely on the IAF to engage fully in the maximum impactful business requirements to propose positive views on all risks faced by the entity, which includes strategic, compliance, financial, and operational risks, and to offer commendations on how to diminish risks before they happen.

4. Tender standards and policies existing within SOEs, should be audited for alignment with Tender standards and practice guidelines prescribed by governance codes like the PFMA and King 4 Report on Corporate Governance, on a regular basis. This would allow the IAF to identify the gaps in the standards followed currently, that should be filled/amended.
5. Recruitment standards that governs the recruitment of employees to SOEs, should be audited for alignment with various CG standards and prescribed practices like the King 4 Report on Corporate Governance and the PFMA, that guides the recruitment functions. This would allow the IAF to identify the gaps in the standards currently followed, that should be filled/amended.
6. Within each audit performed in SOEs, the IAF must make sure that they are in possession of CG standards and practice guidelines, which to test alignment to.
7. Independent Auditors should regularly audit IT systems and IT infrastructure of SOEs, to test the gaps in IT infrastructure and IT controls that can be mitigated, in order to sure IT infrastructure and controls performs adequately and efficiently, and will assist the SOE in achieving its strategic objectives.
8. An extensive study should be done on the criteria used to recruit board members to the board of directors. Currently, members of boards are chosen based on their political affiliation, which is not necessarily in the best interest of the SOE. Cabinet appoints CEOs to SOEs (Chapter 2, page 13). The board should consist of qualified and skilled individuals who are independent of the political sphere in SA and the most suitable for the position. Before appointing board members to lead SOEs, rigorous lifestyle audits should be performed on the individual, which is a tool that can be used to assist the SOE's recruitment process being conducted ethically in accordance to governance standards described throughout the course of this research study. SOEs

should ensure that the most ethical individual is appointed to power positions within SOEs.

9. The board of directors should follow a hands-on approach on operations within SOEs, and not leave the operational management to managers. After all, the board of directors are composed of qualified and skilled individuals who may provide valuable guidance within the ambits of their respective portfolios.
10. Regular promotions of ethics and values within the SOEs should be conducted by the management upon instruction from the board of directors, highlighting what the SOE aims to achieve, and that these standards and values will contribute significantly towards the achievement thereof.
11. The planning process of SOEs should be audited regularly, like a 5-year strategic plan of the entity that may exist, in order for the IAF to test whether the SOEs are en-route to realise strategic objectives, planned for currently.
12. The Audit Committee that serves SOEs, should be appointed by an Independent entity in Government.
13. The Audit Committee should continuously promote the Internal Audit Charter to the board of directors, which highlights the role of the IAF in SOEs, in order to educate the board on the importance of this function, that should be prioritized by the board. The Audit Committee should also pursue a hands-on approach towards the IAF, in order to provide the necessary assistance to the IAF, that would see the IAF achieve their goals, and furthermore, exceed the expectations, that can only have a positive impact on SOEs.
14. The IIASA should make training programmes available to all individuals within the combined assurance model of entities, to educate professionals that hold other qualifications within other professions, on acceptable/ethical practice standards, risk, governance, and good control environments.
15. The IIASA should expose its members to international platforms where networking can take place among people from different types of countries, for example, first world vs third world, where information can be shared about the latest trends within operational environments to understand different trends to risk, control, and governance experienced by IA professionals in other countries. SA is still a third-world country whose economy is not in the same category as the economy of China. To boost the SA economy, IA professionals should be exposed to all types of threats that can help increase awareness and motivate IA Professionals to increase/enhance their proficiency, while addressing challenges the SA economy face.

16. Each SOE and public entity should have an IAF; IAFs should not be outsourced. Having an IA division present within each SOE and public entity will ensure that greater monitoring and testing can be actioned within the SOE, ensuring better assurance evaluated on functions, which will result in achieving of SOE objectives that exceeds expectations, and the mitigation of risk at its most infant stages.
17. The IAF should increase its roadshows within SOEs, and prioritise these roadshows to educate non-IAF employees on what the IAF does and the potential value it could provide to the organisation.
18. Surprise independent IAF reviews should be conducted throughout the course of the financial year on the IAF, instead of the regular 3-5 years when independent reviews normally occur. This will assist the IAF in enhancing their proficiency on a regular basis, by incorporating the lessons learnt from these independent reviews. The audit committee, with their extensive experience, may be able to conduct these reviews if independent reviews cannot be conducted regularly.
19. SOEs should be decentralised, a concept that may encourage the micro-management of SOEs, at Provincial level, which is greatly needed, if the negative publicity and financial results of SOEs, with specific reference to tender irregularities, risk and the lack of leadership are believed. Although political interference may be imminent, the decentralisation of SOEs may be a starting point towards ensuring greater ethical practices are incorporated, adopted and adequately sustained within SOEs. Through decentralisation, greater monitoring/micro-management can be exercised, which the IAF will encourage and promote as part of their mandate to recommend ways to improve Internal Controls, Risk Management and Governance within the entity.

### **5.8 Areas for further research**

1. An independent study on the status of financial management within SOEs should be conducted, which would be crucial to understanding the influence of the board of directors on financial management within SOEs. This could shed light on the institutional dynamics that affect the SOEs' financial management practices.
2. The criterion used to appoint Directors to SOE boards, should be investigated to determine on what basis they are appointed. Also, what education does directors of public companies received, in order to understand what measures the state is affecting in

educating Directors, to continuously enhance their proficiency. This is to gain insight on what training on ethical leadership and decision-making is provided to Directors, and to understand what training directors receive that prepares them for directorship in the SA public sector.

3. An independent study on the effect of the audit committee within SOEs should be done to understand the strength of the audit committee and the role it fulfils within the SOE. With this study, stakeholders to whom the study is of significance would gain further insight into the differences between audit committees in SOEs in SA, and outside of SOEs, and how their roles differ. It would further bring to light the powers and platforms that audit committees have within SOEs and would assist the IA profession in determining the gaps where the audit committees can improve its functions exist.

## **5.9 Conclusion**

The results on data collected from the respondents, have been sub-divided into 8 themes indicated in chapter 3. These themes consist of questions with significantly collected data, which was asked to respondents, with the aim of answering the research questions of this study. Another aim was for the data collected to understand the relationship to the theories of this study that was stated in the Literature Review, namely the Institutional and Stakeholder theories, which informed of the social element evident within companies, and its responsibility towards its stakeholders, that has a significant effect on companies. Companies, according to the King 4 Report on Corporate Governance, has a corporate social responsibility (as stated in Chapter 2, page 7) towards its stakeholders, and SOEs are government companies (Chapter 2, page 10) that has a mandate of providing social utility services to its stakeholders, the public. The IAF audits various functions within SOEs, who provides services with a social mandate, to the public,.

The data collected, indicates that the IAF is adequately performing its responsibilities in SOEs, in line with the requirements and compliance guidelines desired by the IIA, regardless of its challenges faced. It remains critical that the IAF's proficiency within SOEs are continuously enhanced to arm themselves against forthcoming challenges that continue to threaten SOEs. IAs in the IAF should take the necessary proficiency measures to stay informed and equipped on fundamental issues that could threaten CG practices that are crucial for the going concern of SA SOEs. Although only an ideal, the researcher is of the view that greater monitoring should be visible within SOEs regarding CG practices employed

within the public sector in SA. Also, board executives should be held accountable for their actions and even be prosecuted for irregularities such as fraud, misappropriation of public funds, and corruption.

This research study has been both exciting and informative, specifically on elements of CG researched and informed on, and information discussed throughout Chapters 1 to 5. Although there is still a lack of CG in SOEs, data collected from respondents suggests that however minimal, a few good governance practices are in place within certain areas in SOEs. This is reflected in the analysis of data in Chapter 4. The following questions come to mind: How strong are these CG practices in SOEs? Is CG prioritised in SOEs? Are their roadshows and information sessions regularly conducted in SOEs on ethics and good governance practices that inform employees on company objectives and how good governance practices can assist to achieve SOE objectives?

What remains a contributing factor to the current status of CG in SOEs in SA is the quality of CG or leadership provided by the SA government. Although leadership positions come with its challenges, the public might be ruthless based on the idea that for their taxes paid, they should be rewarded with ethical and adequate delivery of basic utility services that are needed, and which remains in high demand. Currently, a consensus exists that leaders in government are not doing enough and that the basic needs of inhabitants of SA are not prioritised. These could be due to challenges faced by government departments that overshadow the ultimate goal of serving the citizens of SA. Examples of these challenges might include the continuous changes to the leadership in important ministerial portfolios at national government level, a lack of ethical recruitment to the cabinet that might be based on political affiliations rather than skill and expertise, and the recruitment of unskilled individuals to important positions such as the CEO, COO, and CFO positions within SOEs.

The nature of board leadership as a theme within this study maintained the lowest scores on various questions asked, which is a reflection of the above sentiments. These failures are currently manifested in the leadership of the boards of SOEs and have further infiltrated other public sector companies and government departments. Perhaps the greatest challenge relative to this study is the failure by the SA government to adequately address the lack of service delivery of basic utility services such as water, electricity, health, and sanitation services. Compliance irregularities seem to motivate the lack of service delivery of basic utility needs. It could be due to the high tender irregularities that exist within SOEs that service delivery remains as poor and inefficient as it has ever been.





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#### APPENDIX A: DATA COLLECTION TOOL – QUESTIONNAIRE



Dear Respondent,

#### **Invitation to participate in an academic research study**

My name is Robin Petersen and I am currently studying towards a Master's Degree in Internal Auditing with the Cape Peninsula University of Technology, in Cape Town. My research topic is "**The role of the Internal Auditor in enhancing corporate governance in State-Owned Enterprises (SOEs) in South Africa.**" I kindly request your assistance in completing this questionnaire based on your knowledge and experience of the Internal Audit Function (IAF). Completing this questionnaire will take approximately 15-20 minutes. The responses obtained from this study will contribute towards developing new perspectives on the role of the Internal Auditors (IAs) in South African State-Owned Enterprises.

The responses obtained in this study will be kept confidential and will only be used for research purposes only, including publication in academic journals. The final report, and any other articles developed from the responses obtained, will not include any information identifying the respondents. Should you have any enquiries, please feel free to contact my supervisor – Mr Leon Gwaka (021 460 3485); email: GwakaL@cput.ac.za

If you consent to participate in this research survey, kindly sign this form to indicate that:

You have read and understood the information provided above; and you were afforded an opportunity to ask all the questions.

Respondent's signature: \_\_\_\_\_

Date: \_\_\_\_\_

**Section A: Demographics** – Please select/indicate the correct answer.

		<b>Choices</b>						
A1.	Please select your Gender	Male		Female				
A2.	What is your Ethnic group	Black		Coloured		Indian		White
A3.	Please select your Age group	18-28		29-39		40-49		
		50-59		60+				
A4.	What is your Home language?	English		Afrikaans		Xhosa		
		Zulu		Northern Sotho		Tswana		
		Swati		Ndebele		Tsonga		
		Southern Sotho		Venda				
A5.	What is your Highest academic qualification?	Certificate		Diploma		Degree		
		Master's Degree		Doctorate				
A6.	In which sector are you employed?	Public Sector		Private Sector				
A7.	Are you employed in an SOE?	Yes		No				
A7.1.	If yes, in which sector does the SOE operate?	E.g. Transport, manufacturing, utilities.						
A7.2.	What is the staff complement in the SOE in which you are employed?							
A7.3.	Have your SOE been previously been implicated in corporate governance mal-practices?							

A7.3.1.	If so, did the IAF recommend plans/controls for the SOE to deal with corporate governance mal-practices?					
A8.	How many years of experience do you have in the Internal Audit field?					_____ Years
A9.	Do you belong to a Professional body? If yes, kindly indicate which body you are a member of.	Yes		No		
A10.	In which sector is the SOE or provider of utilities services that you are/were involved with?	E.g. Water, Electricity, Health, sanitation.				

**Section B -** Kindly complete the following section below by marking your answer with an X.

B1.	About the State-owned Enterprises (SOE) in South Africa – focusing on service delivery: Please respond to the following statements in relation to the <i>LAST</i> SOE you have been involved with	SA	A	U	D	SD
	<p><i>For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:</i></p> <p><b>SA-Strongly Agree    A-Agree    U-Uncertain    D-Disagree    SD-Strongly Disagree</b></p>					
B1.1.	The SOE is timely in providing utility services like e.g. water and electricity to the public.					
B1.2.	The SOE have the required technological ICT infrastructure to effectively provide utility services.					

B1.	<b>About the State-owned Enterprises (SOE) in South Africa – focusing on service delivery: Please respond to the following statements in relation to the <i>LAST SOE</i> you have been involved with</b>  <i>For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:</i>  <b>SA-Strongly Agree   A-Agree   U-Uncertain   D-Disagree   SD-Strongly Disagree</b>	SA	A	U	D	SD
B1.3.	The SOE have the required staff complement to effectively provide utility services.					
B1.4.	Resources like assets (e.g. vehicles) within the SOE, are solely used for the purposes they are intended for.					
B1.5.	Social challenges like crime impacts utility services provided by the SOE.					
B1.6.	Social challenges like unemployment impacts utility services provided by the SOE.					
B1.7.	The SOE are easily accessible to its stakeholders.					
B1.8.	The SOE is continuously looking at better ways to improve their corporate social responsibility towards stakeholders.					
B1.9.	The SOE are future-focussed.					

B2.	<b>Corporate Governance in the SOE: Please respond to the following statements in relation to the <i>LAST SOE</i> you have been involved with.</b>  <i>For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:</i>  <b>SA-Strongly Agree   A-Agree   U-Uncertain   D-Disagree   SD-Strongly Disagree</b>	SA	A	U	D	SD

<b>B2.</b>	<b>Corporate Governance in the SOE: Please respond to the following statements in relation to the LAST SOE you have been involved with.</b>  <i>For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:</i>  <b>SA-Strongly Agree   A-Agree   U-Uncertain   D-Disagree   SD-Strongly Disagree</b>	<b>SA</b>	<b>A</b>	<b>U</b>	<b>D</b>	<b>SD</b>
B2.1.	Media reports highlighting corporate governance mal-practices in the SOE, is true.					
B2.2.	Corporate governance practices within the SOE has improved over the last 5 years.					
B2.3.	Corporate governance practices are employed the same way in the public and private sector.					
B2.4.	Board members of the SOE have the desired qualifications and skills to serve on the board.					
B2.5.	The board offers a strong strategic direction for the SOE to achieve its objectives.					
B2.6.	The board sets a zero-tolerance stance towards unethical conduct within the SOE.					
B2.7.	The board sets a zero-tolerance stance towards fraud and corruption within the SOE.					
B2.8.	There are clear lines of accountability within the SOE.					
B2.9.	The SOE is managed by qualified and skilled personnel in various operational areas.					
B2.10.	The SOE is free from political influence in the decision-making processes.					
B2.11.	Ethics forms a vital part of the ethos within the SOE.					
B2.12.	There are clear lines and ranks of authority within the SOE.					
B2.13.	Management understands the role of the IAF in the SOE.					
<b>B3</b>	<b>Financial Management</b>					
B3.1.	The SOE is profit driven to ensure its financial sustainability.					

B2.	<b>Corporate Governance in the SOE: Please respond to the following statements in relation to the LAST SOE you have been involved with.</b>  <i>For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:</i>  <b>SA-Strongly Agree   A-Agree   U-Uncertain   D-Disagree   SD-Strongly Disagree</b>	SA	A	U	D	SD
B3.2.	The SOE contributes financially towards the South African economy.					
B3.3.	Adequate income is received by the SOE from the delivery of utility services to the public.					
B3.4.	Adequate financial policies and procedures exist to guide the SOE's financial management.					

B4	<b>The Internal Audit Function (IAF): Please respond to the following statements in relation to the LAST SOE you have been involved with</b>  <i>For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:</i>  <b>SA-Strongly Agree   A-Agree   U-Uncertain   D-Disagree   SD-Strongly Disagree</b>	SA	A	U	D	SD
B4.1.	The board recognizes the best conditions under which the IAF can thrive.					
B4.2.	The board supports the best conditions under which the IAF can thrive.					
B4.3.	The audit committee recognizes the best conditions under which the IAF can thrive.					
B4.4.	The audit committee supports the best conditions under which the IAF can thrive.					
B4.5.	Management and the board support efforts to make the IAF agile and innovative.					
B4.6.	The board support efforts to make the IAF agile and innovative.					



B4.7.	The CAE regularly explains the purpose, authority and responsibility of the IAF to the board.					
B4.8.	The CAE regularly explains the purpose, authority and responsibility of the IAF to senior management.					
B4.9.	The CAE is free to develop strong relationships with the board.					
B4.6.	Internal Audit staff in the SOE follow the International Professionals Practice Framework (IPPF) as a basis for performing internal audit engagements.					
B4.7.	The IAF in the SOE are composed of competent, skilled professionals.					
B4.8.	The IAF is respected by management and staff within the SOE.					
B4.9.	The IAF is adequately and efficiently managed as an independent unit within the SOE.					
B4.10.	The IAF is efficiently managed as an independent unit within the SOE.					
B4.11.	The IAF in the SOE is adequately <i>resourced</i> to provide high quality professional assurance.					
B4.12.	The IAF in the SOE is adequately <i>resourced</i> to provide high quality advisory services.					
B4.13.	The IAF in the SOE is adequately <i>positioned</i> to provide high quality professional assurance.					
B4.14.	The IAF in the SOE is adequately <i>positioned</i> to provide high quality advisory services.					
	<p><b>Please respond to the following statements in relation to the <i>LAST SOE</i> you have been involved with</b></p> <p><i>For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:</i></p> <p><b>SA-Strongly Agree   A-Agree   U-Uncertain   D-Disagree   SD-Strongly Disagree</b></p>	<b>SA</b>	<b>A</b>	<b>U</b>	<b>D</b>	<b>SD</b>
B4.15.	Recommendations provided by the IAF to management within the SOE, are adopted.					
B4.16.	Recommendations provided by the IAF to management within the SOE, are implemented.					
B4.17.	Recommendations provided by the IAF to management within the SOE, adds value to the organisation.					

B4.18.	There is an independent relationship that exists between management and the IAF in the SOE.					
B4.19.	Internal Auditors (IAs) maintain an impartial, unbiased attitude when executing their duties in the SOE.					
B4.16.	Internal Auditors (IAs) maintain an unbiased attitude when executing their duties in the SOE.					
B4.17.	Incidents of non-conformance to the IPPF within the IAF, are immediately reported.					
B4.19.	Incidents of unethical practice within the IAF, are immediately reported.					
B4.20.	Policy documents are readily available within the IAF to guide IAs.					
B4.21.	Internal controls within the SOE are regularly evaluated by IAs.					
B4.22.	Reviews of the IAF within the SOE take place within stipulated timeframes.					
<b>B5</b>	<b>Policies, practice guides and Procedures that informs the SOE</b>					
B5.1.	Policies and procedure documents that guides staff on operational procedures within the SOE, are easily accessible.					
B5.2.	Policies and procedures followed within the SOE, is adequate enough to be used as a criterion for evaluation purposes by the IAF, in the discharge of its duties.					
B5.3.	Legislation that regulates the SOE, like the PFMA and Companies Act, address all operational aspects of the SOE.					
B5.4.	Departmental policies and standard operating procedures are adhered to by staff.					
B5.5.	The SOE is dedicated to employing corporate governance principles defined in the King 4 Report within the entity.					

<b>B6.</b>	<b>Please respond to the following statements in relation to the <i>LAST SOE</i> you have been involved with</b>	<b>SA</b>	<b>A</b>	<b>U</b>	<b>D</b>	<b>SD</b>
	<i>For each of the following statements, kindly indicate whether you agree or disagree using the</i>					

	<i>suggested scale:</i>					
	<b>SA-Strongly Agree   A-Agree   U-Uncertain   D-Disagree   SD-Strongly Disagree</b>					
B6.1.	The IAF promote the ethical standards and values listed in the King 4 report, within the SOE.					
B6.2.	The IAF recommends ways to improve organisational performance management within the SOE.					
B6.3.	The IAF recommends ways to coordinate activities amongst the board and various assurance providers within the SOE.					
B6.4.	The IAF recommends ways to management to addresses corporate governance challenges faced by the SOE.					
B6.5.	Departments within the SOE provides the relevant reliable information required by the IAF to perform their duties.					
B6.6.	IAs continuously assess the SOE objectives, to test alignment with the mission of the SOE.					
<b>B7.</b>	<b>Risk Management within the SOE</b>					
B7.1.	The SOEs' combined assurance model communicates effectively on risk-management.					
B7.2.	The SOEs' assurance providers meet regularly to discuss its risk developments.					
B7.3.	The SOE has adequate controls in place to mitigate risks.					
B7.4.	Risk management policies and procedures of departments are adhered to and enforced in the SOE by staff.					
<b>B8.</b>	<b>The IAFs role towards Risk Management in the SOE</b>					
B8.1.	The IAF continuously apply risk-based plans to determine the priority risk areas within the SOE.					
B8.2.	IAs recommend ways for departments to mitigate risks identified.					
B8.3.	IAs continuously evaluate whether appropriate sample sizes to the population are selected to evaluate risk appetite adequately of the SOE.					
B8.4.	IAs regularly evaluate whether all risk information is captured about high risk areas within the SOE.					

B8.5.	IAs continuously evaluate whether all risk information is communicated timely to relevant areas within the SOE.					
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	Please respond to the following statements in relation to the <i>LAST SOE</i> you have been involved with	SA	A	U	D	SD
	<p><i>For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:</i></p> <p><b>SA-Strongly Agree   A-Agree   U-Uncertain   D-Disagree   SD-Strongly Disagree</b></p>					
B8.5.	IAs thoroughly evaluate whether all risk exposures relating to governance are identified by risk specialists within the SOE.					
B8.6.	IAs comprehensively evaluates whether all risk exposures relating to operations are identified by risk specialists within the SOE.					
B8.7.	IAs exhaustively evaluates whether all risk exposures relating to information systems are identified by risk specialists within the SOE.					
B8.8.	The IAF communicates appropriately to priority departments whose controls are most threatened by risk within the SOE.					
B8.9.	Departments within the SOE implement suggested risk management recommendations from IAF.					

**Section C - Organisational Risk – Please** respond to the following statements in relation to the *LAST SOE* you have been involved with. Please rank the occurrence of risks in the SOE, by ranking them from 1 - 5 being the highest common risk, 1 being the lowest common risk.

	1	2	3	4	5	Do you think the IAF is doing adequate work on this risk (Yes/No)
--	---	---	---	---	---	---

Strategic Risk.						
Political appointments to boards.						
Fraud and Corruption occurring at top level within the SOE.						
Financial Risk.						
Financial sustainability.						
Tender irregularities.						
Operational Risk.						
Loss of information/information leakage.						
Poor maintenance of ICT infrastructure.						
Reputational Risk.						
Unethical reporting by journalists about the SOE.						
Non-protection of confidential information by staff within the SOE.						
Governance Risk.						
Appointment of unqualified and unskilled executives and managers.						
Lack of informed decision-making by managers.						
Human Resources.						
Irregular recruitment and selection of staff.						
Lack of staff complement necessary to perform vital responsibilities within the SOE.						
Unit Failure.						
Non-Compliance with Policies.						
Other.						

Kindly indicate which of these risks are ranked priority in departments in the SOE, by ranking them from 80 - 100% being the highest common risk, and 0-20% being the lowest common risk?

	<b>0-20%</b>	<b>20-40%</b>	<b>40 – 60%</b>	<b>60- 80%</b>	<b>80-100%</b>
Strategic Risk					
Financial Risk					
Operational Risk					
Reputational Risk					
Governance Risk					
Human Resource					
Unit Failure					
Non-Compliance with Policies					
Other					

Kindly forward the completed questionnaire to the following e-mail addresses: [Robinp@raf.co.za](mailto:Robinp@raf.co.za)/[Robin.Petersen69@yahoo.com](mailto:Robin.Petersen69@yahoo.com)

Thank you for taking the time to complete this questionnaire.

Robin Petersen (Master of Internal Auditing Student, Cape Peninsula University of Technology, Cape Town, 076 298 5140©/ 021 408 3344(w))

## APPENDIX B: PERMISSION FROM THE IIASA TO DISTRIBUTE THE ONLINE QUESTIONNAIRE



### GRANTING OF INSTITUTIONAL PERMISSION FOR RESEARCH

#### TO WHOM IT MAY CONCERN

Mr Robin Petersen, a member of the Institute of Internal Auditors South Africa (IIASA), is a part-time student (student no: 199079560) with the Cape Peninsula University of Technology (CPUT) in Cape Town, currently registered and in the process of completing a Master of Internal Auditing degree. He approached the IIASA for assistance with his research study, in particular, to seek permission to distribute a questionnaire to Internal Auditors who are members of the IIASA, for them to complete which will assist him with his research study.

I, Moshe Kola, in my capacity as the Department Head Communications and Business Development for the Institute of Internal Auditors South Africa, grants permission to Mr Robin Petersen to collect data through a questionnaire that will be distributed to all our members via an electronic newsletter. All questionnaire responses will be submitted directly to him.

I grant this permission as the authorized person to do so in this company and I am aware of the following.

1. The study is conducted as a CPUT researcher and remains the property as such
2. You can use the name of the IIASA in your research project
3. All data and information collected will be solely in the possession of the researcher
4. I will not require feedback of the research.
5. The research may be published in the public domain under the supervision of the supervisor

I wish u the best and success with your research

Signature: 

Date: 22 June 2018

Name: Moshe Kola

Organisational Title: Department Head Communications and Business Development

Tel: 011 450 1040 (ext 274)

Moshe@iiasa.org.za

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Directors: VJ Chanke CIA (Chairman), LS Machaba CISA CRMA, IJ Mazzocco, Dr CF von Eck (CEO), UB Dullier CIA CCSA, JJ Govror, PNH Lallo CIA CCSA CRMA, I Masuku CIA, ACDA, CISA, T Mubokeng CIA, CRMA, D Ndlovu CIA, CCSA, MD Mtshabi, S Nyongobizimi CIA CCSA CGAP, JPC Opperman CIA CRMA, I Potlatchere CIA CCSA CISA, A Vorster.

Company Secretary: Adv. P Sogoni • Affiliated to: Institute of Internal Auditors, Inc. International Headquarters, Altamonte Springs, Florida, USA  
Registration No.: 1985/003686/08 - Association incorporated under the Companies Act 2008 as a Non Profit Company.

*"Guardians of Governance"*

**APPENDIX C: CONFIRMATION OF WHEN QUESTIONNAIRE WAS DISTRIBUTED  
MONTHLY TO IIASA MEMBERS**

**E-mail to IIASA requesting the questionnaire to be included as a link on the IIASA monthly newsletter**

**From:** Moshe Kola [<mailto:moshe@iiasa.org.za>]  
**Sent:** Thursday, 11 July 2019 9:31 AM  
**To:** Robin Petersen  
**Subject:** RE: Research

Hi Robin

Good to hear that your data collection is being done and progressing well. Sorry you were unable to get hold of me; I have been off for an extended period. I will revert to you soon on your request.

regards

**Moshe** **Kola**  
Department Head: Communications and Business Development  
**The Institute of Internal Auditors South Africa**  
**Tel:** +27 11 450-1040 (ext. 274)  
**Website:** [www.iiasa.org.za](http://www.iiasa.org.za)



**APPENDIX D: REQUEST TO IIASA MEMBERS TO COMPLETE QUESTIONNAIRE,  
TOGETHER WITH THE LINK TO THE QUESTIONNAIRE**

- **Robin Petersen** <Robin.Petersen@wcla.gov.za>
- 

**To:** Moshe Kola

**Cc:** robin.petersen69@yahoo.com

Mar 13 at 10:10 AM

Thank you so much Moshe

Here below is the write-up to be included in the Newsletter. Please note that I have a new link that is listed below, that you can incorporate with the newsletter.

Good day Fellow Internal Auditors/Audit Professionals

I am currently in the process of completing a Master's degree in Internal Auditing and have reached the stage (Chapter 3) in my Thesis where I need to do data collection. My topic is around corporate governance in South African State-owned Enterprises (SOEs), and what Internal Auditors can do to enhance/improve governance within South African SOEs. If you are currently performing Audits within an SOE environment, or have in the past performed Audits within an SOE environment, and have not yet completed my online survey/questionnaire, then I would like to request of you to take some time to complete the online questionnaire/survey, which forms part of my quantitative data collection method. Your effort in completing this questionnaire will be fundamental in helping to completing this study. **Please be advised that If you have completed this questionnaire already, then this request is not directed to you. However, if not, I am in great need of your assistance in completing the questionnaire.**

Here is the link that you click on, to begin with the questionnaire:

<http://creativetech.org.za/survey/index.php/284284/lang-en>

I wish to extend my sincerest thanks to you for your help in taking the time to complete this online survey/questionnaire.

---

**Kind regards**

**Robin Petersen**

Liquor Administrator: Liquor Licence Administration

**Tel:** +27 (0) 21 204 9826 | **Email:** [Robin.Petersen@wcla.gov.za](mailto:Robin.Petersen@wcla.gov.za)

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## APPENDIX E: ANALYSIS OF DATA COLLECTED

### Frequencies

[DataSet2] C:\@Data\Research\Research PostGraduate\MTech\CPUT\2018\PetersenRobin\Data new - missings deleted.sav

### Frequency Table

Please select your Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	123	49.4	49.4	49.4
	Male	126	50.6	50.6	100.0
	Total	249	100.0	100.0	

What is your Ethnic group?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	African	172	69.1	72.3	72.3
	Coloured	23	9.2	9.7	81.9
	Indian	16	6.4	6.7	88.7
	White	27	10.8	11.3	100.0
	Total	238	95.6	100.0	
Missing	System	11	4.4		
Total		249	100.0		

Please select your Age group?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 - 28	38	15.3	15.7	15.7
	29 - 39	129	51.8	53.3	69.0
	40 - 49	52	20.9	21.5	90.5
	50 - 59	20	8.0	8.3	98.8
	60+	3	1.2	1.2	100.0
	Total	242	97.2	100.0	
Missing	System	7	2.8		
Total		249	100.0		

What is your Home language?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Afrikaans	25	10.0	10.7	10.7
	English	48	19.3	20.5	31.2
	isiNdebele	5	2.0	2.1	33.3
	isiXhosa	31	12.4	13.2	46.6
	isiZulu	30	12.0	12.8	59.4
	Sesotho	17	6.8	7.3	66.7
	Sesotho sa Leboa	33	13.3	14.1	80.8
	Setswana	25	10.0	10.7	91.5
	siSwati	2	.8	.9	92.3
	Tshivenda	12	4.8	5.1	97.4
	Xitsonga	6	2.4	2.6	100.0
	Total	234	94.0	100.0	
	Missing	System	15	6.0	
Total		249	100.0		

What is your Highest academic qualification?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Diploma	32	12.9	13.2	13.2
	Degree	100	40.2	41.2	54.3

	Honours Degree	77	30.9	31.7	86.0
	Master's Degree	31	12.4	12.8	98.8
	Doctorate	3	1.2	1.2	100.0
	Total	243	97.6	100.0	
Missing	System	6	2.4		
Total		249	100.0		

**In which sector are you employed?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Public Sector	159	63.9	67.1	67.1
	Private Sector	78	31.3	32.9	100.0
	Total	237	95.2	100.0	
Missing	System	12	4.8		
Total		249	100.0		

**Are you employed in an SOE?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	46	18.5	23.4	23.4
	No	151	60.6	76.6	100.0
	Total	197	79.1	100.0	
Missing	System	52	20.9		
Total		249	100.0		

**In which sector does the SOE operate?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Central Bank	1	.4	2.3	2.3
	CSIR	1	.4	2.3	4.5
	Eastern Cape Rural Development Agency	1	.4	2.3	6.8
	Education	2	.8	4.5	11.4
	Electricity	1	.4	2.3	13.6
	energy	2	.8	4.5	18.2
	Energy	5	2.0	11.4	29.5
	Finance and Banking	1	.4	2.3	31.8
	Financial sector	1	.4	2.3	34.1
	Financial services sector	1	.4	2.3	36.4
	Health	1	.4	2.3	38.6
	higher education	1	.4	2.3	40.9
	Hospitality	1	.4	2.3	43.2
	Information Technology	1	.4	2.3	45.5
	Insurance	1	.4	2.3	47.7
	Johannesburg	1	.4	2.3	50.0
	Labour	1	.4	2.3	52.3
	local government	1	.4	2.3	54.5
	Local government	1	.4	2.3	56.8
	Local Government	2	.8	4.5	61.4
	Local government, Municipalities.	1	.4	2.3	63.6
	Manufacturing	1	.4	2.3	65.9
	MINING	1	.4	2.3	68.2
	Mining and Chemical Manufacturing	1	.4	2.3	70.5
	Municipality	2	.8	4.5	75.0
	Public	1	.4	2.3	77.3
	Research & Development (Scientific Research Institution)	1	.4	2.3	79.5
	Road Accident fund	1	.4	2.3	81.8
	Transport	5	2.0	11.4	93.2
	TVET Sector	1	.4	2.3	95.5
	utilities	1	.4	2.3	97.7
	Water Board	1	.4	2.3	100.0
	Total	44	17.7	100.0	
Missing		205	82.3		

Total		249	100.0	
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**What is the staff complement in the SOE in which you are employed?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	6	1	.4	2.3	2.3
	10	2	.8	4.5	6.8
	65	2	.8	4.5	11.4
	122	1	.4	2.3	13.6
	140	1	.4	2.3	15.9
	150	1	.4	2.3	18.2
	160	1	.4	2.3	20.5
	170	1	.4	2.3	22.7
	171	1	.4	2.3	25.0
	200	1	.4	2.3	27.3
	296	1	.4	2.3	29.5
	300	2	.8	4.5	34.1
	320	1	.4	2.3	36.4
	475	1	.4	2.3	38.6
	550	1	.4	2.3	40.9
	700	1	.4	2.3	43.2
	850	1	.4	2.3	45.5
	900	1	.4	2.3	47.7
	950	1	.4	2.3	50.0
	1400	1	.4	2.3	52.3
	1600	1	.4	2.3	54.5
	2000	4	1.6	9.1	63.6
	2300	1	.4	2.3	65.9
	2500	1	.4	2.3	68.2
	2700	2	.8	4.5	72.7
	3000	1	.4	2.3	75.0
	3344	1	.4	2.3	77.3
	3500	1	.4	2.3	79.5
	4000	2	.8	4.5	84.1
	7000	1	.4	2.3	86.4
26000	2	.8	4.5	90.9	
46000	1	.4	2.3	93.2	
47000	2	.8	4.5	97.7	
460000	1	.4	2.3	100.0	
	Total	44	17.7	100.0	
Missing	System	205	82.3		
Total		249	100.0		

**Have your SOE been previously been implicated in corporate governance mal-practices?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	19	7.6	48.7	48.7
	No	20	8.0	51.3	100.0
	Total	39	15.7	100.0	
Missing	System	210	84.3		
Total		249	100.0		

**Did the IAF recommend plans/controls for the SOE to deal with corporate governance mal-practices?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	15	6.0	88.2	88.2
	No	2	.8	11.8	100.0
	Total	17	6.8	100.0	
Missing	System	232	93.2		
Total		249	100.0		

**Have you audited an SOE in the past?**

		Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	Yes	112	45.0	57.1	57.1
	No	84	33.7	42.9	100.0
	Total	196	78.7	100.0	
Missing	System	53	21.3		
Total		249	100.0		

**In which sector does the last SOE you have audited operate?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	10	1	.4	.9	.9
	3	1	.4	.9	1.9
	6 years	1	.4	.9	2.8
	ACSA	1	.4	.9	3.7
	Agriculture	1	.4	.9	4.7
	Air Freight	1	.4	.9	5.6
	Air Traffic Management	1	.4	.9	6.5
	Arts	1	.4	.9	7.5
	Arts and Culture	1	.4	.9	8.4
	Automotive	1	.4	.9	9.3
	Aviation	1	.4	.9	10.3
	Aviation industry	1	.4	.9	11.2
	Aviation, Forestry financial services	1	.4	.9	12.1
	Broadcasting	1	.4	.9	13.1
	Central banking	1	.4	.9	14.0
	Chemicals and Mining	1	.4	.9	15.0
	Communication	1	.4	.9	15.9
	Defence	2	.8	1.9	17.8
	Durban, Pretoria	1	.4	.9	18.7
	education	1	.4	.9	19.6
	Education	4	1.6	3.7	23.4
	EDUCATION AND SKILLS TRANSFER	1	.4	.9	24.3
	Electricity	1	.4	.9	25.2
	energy	3	1.2	2.8	28.0
	Energy	6	2.4	5.6	33.6
	Energy Generation	1	.4	.9	34.6
	Energy sector	1	.4	.9	35.5
	Energy/Electricity	1	.4	.9	36.4
	Eskom	2	.8	1.9	38.3
	Financial sector	1	.4	.9	39.3
	Financial sector	2	.8	1.9	41.1
	Financial Sector	1	.4	.9	42.1
	Financial Sector (Pensions)	1	.4	.9	43.0
	higher education	1	.4	.9	43.9
	Housing	1	.4	.9	44.9
	Human Settlements/Public Enterprise	1	.4	.9	45.8
	ICT	1	.4	.9	46.7
	Industrial Zone	1	.4	.9	47.7
	Insurance	1	.4	.9	48.6
	Local	1	.4	.9	49.5
	local government	1	.4	.9	50.5
	Local government	1	.4	.9	51.4
	Local Government	1	.4	.9	52.3
	Local government, Municipalities.	1	.4	.9	53.3
	Logistics	2	.8	1.9	55.1
	Logistics and Transport	1	.4	.9	56.1
	Magalies water	1	.4	.9	57.0
MDC	1	.4	.9	57.9	

MINING	1	.4	.9	58.9
Mining and Chemicals	1	.4	.9	59.8
Municipal owned entity	1	.4	.9	60.7
Municipality	1	.4	.9	61.7
Municipality and Government department	1	.4	.9	62.6
National Treasury	1	.4	.9	63.6
Petrochemical, Tourism and Leisure, Forestry	1	.4	.9	64.5
Petroleum	1	.4	.9	65.4
Post and telecommunications	1	.4	.9	66.4
Provincial Treasury	1	.4	.9	67.3
Public sector	2	.8	1.9	69.2
Public Sector	1	.4	.9	70.1
Railway	1	.4	.9	71.0
RESEARCH INSTITUTE	1	.4	.9	72.0
Road Infrastructure	1	.4	.9	72.9
Roads Infrastructure	1	.4	.9	73.8
SARS	1	.4	.9	74.8
Science	1	.4	.9	75.7
Science and technology	1	.4	.9	76.6
Scientific Research Institution	1	.4	.9	77.6
Services	1	.4	.9	78.5
SOE	1	.4	.9	79.4
State owned	1	.4	.9	80.4
Telecoms	1	.4	.9	81.3
Telecommunications	1	.4	.9	82.2
Telecommunications	2	.8	1.9	84.1
Tourism	1	.4	.9	85.0
Transnet	1	.4	.9	86.0
Transnet	1	.4	.9	86.9
Transport	6	2.4	5.6	92.5
TRANSPORT	1	.4	.9	93.5
TVET Sector	1	.4	.9	94.4
utilities	1	.4	.9	95.3
Utility	1	.4	.9	96.3
Various - primarily economic development but also utilities (water management)	1	.4	.9	97.2
Water	1	.4	.9	98.1
water board and all the soe in Limpopo province	1	.4	.9	99.1
Water Sector	1	.4	.9	100.0
Total	107	43.0	100.0	
Missing	142	57.0		
Total	249	100.0		

**How many years of experience do you have in the Internal Audit Field?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	+15	1	.4	.5	.5
	>10	1	.4	.5	1.0
	0	1	.4	.5	1.4
	1	4	1.6	1.9	3.4
	1 year	1	.4	.5	3.9
	1 year 10 months	1	.4	.5	4.3
	1 year and 4 months	1	.4	.5	4.8
	1-2	1	.4	.5	5.3
	10	17	6.8	8.2	13.5
	10 years	2	.8	1.0	14.5

10 years plus	1	.4	.5	15.0
11	5	2.0	2.4	17.4
11years	1	.4	.5	17.9
11yrs	1	.4	.5	18.4
12	4	1.6	1.9	20.3
12 years	3	1.2	1.4	21.7
13	1	.4	.5	22.2
14	8	3.2	3.9	26.1
14 months	1	.4	.5	26.6
14 years	1	.4	.5	27.1
14 years' experience	1	.4	.5	27.5
15	15	6.0	7.2	34.8
15 years	2	.8	1.0	35.7
16	4	1.6	1.9	37.7
17	5	2.0	2.4	40.1
17 years	1	.4	.5	40.6
18	3	1.2	1.4	42.0
19	1	.4	.5	42.5
19 years	1	.4	.5	43.0
2	7	2.8	3.4	46.4
2 years	4	1.6	1.9	48.3
2-3 years of experience	1	.4	.5	48.8
20	5	2.0	2.4	51.2
20 years	1	.4	.5	51.7
20years	1	.4	.5	52.2
22	2	.8	1.0	53.1
22 Years	2	.8	1.0	54.1
23	1	.4	.5	54.6
24 years	1	.4	.5	55.1
25	3	1.2	1.4	56.5
25yrs	1	.4	.5	57.0
29	1	.4	.5	57.5
3	10	4.0	4.8	62.3
3 to 4	1	.4	.5	62.8
30	2	.8	1.0	63.8
32	1	.4	.5	64.3
3years	1	.4	.5	64.7
4	8	3.2	3.9	68.6
4 years	3	1.2	1.4	70.0
4 years 8 months	1	.4	.5	70.5
5	9	3.6	4.3	74.9
5 years	1	.4	.5	75.4
6	7	2.8	3.4	78.7
6 years	3	1.2	1.4	80.2
7	8	3.2	3.9	84.1
7 1/2	1	.4	.5	84.5
7 years	1	.4	.5	85.0
8	9	3.6	4.3	89.4
8 years	4	1.6	1.9	91.3
8 Years	1	.4	.5	91.8
9	11	4.4	5.3	97.1
9 months	1	.4	.5	97.6
9 years	2	.8	1.0	98.6
9+	1	.4	.5	99.0
Five years	1	.4	.5	99.5
None	1	.4	.5	100.0
Total	207	83.1	100.0	
Missing	42	16.9		



Total	249	100.0
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**Do you belong to a Professional Body?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	189	75.9	95.5	95.5
	No	9	3.6	4.5	100.0
	Total	198	79.5	100.0	
Missing	System	51	20.5		
Total		249	100.0		

**Kindly indicate which body you are a member of**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	45988819	1	.4	.5	.5
	ACFE and IIA	1	.4	.5	1.1
	ACFE, SAICA	1	.4	.5	1.6
	CISA, IIASA & ACFE(SA)	1	.4	.5	2.1
	IIA	1	.4	.5	2.7
	IIA	53	21.3	28.2	30.9
	IIA & SAICA	1	.4	.5	31.4
	lia acfesa eu council compliance institute	1	.4	.5	31.9
	lia and acfe	1	.4	.5	32.4
	IIA and ACFE	1	.4	.5	33.0
	IIA and ICSCA	1	.4	.5	33.5
	iaa and iod	1	.4	.5	34.0
	IIA and ISACA	2	.8	1.1	35.1
	IIA and IRMSA	1	.4	.5	35.6
	IIA GLOBAL, IIA SA, ACCA	1	.4	.5	36.2
	IIA Global, IIASA, ISACA	1	.4	.5	36.7
	IIA Global, IIASA, ISACA, ICSAZ, ACCA	1	.4	.5	37.2
	IIA Member	1	.4	.5	37.8
	iaa sa	1	.4	.5	38.3
	IIA SA	10	4.0	5.3	43.6
	IIA SA and IRMSA	1	.4	.5	44.1
	IIA SA, IIA Global, IIA UK	1	.4	.5	44.7
	IIA SOUTH AFRICA	1	.4	.5	45.2
	IIA-SA	1	.4	.5	45.7
	IIA,	1	.4	.5	46.3
	IIA, ACFE	1	.4	.5	46.8
	IIA, ACFE, BMF	1	.4	.5	47.3
	IIA, ACFE, ICFP	1	.4	.5	47.9
	IIA, ICCSA	1	.4	.5	48.4
	IIA, IODSA	1	.4	.5	48.9
	IIA, IRMSA	1	.4	.5	49.5
	IIA, IRMSA, SAICA	1	.4	.5	50.0
	IIA, IRMSA,ACFE,Ethics Institute	1	.4	.5	50.5
	IIA, ISACA & SAIPA	1	.4	.5	51.1
	IIA, ISACA, CIS,	1	.4	.5	51.6
	IIA, SAICA	3	1.2	1.6	53.2
IIA(SA)	2	.8	1.1	54.3	
iiasa	4	1.6	2.1	56.4	
liasa	1	.4	.5	56.9	
IIASA	37	14.9	19.7	76.6	
IIASA, IRMSA	1	.4	.5	77.1	
IIASA, SAICA	2	.8	1.1	78.2	
IIASA, SAICA and IRMSA.	1	.4	.5	78.7	
IIASA; SAICA; IRMSA	1	.4	.5	79.3	
IIIASA	1	.4	.5	79.8	
IISA	1	.4	.5	80.3	

Institute of internal auditors	1	.4	.5	80.9
Institute of Internal Auditors	8	3.2	4.3	85.1
INSTITUTE OF INTERNAL AUDITORS (S.A)	1	.4	.5	85.6
Institute of Internal Auditors of South Africa	1	.4	.5	86.2
institute of internal auditors south africa	1	.4	.5	86.7
Institute of internal auditors south africa	1	.4	.5	87.2
Institute of Internal Auditors South Africa	3	1.2	1.6	88.8
Institute of Internal Auditors, Institute of Directors	1	.4	.5	89.4
Institute of Risk Management South Africa,	1	.4	.5	89.9
International Internal Audit South Africa	1	.4	.5	90.4
intitutude of internal auditors	1	.4	.5	91.0
IRMSA, IIA, IoD, etc	1	.4	.5	91.5
IRMSA, IIASA	1	.4	.5	92.0
ISACA	3	1.2	1.6	93.6
ISACA & IIA	1	.4	.5	94.1
SAICA	1	.4	.5	94.7
Saica and IIA	2	.8	1.1	95.7
SAICA and IIA	1	.4	.5	96.3
SAICA and IIASA	1	.4	.5	96.8
SAICA and SAIBA (suspended membership with IIA)	1	.4	.5	97.3
SAICA and the IIASA	1	.4	.5	97.9
Saica member AGA(SA). IIA member associate	1	.4	.5	98.4
SAICA, IIA	1	.4	.5	98.9
SAICA, IIA, IRBA	1	.4	.5	99.5
SAIPA, IIASA	1	.4	.5	100.0
Total	188	75.5	100.0	
Missing	61	24.5		
Total	249	100.0		

**In which sector is the SOE or provider of utility services that you are/were involved with?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agriculture	1	.4	.6	.6
	AGSA	1	.4	.6	1.2
	Air Frieght	1	.4	.6	1.8
	Air Traffic Management	1	.4	.6	2.4
	All	1	.4	.6	3.0
	Aviation	2	.8	1.2	4.2
	Aviation Authority	1	.4	.6	4.8
	Both private and public sectors	1	.4	.6	5.5
	Central Bank	1	.4	.6	6.1
	Communication	1	.4	.6	6.7
	Compensation	1	.4	.6	7.3
	Construction	1	.4	.6	7.9
	Defence and Arts	1	.4	.6	8.5
	Department of finance	1	.4	.6	9.1
	DOE	1	.4	.6	9.7
	Don't know	1	.4	.6	10.3
	East London	1	.4	.6	10.9
	EC	1	.4	.6	11.5
	Economic	1	.4	.6	12.1

Economic Development	1	.4	.6	12.7
Economic Development, Gambling and Liquor Board, Tourism Board	1	.4	.6	13.3
Education	5	2.0	3.0	16.4
EDUCATION AND SKILLS TRANSFER	1	.4	.6	17.0
Electricity	3	1.2	1.8	18.8
energy	2	.8	1.2	20.0
Energy	6	2.4	3.6	23.6
Energy Generation	1	.4	.6	24.2
Enterprise	1	.4	.6	24.8
Eskom	2	.8	1.2	26.1
ESKOM	1	.4	.6	26.7
financial	2	.8	1.2	27.9
Financial	1	.4	.6	28.5
Financial sector	1	.4	.6	29.1
Financial Sector	2	.8	1.2	30.3
Financial Sector (Pensions)	1	.4	.6	30.9
Follow up	1	.4	.6	31.5
Freight rail	1	.4	.6	32.1
Government	1	.4	.6	32.7
Health	1	.4	.6	33.3
Hospitality	1	.4	.6	33.9
Hospitality and leisure	1	.4	.6	34.5
Housing	1	.4	.6	35.2
ICT goods and services	1	.4	.6	35.8
In the transport sector	1	.4	.6	36.4
Insurance	1	.4	.6	37.0
Internal Audit National Department of Public Works	1	.4	.6	37.6
Internal Audits	1	.4	.6	38.2
Local & District municipalities.	1	.4	.6	38.8
local government	1	.4	.6	39.4
Local government	1	.4	.6	40.0
Local Government	5	2.0	3.0	43.0
Local government (Johannesburg Municipality)	1	.4	.6	43.6
Local gvt	1	.4	.6	44.2
Logistics (Transnet)	1	.4	.6	44.8
Logistics and Transport	1	.4	.6	45.5
Magalies water	1	.4	.6	46.1
Manufacturing	1	.4	.6	46.7
Minerals and Chemicals	1	.4	.6	47.3
MINING	1	.4	.6	47.9
Municipality	1	.4	.6	48.5
municipality	1	.4	.6	49.1
Municipality	1	.4	.6	49.7
MUNICIPALITY	1	.4	.6	50.3
n/a	4	1.6	2.4	52.7
N/a	1	.4	.6	53.3
N/A	9	3.6	5.5	58.8
na	1	.4	.6	59.4
NA	2	.8	1.2	60.6
None	8	3.2	4.8	65.5
NONE	1	.4	.6	66.1
Other	1	.4	.6	66.7

Parliament, Home Affairs, DSBD, Dept. of Health, Bankseta, ASB, GPAA	1	.4	.6	67.3
PERFORMANCE AUDIT (PREDETERMINED OBJECTIVES)	1	.4	.6	67.9
Petrochemical, Tourism and Leisure, Forestry	1	.4	.6	68.5
Petroleum	1	.4	.6	69.1
Private	2	.8	1.2	70.3
public	1	.4	.6	70.9
Public	1	.4	.6	71.5
PUBLIC	1	.4	.6	72.1
Public - National and Provincial	1	.4	.6	72.7
Public sector	1	.4	.6	73.3
Public Sector	2	.8	1.2	74.5
PUBLIC SECTOR	2	.8	1.2	75.8
Public Sector	1	.4	.6	76.4
RAF	1	.4	.6	77.0
Railway	1	.4	.6	77.6
Regulator	2	.8	1.2	78.8
RESEARCH INSTITUTE	1	.4	.6	79.4
Retail and wholesale	1	.4	.6	80.0
Road Infrastructure	1	.4	.6	80.6
Roads Infrastructure	1	.4	.6	81.2
SARS	1	.4	.6	81.8
Schedule 3	1	.4	.6	82.4
Science	1	.4	.6	83.0
Services	1	.4	.6	83.6
Share services Internal Audit Unit	1	.4	.6	84.2
Telecommunications, Power Utility, Transport	1	.4	.6	84.8
Telecommunications	1	.4	.6	85.5
Telecommunications	1	.4	.6	86.1
Tourism	1	.4	.6	86.7
transport	1	.4	.6	87.3
Transport	9	3.6	5.5	92.7
TRANSPORT	1	.4	.6	93.3
transport, freight, rail, ports	1	.4	.6	93.9
Treasury	1	.4	.6	94.5
TSHWANE	1	.4	.6	95.2
Various	1	.4	.6	95.8
Various - primarily economic development but also utilities (water management)	1	.4	.6	96.4
water	1	.4	.6	97.0
Water	2	.8	1.2	98.2
Water Board	1	.4	.6	98.8
water board and all Limpopo provincial public entities	1	.4	.6	99.4
Water Sector	1	.4	.6	100.0
Total	165	66.3	100.0	
Missing	84	33.7		
Total	249	100.0		

**[Eastern Cape] In which province/s do you perform audits? Please select all that apply.**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not selected	184	73.9	83.3	83.3
	Yes	37	14.9	16.7	100.0
	Total	221	88.8	100.0	
Missing	System	28	11.2		

Total		249	100.0		
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**[Free State] In which province/s do you perform audits? Please select all that apply.**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not selected	195	78.3	88.2	88.2
	Yes	26	10.4	11.8	100.0
	Total	221	88.8	100.0	
Missing	System	28	11.2		
Total		249	100.0		

**[Gauteng] In which province/s do you perform audits? Please select all that apply.**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not selected	100	40.2	45.2	45.2
	Yes	121	48.6	54.8	100.0
	Total	221	88.8	100.0	
Missing	System	28	11.2		
Total		249	100.0		

**[KwaZulu-Natal] In which province/s do you perform audits? Please select all that apply.**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not selected	180	72.3	81.4	81.4
	Yes	41	16.5	18.6	100.0
	Total	221	88.8	100.0	
Missing	System	28	11.2		
Total		249	100.0		

**[Limpopo] In which province/s do you perform audits? Please select all that apply.**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not selected	189	75.9	85.5	85.5
	Yes	32	12.9	14.5	100.0
	Total	221	88.8	100.0	
Missing	System	28	11.2		
Total		249	100.0		

**[Mpumalanga] In which province/s do you perform audits? Please select all that apply.**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not selected	193	77.5	87.3	87.3
	Yes	28	11.2	12.7	100.0
	Total	221	88.8	100.0	
Missing	System	28	11.2		
Total		249	100.0		

**[North West] In which province/s do you perform audits? Please select all that apply.**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not selected	199	79.9	90.0	90.0
	Yes	22	8.8	10.0	100.0
	Total	221	88.8	100.0	
Missing	System	28	11.2		
Total		249	100.0		

**[Northern Cape] In which province/s do you perform audits? Please select all that apply.**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not selected	193	77.5	87.3	87.3
	Yes	28	11.2	12.7	100.0
	Total	221	88.8	100.0	
Missing	System	28	11.2		
Total		249	100.0		

**[Western Cape] In which province/s do you perform audits? Please select all that apply.**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not selected	163	65.5	73.8	73.8
	Yes	58	23.3	26.2	100.0
	Total	221	88.8	100.0	

Missing	System	28	11.2	
Total		249	100.0	

**[The SOE is timely in providing utility services like e.g. water and electricity to the public.]**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	15	6.0	8.9	8.9
	Disagree	36	14.5	21.4	30.4
	Undecided	20	8.0	11.9	42.3
	Agree	81	32.5	48.2	90.5
	Strongly Agree	16	6.4	9.5	100.0
	Total	168	67.5	100.0	
Missing	System	81	32.5		
Total		249	100.0		

**[The SOE has the required technological ICT infrastructure to effectively provide utility services.]**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	14	5.6	8.3	8.3
	Disagree	43	17.3	25.6	33.9
	Undecided	25	10.0	14.9	48.8
	Agree	66	26.5	39.3	88.1
	Strongly Agree	20	8.0	11.9	100.0
	Total	168	67.5	100.0	
Missing	System	81	32.5		
Total		249	100.0		

**[The SOE has the required staff complement to effectively provide utility services.]**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	12	4.8	7.2	7.2
	Disagree	42	16.9	25.1	32.3
	Undecided	26	10.4	15.6	47.9
	Agree	71	28.5	42.5	90.4
	Strongly Agree	16	6.4	9.6	100.0
	Total	167	67.1	100.0	
Missing	System	82	32.9		
Total		249	100.0		

**[Resources like assets (e.g. vehicles) within the SOE are solely used for the purposes they are intended for.]**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	27	10.8	16.2	16.2
	Disagree	59	23.7	35.3	51.5
	Undecided	33	13.3	19.8	71.3
	Agree	38	15.3	22.8	94.0
	Strongly Agree	10	4.0	6.0	100.0
	Total	167	67.1	100.0	
Missing	System	82	32.9		
Total		249	100.0		

**[Social challenges like crime impact utility services provided by the SOE.]**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	2.8	4.2	4.2
	Disagree	26	10.4	15.6	19.8
	Undecided	28	11.2	16.8	36.5
	Agree	66	26.5	39.5	76.0
	Strongly Agree	40	16.1	24.0	100.0
	Total	167	67.1	100.0	
Missing	System	82	32.9		
Total		249	100.0		

**[Social challenges like unemployment impacts utility services provided by the SOE.]**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	2.4	3.6	3.6

	Disagree	33	13.3	19.8	23.4
	Undecided	25	10.0	15.0	38.3
	Agree	71	28.5	42.5	80.8
	Strongly Agree	32	12.9	19.2	100.0
	Total	167	67.1	100.0	
Missing	System	82	32.9		
Total		249	100.0		

**[The SOE is easily accessible to its stakeholders. ]**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	11	4.4	6.6	6.6
	Disagree	42	16.9	25.1	31.7
	Undecided	30	12.0	18.0	49.7
	Agree	69	27.7	41.3	91.0
	Strongly Agree	15	6.0	9.0	100.0
	Total	167	67.1	100.0	
Missing	System	82	32.9		
Total		249	100.0		

**[The SOE is continuously looking at better ways to improve their corporate social responsibility towards stakeholders.]**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	16	6.4	9.6	9.6
	Disagree	47	18.9	28.1	37.7
	Undecided	35	14.1	21.0	58.7
	Agree	53	21.3	31.7	90.4
	Strongly Agree	16	6.4	9.6	100.0
	Total	167	67.1	100.0	
Missing	System	82	32.9		
Total		249	100.0		

**[The SOE is future-focussed.]**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	27	10.8	16.2	16.2
	Disagree	44	17.7	26.3	42.5
	Undecided	33	13.3	19.8	62.3
	Agree	48	19.3	28.7	91.0
	Strongly Agree	15	6.0	9.0	100.0
	Total	167	67.1	100.0	
Missing	System	82	32.9		
Total		249	100.0		

**[Media reports highlighting corporate governance mal-practices in the SOE, are true.]**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	2.4	4.1	4.1
	Disagree	11	4.4	7.5	11.6
	Undecided	26	10.4	17.8	29.5
	Agree	69	27.7	47.3	76.7
	Strongly Agree	34	13.7	23.3	100.0
	Total	146	58.6	100.0	
Missing	System	103	41.4		
Total		249	100.0		

**[Corporate governance practices within the SOE have improved over the last 5 years.]**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	28	11.2	19.2	19.2
	Disagree	56	22.5	38.4	57.5
	Undecided	25	10.0	17.1	74.7
	Agree	30	12.0	20.5	95.2

	Strongly Agree	7	2.8	4.8	100.0
	Total	146	58.6	100.0	
Missing	System	103	41.4		
Total		249	100.0		

**[Corporate governance practices are employed the same way in the public and private sector.]**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	38	15.3	26.2	26.2
	Disagree	69	27.7	47.6	73.8
	Undecided	17	6.8	11.7	85.5
	Agree	14	5.6	9.7	95.2
	Strongly Agree	7	2.8	4.8	100.0
	Total	145	58.2	100.0	
Missing	System	104	41.8		
Total		249	100.0		

**[Board members of the SOE have the desired qualifications and skills to serve on the board.]**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	27	10.8	18.6	18.6
	Disagree	46	18.5	31.7	50.3
	Undecided	22	8.8	15.2	65.5
	Agree	37	14.9	25.5	91.0
	Strongly Agree	13	5.2	9.0	100.0
	Total	145	58.2	100.0	
Missing	System	104	41.8		
Total		249	100.0		

**[The board offers a clear strategic direction for the SOE to achieve its objectives.]**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	21	8.4	14.5	14.5
	Disagree	42	16.9	29.0	43.4
	Undecided	34	13.7	23.4	66.9
	Agree	39	15.7	26.9	93.8
	Strongly Agree	9	3.6	6.2	100.0
	Total	145	58.2	100.0	
Missing	System	104	41.8		
Total		249	100.0		

**[The board sets a zero-tolerance stance towards unethical conduct within the SOE.]**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	33	13.3	22.8	22.8
	Disagree	47	18.9	32.4	55.2
	Undecided	20	8.0	13.8	69.0
	Agree	34	13.7	23.4	92.4
	Strongly Agree	11	4.4	7.6	100.0
	Total	145	58.2	100.0	
Missing	System	104	41.8		
Total		249	100.0		

**[The board sets a zero-tolerance stance towards fraud and corruption within the SOE.]**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	30	12.0	20.7	20.7
	Disagree	46	18.5	31.7	52.4
	Undecided	23	9.2	15.9	68.3
	Agree	36	14.5	24.8	93.1
	Strongly Agree	10	4.0	6.9	100.0
	Total	145	58.2	100.0	
Missing	System	104	41.8		
Total		249	100.0		



**[There are clear lines of accountability within the SOE.]**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	16	6.4	11.0	11.0
	Disagree	52	20.9	35.9	46.9
	Undecided	15	6.0	10.3	57.2
	Agree	48	19.3	33.1	90.3
	Strongly Agree	14	5.6	9.7	100.0
	Total	145	58.2	100.0	
Missing	System	104	41.8		
Total		249	100.0		

**[The SOE is managed by qualified and skilled personnel in various operational areas.]**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	16	6.4	11.0	11.0
	Disagree	45	18.1	31.0	42.1
	Undecided	27	10.8	18.6	60.7
	Agree	42	16.9	29.0	89.7
	Strongly Agree	15	6.0	10.3	100.0
	Total	145	58.2	100.0	
Missing	System	104	41.8		
Total		249	100.0		

**[The SOE is free from political influence in the decision-making processes.]**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	68	27.3	46.9	46.9
	Disagree	47	18.9	32.4	79.3
	Undecided	14	5.6	9.7	89.0
	Agree	11	4.4	7.6	96.6
	Strongly Agree	5	2.0	3.4	100.0
	Total	145	58.2	100.0	
Missing	System	104	41.8		
Total		249	100.0		

**[Ethics forms a vital part of the ethos within the SOE.]**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	31	12.4	21.4	21.4
	Disagree	54	21.7	37.2	58.6
	Undecided	16	6.4	11.0	69.7
	Agree	32	12.9	22.1	91.7
	Strongly Agree	12	4.8	8.3	100.0
	Total	145	58.2	100.0	
Missing	System	104	41.8		
Total		249	100.0		

**[There are clear lines and ranks of authority within the SOE.]**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	15	6.0	10.3	10.3
	Disagree	25	10.0	17.2	27.6
	Undecided	20	8.0	13.8	41.4
	Agree	72	28.9	49.7	91.0
	Strongly Agree	13	5.2	9.0	100.0
	Total	145	58.2	100.0	
Missing	System	104	41.8		
Total		249	100.0		

**[Management understands the role of the IAF in the SOE.]**

		Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	Strongly Disagree	14	5.6	9.7	9.7
	Disagree	51	20.5	35.2	44.8
	Undecided	30	12.0	20.7	65.5
	Agree	37	14.9	25.5	91.0
	Strongly Agree	13	5.2	9.0	100.0
	Total	145	58.2	100.0	
Missing	System	104	41.8		
Total		249	100.0		

**[The SOE is profit driven to ensure its financial sustainability.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	18	7.2	13.3	13.3
	Disagree	50	20.1	37.0	50.4
	Undecided	12	4.8	8.9	59.3
	Agree	47	18.9	34.8	94.1
	Strongly Agree	8	3.2	5.9	100.0
	Total	135	54.2	100.0	
Missing	System	114	45.8		
Total		249	100.0		

**[The SOE contributes financially towards the South African economy.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	12	4.8	8.9	8.9
	Disagree	35	14.1	25.9	34.8
	Undecided	16	6.4	11.9	46.7
	Agree	62	24.9	45.9	92.6
	Strongly Agree	10	4.0	7.4	100.0
	Total	135	54.2	100.0	
Missing	System	114	45.8		
Total		249	100.0		

**[Adequate income is received by the SOE from the delivery of utility services to the public.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	17	6.8	12.6	12.6
	Disagree	36	14.5	26.7	39.3
	Undecided	20	8.0	14.8	54.1
	Agree	51	20.5	37.8	91.9
	Strongly Agree	11	4.4	8.1	100.0
	Total	135	54.2	100.0	
Missing	System	114	45.8		
Total		249	100.0		

**[Adequate financial policies and procedures exist to guide the SOE's financial management.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	11	4.4	8.2	8.2
	Disagree	28	11.2	20.9	29.1
	Undecided	14	5.6	10.4	39.6
	Agree	65	26.1	48.5	88.1
	Strongly Agree	16	6.4	11.9	100.0
	Total	134	53.8	100.0	
Missing	System	115	46.2		
Total		249	100.0		

**[The board recognizes the best conditions under which the IAF can thrive.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	Strongly Disagree	10	4.0	7.5	7.5
	Disagree	46	18.5	34.3	41.8
	Undecided	33	13.3	24.6	66.4
	Agree	35	14.1	26.1	92.5
	Strongly Agree	10	4.0	7.5	100.0
	Total	134	53.8	100.0	
Missing	System	115	46.2		
Total		249	100.0		

**[The board supports the best conditions under which the IAF can thrive.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	10	4.0	7.5	7.5
	Disagree	49	19.7	36.6	44.0
	Undecided	32	12.9	23.9	67.9
	Agree	33	13.3	24.6	92.5
	Strongly Agree	10	4.0	7.5	100.0
	Total	134	53.8	100.0	
Missing	System	115	46.2		
Total		249	100.0		

**[The audit committee recognizes the best conditions under which the IAF can thrive.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	10	4.0	7.5	7.5
	Disagree	19	7.6	14.2	21.6
	Undecided	26	10.4	19.4	41.0
	Agree	56	22.5	41.8	82.8
	Strongly Agree	23	9.2	17.2	100.0
	Total	134	53.8	100.0	
Missing	System	115	46.2		
Total		249	100.0		

**[The audit committee supports the best conditions under which the IAF can thrive.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	9	3.6	6.7	6.7
	Disagree	18	7.2	13.4	20.1
	Undecided	29	11.6	21.6	41.8
	Agree	57	22.9	42.5	84.3
	Strongly Agree	21	8.4	15.7	100.0
	Total	134	53.8	100.0	
Missing	System	115	46.2		
Total		249	100.0		

**[Management support efforts to make the IAF agile and innovative.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	12	4.8	9.0	9.0
	Disagree	58	23.3	43.3	52.2
	Undecided	25	10.0	18.7	70.9
	Agree	30	12.0	22.4	93.3
	Strongly Agree	9	3.6	6.7	100.0
	Total	134	53.8	100.0	
Missing	System	115	46.2		
Total		249	100.0		

**[The Board support efforts to make the IAF agile and innovative.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	Strongly Disagree	10	4.0	7.5	7.5
	Disagree	50	20.1	37.3	44.8
	Undecided	33	13.3	24.6	69.4
	Agree	32	12.9	23.9	93.3
	Strongly Agree	9	3.6	6.7	100.0
	Total	134	53.8	100.0	
Missing	System	115	46.2		
Total		249	100.0		

**[The CAE regularly explains the purpose, authority and responsibility of the IAF to the board.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	2.0	3.7	3.7
	Disagree	16	6.4	11.9	15.7
	Undecided	29	11.6	21.6	37.3
	Agree	66	26.5	49.3	86.6
	Strongly Agree	18	7.2	13.4	100.0
	Total	134	53.8	100.0	
Missing	System	115	46.2		
Total		249	100.0		

**[The CAE regularly explains the purpose, authority, and responsibility of the IAF to senior management.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	1.6	3.0	3.0
	Disagree	13	5.2	9.7	12.7
	Undecided	25	10.0	18.7	31.3
	Agree	73	29.3	54.5	85.8
	Strongly Agree	19	7.6	14.2	100.0
	Total	134	53.8	100.0	
Missing	System	115	46.2		
Total		249	100.0		

**[The CAE is free to develop strong relationships with the board. ] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	2.8	5.2	5.2
	Disagree	22	8.8	16.4	21.6
	Undecided	31	12.4	23.1	44.8
	Agree	56	22.5	41.8	86.6
	Strongly Agree	18	7.2	13.4	100.0
	Total	134	53.8	100.0	
Missing	System	115	46.2		
Total		249	100.0		

**[Internal Audit staff in the SOE follow the International Professionals Practice Framework (IPPF) as a basis for performing internal audit engagements.] For each of the following statements, kindly indicate whether you agree or disagree using the suggest**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	1.2	2.4	2.4
	Disagree	8	3.2	6.4	8.8
	Undecided	18	7.2	14.4	23.2
	Agree	67	26.9	53.6	76.8
	Strongly Agree	29	11.6	23.2	100.0
	Total	125	50.2	100.0	
Missing	System	124	49.8		
Total		249	100.0		

**[The IAF in the SOE are composed of competent, skilled professionals. ] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	2.4	4.8	4.8
	Disagree	10	4.0	8.0	12.8
	Undecided	21	8.4	16.8	29.6
	Agree	65	26.1	52.0	81.6
	Strongly Agree	23	9.2	18.4	100.0
	Total	125	50.2	100.0	
Missing	System	124	49.8		
Total		249	100.0		

**[The IAF are respected by management and staff within the SOE.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	3.2	6.4	6.4
	Disagree	34	13.7	27.2	33.6
	Undecided	30	12.0	24.0	57.6
	Agree	41	16.5	32.8	90.4
	Strongly Agree	12	4.8	9.6	100.0
	Total	125	50.2	100.0	
Missing	System	124	49.8		
Total		249	100.0		

**[The IAF are adequately managed as an independent unit within the SOE.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	2.0	4.0	4.0
	Disagree	20	8.0	16.0	20.0
	Undecided	23	9.2	18.4	38.4
	Agree	64	25.7	51.2	89.6
	Strongly Agree	13	5.2	10.4	100.0
	Total	125	50.2	100.0	
Missing	System	124	49.8		
Total		249	100.0		

**[The IAF are efficiently managed as an independent unit within the SOE.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	1.6	3.2	3.2
	Disagree	28	11.2	22.4	25.6
	Undecided	21	8.4	16.8	42.4
	Agree	58	23.3	46.4	88.8
	Strongly Agree	14	5.6	11.2	100.0
	Total	125	50.2	100.0	
Missing	System	124	49.8		
Total		249	100.0		

**[The IAF in the SOE are adequately resourced to provide high quality professional assurance.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	11	4.4	8.8	8.8
	Disagree	25	10.0	20.0	28.8
	Undecided	21	8.4	16.8	45.6
	Agree	56	22.5	44.8	90.4
	Strongly Agree	12	4.8	9.6	100.0
	Total	125	50.2	100.0	
Missing	System	124	49.8		
Total		249	100.0		

**[The IAF in the SOE are adequately resourced to provide high quality advisory services.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	11	4.4	8.8	8.8
	Disagree	25	10.0	20.0	28.8
	Undecided	25	10.0	20.0	48.8
	Agree	54	21.7	43.2	92.0
	Strongly Agree	10	4.0	8.0	100.0
	Total	125	50.2	100.0	
Missing	System	124	49.8		
Total		249	100.0		

**[The IAF in the SOE are adequately positioned to provide high quality professional assurance.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	3.2	6.5	6.5
	Disagree	21	8.4	16.9	23.4
	Undecided	20	8.0	16.1	39.5
	Agree	61	24.5	49.2	88.7
	Strongly Agree	14	5.6	11.3	100.0
	Total	124	49.8	100.0	
Missing	System	125	50.2		
Total		249	100.0		

**[The IAF in the SOE are adequately positioned to provide high quality advisory services.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	3.2	6.5	6.5
	Disagree	24	9.6	19.4	25.8
	Undecided	17	6.8	13.7	39.5
	Agree	63	25.3	50.8	90.3
	Strongly Agree	12	4.8	9.7	100.0
	Total	124	49.8	100.0	
Missing	System	125	50.2		
Total		249	100.0		

**[Recommendations provided by the IAF to management within the SOE, are adopted.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	2.8	5.6	5.6
	Disagree	32	12.9	25.8	31.5
	Undecided	35	14.1	28.2	59.7
	Agree	37	14.9	29.8	89.5
	Strongly Agree	13	5.2	10.5	100.0
	Total	124	49.8	100.0	
Missing	System	125	50.2		
Total		249	100.0		

**[Recommendations provided by the IAF to management within the SOE, are implemented.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	2.8	5.6	5.6
	Disagree	46	18.5	37.1	42.7
	Undecided	29	11.6	23.4	66.1
	Agree	30	12.0	24.2	90.3
	Strongly Agree	12	4.8	9.7	100.0
	Total	124	49.8	100.0	
Missing	System	125	50.2		
Total		249	100.0		

**[Recommendations provided by the IAF to management within the SOE, add value to the organisation.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	1.6	3.2	3.2

	Disagree	18	7.2	14.5	17.7
	Undecided	27	10.8	21.8	39.5
	Agree	61	24.5	49.2	88.7
	Strongly Agree	14	5.6	11.3	100.0
	Total	124	49.8	100.0	
Missing	System	125	50.2		
Total		249	100.0		

**[There is an independent relationship that exists between management and the IAF in the SOE.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	1.6	3.2	3.2
	Disagree	19	7.6	15.3	18.5
	Undecided	20	8.0	16.1	34.7
	Agree	65	26.1	52.4	87.1
	Strongly Agree	16	6.4	12.9	100.0
	Total	124	49.8	100.0	
Missing	System	125	50.2		
Total		249	100.0		

**[Internal Auditors (IAs) maintains an impartial attitude when executing their duties in the SOE.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	1.6	3.2	3.2
	Disagree	11	4.4	8.9	12.1
	Undecided	17	6.8	13.7	25.8
	Agree	69	27.7	55.6	81.5
	Strongly Agree	23	9.2	18.5	100.0
	Total	124	49.8	100.0	
Missing	System	125	50.2		
Total		249	100.0		

**[Internal Auditors (IAs) maintains an unbiased attitude when executing their duties in the SOE.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	1.6	3.2	3.2
	Disagree	11	4.4	8.9	12.1
	Undecided	18	7.2	14.5	26.6
	Agree	66	26.5	53.2	79.8
	Strongly Agree	25	10.0	20.2	100.0
	Total	124	49.8	100.0	
Missing	System	125	50.2		
Total		249	100.0		

**[Incidents of non-conformance to the IPPF within the IAF, are immediately reported. ] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	2.0	4.0	4.0
	Disagree	23	9.2	18.5	22.6
	Undecided	42	16.9	33.9	56.5
	Agree	44	17.7	35.5	91.9
	Strongly Agree	10	4.0	8.1	100.0
	Total	124	49.8	100.0	
Missing	System	125	50.2		
Total		249	100.0		

**[Incidents of unethical practice within the IAF, are immediately reported.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	2.4	4.8	4.8
	Disagree	15	6.0	12.1	16.9
	Undecided	40	16.1	32.3	49.2
	Agree	47	18.9	37.9	87.1
	Strongly Agree	16	6.4	12.9	100.0

	Total	124	49.8	100.0	
Missing	System	125	50.2		
Total		249	100.0		

**[Policy documents are readily available within the IAF to guide IAs.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	2.8	5.6	5.6
	Disagree	2	.8	1.6	7.3
	Undecided	23	9.2	18.5	25.8
	Agree	70	28.1	56.5	82.3
	Strongly Agree	22	8.8	17.7	100.0
	Total	124	49.8	100.0	
Missing	System	125	50.2		
Total		249	100.0		

**[Internal controls within the SOE are regularly evaluated by IAs.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	2.8	5.6	5.6
	Disagree	5	2.0	4.0	9.7
	Undecided	16	6.4	12.9	22.6
	Agree	76	30.5	61.3	83.9
	Strongly Agree	20	8.0	16.1	100.0
	Total	124	49.8	100.0	
Missing	System	125	50.2		
Total		249	100.0		

**[Reviews of the IAF within the SOE take place within stipulated timeframes.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	3.2	6.5	6.5
	Disagree	21	8.4	16.9	23.4
	Undecided	15	6.0	12.1	35.5
	Agree	65	26.1	52.4	87.9
	Strongly Agree	15	6.0	12.1	100.0
	Total	124	49.8	100.0	
Missing	System	125	50.2		
Total		249	100.0		

**[Policies and procedure documents that guides staff on operational procedures within the SOE, are easily accessible.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	1.6	3.4	3.4
	Disagree	25	10.0	21.0	24.4
	Undecided	11	4.4	9.2	33.6
	Agree	62	24.9	52.1	85.7
	Strongly Agree	17	6.8	14.3	100.0
	Total	119	47.8	100.0	
Missing	System	130	52.2		
Total		249	100.0		

**[Policies and procedures followed within the SOE, are adequate enough to be used as a criterion for evaluation purposes by the IAF, in the discharge of its duties.] For each of the following statements, kindly indicate whether you agree or disagree using**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	2.4	5.0	5.0
	Disagree	24	9.6	20.2	25.2
	Undecided	16	6.4	13.4	38.7
	Agree	57	22.9	47.9	86.6
	Strongly Agree	16	6.4	13.4	100.0
	Total	119	47.8	100.0	
Missing	System	130	52.2		



Total		249	100.0		
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**[Legislation that regulates the SOE, like the PFMA and Companies Act, address all operational aspects of the SOE.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	1.6	3.4	3.4
	Disagree	22	8.8	18.5	21.8
	Undecided	10	4.0	8.4	30.3
	Agree	59	23.7	49.6	79.8
	Strongly Agree	24	9.6	20.2	100.0
	Total	119	47.8	100.0	
Missing	System	130	52.2		
Total		249	100.0		

**[Departmental policies and standard operating procedures are adhered to by staff.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	9	3.6	7.6	7.6
	Disagree	49	19.7	41.2	48.7
	Undecided	10	4.0	8.4	57.1
	Agree	39	15.7	32.8	89.9
	Strongly Agree	12	4.8	10.1	100.0
	Total	119	47.8	100.0	
Missing	System	130	52.2		
Total		249	100.0		

**[The SOE is dedicated to employing corporate governance principles defined in the King 4 Report within the entity.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	2.8	5.9	5.9
	Disagree	39	15.7	32.8	38.7
	Undecided	23	9.2	19.3	58.0
	Agree	37	14.9	31.1	89.1
	Strongly Agree	13	5.2	10.9	100.0
	Total	119	47.8	100.0	
Missing	System	130	52.2		
Total		249	100.0		

**[The IAF promote the ethical standards and values listed in the King 4 report, within the SOE.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	2.4	5.0	5.0
	Disagree	13	5.2	10.9	16.0
	Undecided	18	7.2	15.1	31.1
	Agree	66	26.5	55.5	86.6
	Strongly Agree	16	6.4	13.4	100.0
	Total	119	47.8	100.0	
Missing	System	130	52.2		
Total		249	100.0		

**[The IAF recommends ways to improve organisational performance management within the SOE.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	1.6	3.4	3.4
	Disagree	5	2.0	4.2	7.6
	Undecided	15	6.0	12.6	20.2

	Agree	75	30.1	63.0	83.2
	Strongly Agree	20	8.0	16.8	100.0
	Total	119	47.8	100.0	
Missing	System	130	52.2		
Total		249	100.0		

**[The IAF recommends ways to coordinate activities amongst the board and various assurance providers within the SOE.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	1.6	3.4	3.4
	Disagree	7	2.8	5.9	9.2
	Undecided	22	8.8	18.5	27.7
	Agree	70	28.1	58.8	86.6
	Strongly Agree	16	6.4	13.4	100.0
	Total	119	47.8	100.0	
Missing	System	130	52.2		
Total		249	100.0		

**[The IAF recommends ways to management to addresses corporate governance challenges faced by the SOE.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	1.6	3.4	3.4
	Disagree	12	4.8	10.1	13.4
	Undecided	10	4.0	8.4	21.8
	Agree	74	29.7	62.2	84.0
	Strongly Agree	19	7.6	16.0	100.0
	Total	119	47.8	100.0	
Missing	System	130	52.2		
Total		249	100.0		

**[Departments within the SOE provides the relevant reliable information required by the IAF to perform their duties.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	2.4	5.0	5.0
	Disagree	27	10.8	22.7	27.7
	Undecided	25	10.0	21.0	48.7
	Agree	50	20.1	42.0	90.8
	Strongly Agree	11	4.4	9.2	100.0
	Total	119	47.8	100.0	
Missing	System	130	52.2		
Total		249	100.0		

**[IAs continuously assess the SOE objectives, to test alignment with the mission of the SOE.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	1.6	3.4	3.4
	Disagree	17	6.8	14.3	17.6
	Undecided	22	8.8	18.5	36.1
	Agree	59	23.7	49.6	85.7
	Strongly Agree	17	6.8	14.3	100.0
	Total	119	47.8	100.0	
Missing	System	130	52.2		
Total		249	100.0		

**[The SOEs' combined assurance model communicates effectively on risk-management.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	9	3.6	7.9	7.9
	Disagree	33	13.3	28.9	36.8
	Undecided	26	10.4	22.8	59.6
	Agree	34	13.7	29.8	89.5
	Strongly Agree	12	4.8	10.5	100.0
	Total	114	45.8	100.0	
Missing	System	135	54.2		
Total		249	100.0		

**[The SOEs' assurance providers meet regularly to discuss its risk developments. ] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	3.2	7.0	7.0
	Disagree	29	11.6	25.4	32.5
	Undecided	24	9.6	21.1	53.5
	Agree	42	16.9	36.8	90.4
	Strongly Agree	11	4.4	9.6	100.0
	Total	114	45.8	100.0	
Missing	System	135	54.2		
Total		249	100.0		

**[The SOE has adequate controls in place to mitigate risks.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	2.4	5.3	5.3
	Disagree	39	15.7	34.2	39.5
	Undecided	21	8.4	18.4	57.9
	Agree	42	16.9	36.8	94.7
	Strongly Agree	6	2.4	5.3	100.0
	Total	114	45.8	100.0	
Missing	System	135	54.2		
Total		249	100.0		

**[Risk management policies and procedures of departments are adhered to and enforced in the SOE by staff.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	2.8	6.2	6.2
	Disagree	46	18.5	40.7	46.9
	Undecided	22	8.8	19.5	66.4
	Agree	34	13.7	30.1	96.5
	Strongly Agree	4	1.6	3.5	100.0
	Total	113	45.4	100.0	
Missing	System	136	54.6		
Total		249	100.0		

**[The IAF continuously apply risk-based plans to determine the priority risk areas within the SOE.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	1.2	2.6	2.6
	Disagree	12	4.8	10.5	13.2
	Undecided	15	6.0	13.2	26.3
	Agree	65	26.1	57.0	83.3
	Strongly Agree	19	7.6	16.7	100.0
	Total	114	45.8	100.0	
Missing	System	135	54.2		

Total		249	100.0		
<b>[IAs recommend ways for departments to mitigate risks identified.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	1.2	2.6	2.6
	Disagree	8	3.2	7.0	9.6
	Undecided	11	4.4	9.6	19.3
	Agree	75	30.1	65.8	85.1
	Strongly Agree	17	6.8	14.9	100.0
	Total	114	45.8	100.0	
Missing	System	135	54.2		
Total		249	100.0		

**[IAs continuously evaluate whether appropriate sample sizes to the population are selected to evaluate risk appetite adequately of the SOE.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	.8	1.8	1.8
	Disagree	19	7.6	16.7	18.4
	Undecided	18	7.2	15.8	34.2
	Agree	60	24.1	52.6	86.8
	Strongly Agree	15	6.0	13.2	100.0
	Total	114	45.8	100.0	
Missing	System	135	54.2		
Total		249	100.0		

**[IAs regularly evaluate whether all risk information is captured about high risk areas within the SOE.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	2.4	5.3	5.3
	Disagree	13	5.2	11.4	16.7
	Undecided	22	8.8	19.3	36.0
	Agree	55	22.1	48.2	84.2
	Strongly Agree	18	7.2	15.8	100.0
	Total	114	45.8	100.0	
Missing	System	135	54.2		
Total		249	100.0		

**[IAs continuously evaluate whether all risk information is communicated timely to relevant areas within the SOE.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	1.6	3.5	3.5
	Disagree	17	6.8	14.9	18.4
	Undecided	20	8.0	17.5	36.0
	Agree	61	24.5	53.5	89.5
	Strongly Agree	12	4.8	10.5	100.0
	Total	114	45.8	100.0	
Missing	System	135	54.2		
Total		249	100.0		

**[IAs thoroughly evaluate whether all risk exposures relating to governance are identified by risk specialists within the SOE.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	1.2	2.7	2.7
	Disagree	18	7.2	15.9	18.6
	Undecided	19	7.6	16.8	35.4
	Agree	61	24.5	54.0	89.4
	Strongly Agree	12	4.8	10.6	100.0

	Total	113	45.4	100.0	
Missing	System	136	54.6		
Total		249	100.0		

**[IAs comprehensively evaluates whether all risk exposures relating to operations are identified by risk specialists within the SOE.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	2.0	4.4	4.4
	Disagree	18	7.2	15.9	20.4
	Undecided	20	8.0	17.7	38.1
	Agree	60	24.1	53.1	91.2
	Strongly Agree	10	4.0	8.8	100.0
	Total	113	45.4	100.0	
Missing	System	136	54.6		
Total		249	100.0		

**[IAs exhaustively evaluates whether all risk exposures relating to information systems are identified by risk specialists within the SOE.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	1.2	2.7	2.7
	Disagree	20	8.0	17.7	20.4
	Undecided	18	7.2	15.9	36.3
	Agree	61	24.5	54.0	90.3
	Strongly Agree	11	4.4	9.7	100.0
	Total	113	45.4	100.0	
Missing	System	136	54.6		
Total		249	100.0		

**[The IAF communicates appropriately to priority departments whose controls are most threatened by risk within the SOE.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	1.2	2.7	2.7
	Disagree	16	6.4	14.2	16.8
	Undecided	22	8.8	19.5	36.3
	Agree	62	24.9	54.9	91.2
	Strongly Agree	10	4.0	8.8	100.0
	Total	113	45.4	100.0	
Missing	System	136	54.6		
Total		249	100.0		

**[Departments within the SOE implement suggested risk management recommendations from IAF.] For each of the following statements, kindly indicate whether you agree or disagree using the suggested scale:**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	2.8	6.2	6.2
	Disagree	28	11.2	24.8	31.0
	Undecided	29	11.6	25.7	56.6
	Agree	38	15.3	33.6	90.3
	Strongly Agree	11	4.4	9.7	100.0
	Total	113	45.4	100.0	
Missing	System	136	54.6		
Total		249	100.0		

**[Strategic Risk.] Please rank the occurrence of risks in the SOE, by ranking them from 1-5, with 5 being the highest common risk, and 1 being the lowest common risk. Please respond to the following statements in relation to the LAST SOE you have been involved**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest common risk	7	2.8	6.3	6.3
	2	4	1.6	3.6	9.8
	3	28	11.2	25.0	34.8
	4	25	10.0	22.3	57.1
	Highest common risk	48	19.3	42.9	100.0
	Total	112	45.0	100.0	
Missing	System	137	55.0		
Total		249	100.0		

**[Political appointments to boards.] Please rank the occurrence of risks in the SOE, by ranking them from 1-5, with 5 being the highest common risk, and 1 being the lowest common risk. Please respond to the following statements in relation to the LAST SOE y**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest common risk	7	2.8	6.3	6.3
	2	4	1.6	3.6	9.8
	3	14	5.6	12.5	22.3
	4	16	6.4	14.3	36.6
	Highest common risk	71	28.5	63.4	100.0
	Total	112	45.0	100.0	
Missing	System	137	55.0		
Total		249	100.0		

**[Fraud and Corruption occurring at top level within the SOE.] Please rank the occurrence of risks in the SOE, by ranking them from 1-5, with 5 being the highest common risk, and 1 being the lowest common risk. Please respond to the following statements in**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest common risk	7	2.8	6.3	6.3
	2	6	2.4	5.4	11.6
	3	16	6.4	14.3	25.9
	4	23	9.2	20.5	46.4
	Highest common risk	60	24.1	53.6	100.0
	Total	112	45.0	100.0	
Missing	System	137	55.0		
Total		249	100.0		

**[Financial Risk.] Please rank the occurrence of risks in the SOE, by ranking them from 1-5, with 5 being the highest common risk, and 1 being the lowest common risk. Please respond to the following statements in relation to the LAST SOE you have been involved**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest common risk	6	2.4	5.4	5.4
	2	4	1.6	3.6	8.9
	3	17	6.8	15.2	24.1
	4	28	11.2	25.0	49.1
	Highest common risk	57	22.9	50.9	100.0
	Total	112	45.0	100.0	
Missing	System	137	55.0		
Total		249	100.0		

**[Financial sustainability.] Please rank the occurrence of risks in the SOE, by ranking them from 1-5, with 5 being the highest common risk, and 1 being the lowest common risk. Please respond to the following statements in relation to the LAST SOE you have**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest common risk	6	2.4	5.4	5.4
	2	3	1.2	2.7	8.0
	3	14	5.6	12.5	20.5
	4	35	14.1	31.3	51.8
	Highest common risk	54	21.7	48.2	100.0
	Total	112	45.0	100.0	
Missing	System	137	55.0		

Total		249	100.0		
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**[Tender irregularities.] Please rank the occurrence of risks in the SOE, by ranking them from 1-5, with 5 being the highest common risk, and 1 being the lowest common risk. Please respond to the following statements in relation to the LAST SOE you have been**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest common risk	5	2.0	4.5	4.5
	2	5	2.0	4.5	8.9
	3	17	6.8	15.2	24.1
	4	20	8.0	17.9	42.0
	Highest common risk	65	26.1	58.0	100.0
	Total	112	45.0	100.0	
Missing	System	137	55.0		
Total		249	100.0		

**[Operational Risk.] Please rank the occurrence of risks in the SOE, by ranking them from 1-5, with 5 being the highest common risk, and 1 being the lowest common risk. Please respond to the following statements in relation to the LAST SOE you have been involved**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest common risk	4	1.6	3.6	3.6
	2	12	4.8	10.7	14.3
	3	30	12.0	26.8	41.1
	4	36	14.5	32.1	73.2
	Highest common risk	30	12.0	26.8	100.0
	Total	112	45.0	100.0	
Missing	System	137	55.0		
Total		249	100.0		

**[Loss of information/information leakage.] Please rank the occurrence of risks in the SOE, by ranking them from 1-5, with 5 being the highest common risk, and 1 being the lowest common risk. Please respond to the following statements in relation to the LAS**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest common risk	6	2.4	5.4	5.4
	2	11	4.4	9.8	15.2
	3	28	11.2	25.0	40.2
	4	37	14.9	33.0	73.2
	Highest common risk	30	12.0	26.8	100.0
	Total	112	45.0	100.0	
Missing	System	137	55.0		
Total		249	100.0		

**[Poor maintenance of ICT infrastructure.] Please rank the occurrence of risks in the SOE, by ranking them from 1-5, with 5 being the highest common risk, and 1 being the lowest common risk. Please respond to the following statements in relation to the LAST**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest common risk	5	2.0	4.5	4.5
	2	15	6.0	13.4	17.9
	3	28	11.2	25.0	42.9
	4	21	8.4	18.8	61.6
	Highest common risk	43	17.3	38.4	100.0
	Total	112	45.0	100.0	
Missing	System	137	55.0		
Total		249	100.0		

**[Reputational Risk.] Please rank the occurrence of risks in the SOE, by ranking them from 1-5, with 5 being the highest common risk, and 1 being the lowest common risk. Please respond to the following statements in relation to the LAST SOE you have been in**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest common risk	6	2.4	5.4	5.4
	2	12	4.8	10.7	16.1
	3	14	5.6	12.5	28.6
	4	25	10.0	22.3	50.9
	Highest common risk	55	22.1	49.1	100.0
	Total	112	45.0	100.0	
Missing	System	137	55.0		
Total		249	100.0		

**[Unethical reporting by journalists about the SOE.] Please rank the occurrence of risks in the SOE, by ranking them from 1-5, with 5 being the highest common risk, and 1 being the lowest common risk. Please respond to the following statements in relation t**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest common risk	10	4.0	8.9	8.9
	2	22	8.8	19.6	28.6
	3	24	9.6	21.4	50.0
	4	27	10.8	24.1	74.1
	Highest common risk	29	11.6	25.9	100.0
	Total	112	45.0	100.0	
Missing	System	137	55.0		
Total		249	100.0		

**[Non-protection of confidential information by staff within the SOE.] Please rank the occurrence of risks in the SOE, by ranking them from 1-5, with 5 being the highest common risk, and 1 being the lowest common risk. Please respond to the following statement**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest common risk	6	2.4	5.4	5.4
	2	22	8.8	19.6	25.0
	3	26	10.4	23.2	48.2
	4	30	12.0	26.8	75.0
	Highest common risk	28	11.2	25.0	100.0
	Total	112	45.0	100.0	
Missing	System	137	55.0		
Total		249	100.0		

**[Governance Risk.] Please rank the occurrence of risks in the SOE, by ranking them from 1-5, with 5 being the highest common risk, and 1 being the lowest common risk. Please respond to the following statements in relation to the LAST SOE you have been involved**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest common risk	5	2.0	4.5	4.5
	2	14	5.6	12.5	17.0
	3	16	6.4	14.3	31.3
	4	30	12.0	26.8	58.0
	Highest common risk	47	18.9	42.0	100.0
	Total	112	45.0	100.0	
Missing	System	137	55.0		
Total		249	100.0		

**[Appointment of unqualified and unskilled executives and managers.] Please rank the occurrence of risks in the SOE, by ranking them from 1-5, with 5 being the highest common risk, and 1 being the lowest common risk. Please respond to the following statemen**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest common risk	9	3.6	8.0	8.0
	2	13	5.2	11.6	19.6
	3	19	7.6	17.0	36.6



	4	20	8.0	17.9	54.5
	Highest common risk	51	20.5	45.5	100.0
	Total	112	45.0	100.0	
Missing	System	137	55.0		
Total		249	100.0		

**[Lack of informed decision-making by managers.] Please rank the occurrence of risks in the SOE, by ranking them from 1-5, with 5 being the highest common risk, and 1 being the lowest common risk. Please respond to the following statements in relation to th**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest common risk	6	2.4	5.4	5.4
	2	14	5.6	12.5	17.9
	3	25	10.0	22.3	40.2
	4	31	12.4	27.7	67.9
	Highest common risk	36	14.5	32.1	100.0
	Total	112	45.0	100.0	
Missing	System	137	55.0		
Total		249	100.0		

**[Human Resources.] Please rank the occurrence of risks in the SOE, by ranking them from 1-5, with 5 being the highest common risk, and 1 being the lowest common risk. Please respond to the following statements in relation to the LAST SOE you have been invo**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest common risk	9	3.6	8.0	8.0
	2	15	6.0	13.4	21.4
	3	31	12.4	27.7	49.1
	4	31	12.4	27.7	76.8
	Highest common risk	26	10.4	23.2	100.0
	Total	112	45.0	100.0	
Missing	System	137	55.0		
Total		249	100.0		

**[Irregular recruitment and selection of staff.] Please rank the occurrence of risks in the SOE, by ranking them from 1-5, with 5 being the highest common risk, and 1 being the lowest common risk. Please respond to the following statements in relation to th**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest common risk	11	4.4	9.8	9.8
	2	12	4.8	10.7	20.5
	3	21	8.4	18.8	39.3
	4	29	11.6	25.9	65.2
	Highest common risk	39	15.7	34.8	100.0
	Total	112	45.0	100.0	
Missing	System	137	55.0		
Total		249	100.0		

**[Lack of staff complement necessary to perform vital responsibilities within the SOE.] Please rank the occurrence of risks in the SOE, by ranking them from 1-5, with 5 being the highest common risk, and 1 being the lowest common risk. Please respond to the**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest common risk	9	3.6	8.0	8.0
	2	15	6.0	13.4	21.4
	3	27	10.8	24.1	45.5
	4	33	13.3	29.5	75.0
	Highest common risk	28	11.2	25.0	100.0
	Total	112	45.0	100.0	
Missing	System	137	55.0		
Total		249	100.0		

**[Unit Failure.] Please rank the occurrence of risks in the SOE, by ranking them from 1-5, with 5 being the highest common risk, and 1 being the lowest common risk. Please respond to the following statements in relation to the LAST SOE you have been involve**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest common risk	12	4.8	10.7	10.7
	2	14	5.6	12.5	23.2
	3	38	15.3	33.9	57.1
	4	28	11.2	25.0	82.1
	Highest common risk	20	8.0	17.9	100.0
	Total	112	45.0	100.0	
Missing	System	137	55.0		
Total		249	100.0		

**[Non-Compliance with Policies.] Please rank the occurrence of risks in the SOE, by ranking them from 1-5, with 5 being the highest common risk, and 1 being the lowest common risk. Please respond to the following statements in relation to the LAST SOE you h**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest common risk	7	2.8	6.3	6.3
	2	9	3.6	8.0	14.3
	3	26	10.4	23.2	37.5
	4	33	13.3	29.5	67.0
	Highest common risk	37	14.9	33.0	100.0
	Total	112	45.0	100.0	
Missing	System	137	55.0		
Total		249	100.0		

**[Other.] Please rank the occurrence of risks in the SOE, by ranking them from 1-5, with 5 being the highest common risk, and 1 being the lowest common risk. Please respond to the following statements in relation to the LAST SOE you have been involved with**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lowest common risk	25	10.0	22.3	22.3
	2	13	5.2	11.6	33.9
	3	40	16.1	35.7	69.6
	4	11	4.4	9.8	79.5
	Highest common risk	23	9.2	20.5	100.0
	Total	112	45.0	100.0	
Missing	System	137	55.0		
Total		249	100.0		

**[Strategic Risk] Kindly indicate which of these risks are ranked priority in departments in the SOE, by ranking them from 1-5, with 1 being the lowest common risk, and 5 the highest common risk - Please respond to the following statements in relation to th**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly unlikely	7	2.8	6.3	6.3
	Unlikely	13	5.2	11.6	17.9
	Likely	20	8.0	17.9	35.7
	Highly likely	36	14.5	32.1	67.9
	Almost certain	36	14.5	32.1	100.0
	Total	112	45.0	100.0	
Missing	System	137	55.0		
Total		249	100.0		

**Financial Risk] Kindly indicate which of these risks are ranked priority in departments in the SOE, by ranking them from 1-5, with 1 being the lowest common risk, and 5 the highest common risk - Please respond to the following statements in relation to th**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly unlikely	2	.8	1.8	1.8
	Unlikely	10	4.0	8.9	10.7
	Likely	19	7.6	17.0	27.7
	Highly likely	39	15.7	34.8	62.5
	Almost certain	42	16.9	37.5	100.0
	Total	112	45.0	100.0	
Missing	System	137	55.0		

Total		249	100.0		
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**[Operational Risk ]** Kindly indicate which of these risks are ranked priority in departments in the SOE, by ranking them from 1-5, with 1 being the lowest common risk, and 5 the highest common risk - Please respond to the following statements in relation to

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly unlikely	3	1.2	2.7	2.7
	Unlikely	8	3.2	7.1	9.8
	Likely	38	15.3	33.9	43.8
	Highly likely	39	15.7	34.8	78.6
	Almost certain	24	9.6	21.4	100.0
	Total	112	45.0	100.0	
Missing	System	137	55.0		
Total		249	100.0		

**[Reputational Risk]** Kindly indicate which of these risks are ranked priority in departments in the SOE, by ranking them from 1-5, with 1 being the lowest common risk, and 5 the highest common risk - Please respond to the following statements in relation to

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly unlikely	4	1.6	3.6	3.6
	Unlikely	23	9.2	20.5	24.1
	Likely	20	8.0	17.9	42.0
	Highly likely	34	13.7	30.4	72.3
	Almost certain	31	12.4	27.7	100.0
	Total	112	45.0	100.0	
Missing	System	137	55.0		
Total		249	100.0		

**[Governance Risk]** Kindly indicate which of these risks are ranked priority in departments in the SOE, by ranking them from 1-5, with 1 being the lowest common risk, and 5 the highest common risk - Please respond to the following statements in relation to

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly unlikely	6	2.4	5.4	5.4
	Unlikely	19	7.6	17.0	22.3
	Likely	21	8.4	18.8	41.1
	Highly likely	34	13.7	30.4	71.4
	Almost certain	32	12.9	28.6	100.0
	Total	112	45.0	100.0	
Missing	System	137	55.0		
Total		249	100.0		

**[Human Resource]** Kindly indicate which of these risks are ranked priority in departments in the SOE, by ranking them from 1-5, with 1 being the lowest common risk, and 5 the highest common risk - Please respond to the following statements in relation to th

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly unlikely	5	2.0	4.5	4.5
	Unlikely	14	5.6	12.5	17.0
	Likely	48	19.3	42.9	59.8
	Highly likely	29	11.6	25.9	85.7
	Almost certain	16	6.4	14.3	100.0
	Total	112	45.0	100.0	
Missing	System	137	55.0		
Total		249	100.0		

**[Unit Failure]** Kindly indicate which of these risks are ranked priority in departments in the SOE, by ranking them from 1-5, with 1 being the lowest common risk, and 5 the highest common risk - Please respond to the following statements in relation to the

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly unlikely	12	4.8	10.7	10.7
	Unlikely	25	10.0	22.3	33.0
	Likely	38	15.3	33.9	67.0

	Highly likely	26	10.4	23.2	90.2
	Almost certain	11	4.4	9.8	100.0
	Total	112	45.0	100.0	
Missing	System	137	55.0		
Total		249	100.0		

**[Non-Compliance with Policies] Kindly indicate which of these risks are ranked priority in departments in the SOE, by ranking them from 1-5, with 1 being the lowest common risk, and 5 the highest common risk - Please respond to the following statements in**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly unlikely	6	2.4	5.4	5.4
	Unlikely	11	4.4	9.8	15.2
	Likely	34	13.7	30.4	45.5
	Highly likely	36	14.5	32.1	77.7
	Almost certain	25	10.0	22.3	100.0
	Total	112	45.0	100.0	
Missing	System	137	55.0		
Total		249	100.0		

**[Other] Kindly indicate which of these risks are ranked priority in departments in the SOE, by ranking them from 1-5, with 1 being the lowest common risk, and 5 the highest common risk - Please respond to the following statements in relation to the LAST SO**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly unlikely	21	8.4	18.8	18.8
	Unlikely	13	5.2	11.6	30.4
	Likely	47	18.9	42.0	72.3
	Highly likely	17	6.8	15.2	87.5
	Almost certain	14	5.6	12.5	100.0
	Total	112	45.0	100.0	
Missing	System	137	55.0		
Total		249	100.0		

## Reliability

Scale: F1

### Case Processing Summary

		N	%
Cases	Valid	113	45.4
	Excluded <sup>a</sup>	136	54.6
	Total	249	100.0

a. Listwise deletion based on all variables in the procedure.

### Reliability Statistics

Cronbach's Alpha	N of Items
.959	14

### Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
B049_1. Internal Audit staff in the SOE follow the International Professionals Practice Framework (IPPF) as a basis for performing internal audit engagements.	48.35	101.442	.851	.954

B049_2. The IAF in the SOE are composed of competent, skilled professionals.	48.54	102.286	.713	.958
B049_14. Internal Auditors (IAs) maintains an impartial attitude when executing their duties in the SOE.	48.49	102.788	.773	.956
B049_15. Internal Auditors (IAs) maintains an unbiased attitude when executing their duties in the SOE.	48.48	102.448	.777	.956
B049_18. Policy documents are readily available within the IAF to guide IAs.	48.47	102.412	.807	.955
B049_19. Internal controls within the SOE are regularly evaluated by IAs.	48.45	102.232	.787	.956
B049_20. Reviews of the IAF within the SOE take place within stipulated timeframes.	48.77	103.179	.620	.960
B051_7. The IAF recommends ways to improve organisational performance management within the SOE.	48.39	102.383	.858	.954
B051_8. The IAF recommends ways to coordinate activities amongst the board and various assurance providers within the SOE.	48.50	102.913	.807	.955
B051_9. The IAF recommends ways to management to addresses corporate governance challenges faced by the SOE.	48.46	101.304	.836	.955
B051_11. IAs continuously assess the SOE objectives, to test alignment with the mission of the SOE.	48.67	101.936	.751	.957
B071_5. The IAF continuously apply risk-based plans to determine the priority risk areas within the SOE.	48.51	102.823	.773	.956
B071_6. IAs recommend ways for departments to mitigate risks identified.	48.42	103.568	.814	.955
B071_13. The IAF communicates appropriately to priority departments whose controls are most threatened by risk within the SOE.	48.72	103.580	.738	.957

Scale: F2

#### Case Processing Summary

		N	%
Cases	Valid	134	53.8
	Excluded <sup>a</sup>	115	46.2
	Total	249	100.0

a. Listwise deletion based on all variables in the procedure.

#### Reliability Statistics

Cronbach's Alpha	N of Items
.912	6

<b>Item-Total Statistics</b>				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
B021_2. Corporate governance practices within the SOE have improved over the last 5 years.	13.93	26.153	.644	.911
B021_5. The board offers a clear strategic direction for the SOE to achieve its objectives.	13.66	25.428	.722	.900
B021_6. The board sets a zero-tolerance stance towards unethical conduct within the SOE.	13.89	23.799	.777	.893
B021_7. The board sets a zero-tolerance stance towards fraud and corruption within the SOE.	13.84	23.717	.814	.887
B031_5. The board recognizes the best conditions under which the IAF can thrive.	13.59	25.627	.768	.894
B031_6. The board supports the best conditions under which the IAF can thrive.	13.63	25.228	.811	.889

Scale: F3

<b>Case Processing Summary</b>			
		N	%
Cases	Valid	112	45.0
	Excluded <sup>a</sup>	137	55.0
	Total	249	100.0

a. Listwise deletion based on all variables in the procedure.

<b>Reliability Statistics</b>	
Cronbach's Alpha	N of Items
.892	5

<b>Item-Total Statistics</b>				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
C01_6. Tender irregularities.	14.65	19.580	.624	.891
C01_14. Appointment of unqualified and unskilled executives and managers.	15.04	17.070	.746	.866
C01_15. Lack of informed decision-making by managers.	15.17	17.457	.819	.850
C01_17. Irregular recruitment and selection of staff.	15.21	16.867	.784	.857
C01_18. Lack of staff complement necessary to perform vital responsibilities within the SOE.	15.36	18.142	.712	.873

Scale: F5

<b>Case Processing Summary</b>			
		N	%
Cases	Valid	112	45.0
	Excluded <sup>a</sup>	137	55.0
	Total	249	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.840	4

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
C02_2. Financial Risk	10.83	8.466	.642	.811
C02_3. Operational Risk	11.15	8.761	.631	.816
C02_4. Reputational Risk	11.22	7.400	.701	.786
C02_5. Governance Risk	11.21	7.138	.734	.770

Scale: F7

**Case Processing Summary**

		N	%
Cases	Valid	134	53.8
	Excluded <sup>a</sup>	115	46.2
	Total	249	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.893	3

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
B031_7. The audit committee recognizes the best conditions under which the IAF can thrive.	7.14	3.431	.886	.760
B031_8. The audit committee supports the best conditions under which the IAF can thrive.	7.14	3.596	.878	.767
B031_12. The CAE regularly explains the purpose, authority, and responsibility of the IAF to senior management.	6.94	4.989	.639	.967

Scale: F4

**Case Processing Summary**

		N	%
Cases	Valid	124	49.8
	Excluded <sup>a</sup>	125	50.2
	Total	249	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.927	4

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
B049_6. The IAF in the SOE are adequately resourced to provide high quality professional assurance.	10.03	9.153	.843	.901

B049_7. The IAF in the SOE are adequately resourced to provide high quality advisory services.	10.06	9.387	.843	.901
B049_8. The IAF in the SOE are adequately positioned to provide high quality professional assurance.	9.87	9.577	.823	.908
B049_9. The IAF in the SOE are adequately positioned to provide high quality advisory services.	9.91	9.610	.812	.911

**Scale: F6**

**Case Processing Summary**

		N	%
Cases	Valid	167	67.1
	Excluded <sup>a</sup>	82	32.9
	Total	249	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.745	3

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
B011_1. The SOE is timely in providing utility services like e.g. water and electricity to the public.	6.10	4.665	.514	.725
B011_2. The SOE has the required technological ICT infrastructure to effectively provide utility services.	6.15	4.140	.627	.596
B011_9. The SOE is future-focussed.	6.49	4.131	.577	.655

**Scale: F8**

**Case Processing Summary**

		N	%
Cases	Valid	119	47.8
	Excluded <sup>a</sup>	130	52.2
	Total	249	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.879	4

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
B049_3. The IAF are respected by management and staff within the SOE.	9.21	9.083	.670	.872



B049_10. Recommendations provided by the IAF to management within the SOE, are adopted.	9.19	8.564	.787	.827
B049_11. Recommendations provided by the IAF to management within the SOE, are implemented.	9.39	8.222	.833	.808
B051_5. The SOE is dedicated to employing corporate governance principles defined in the King 4 Report within the entity.	9.27	8.944	.673	.871

## Factor Analysis

	Communalities	
	Initial	Extraction
B049_1. Internal Audit staff in the SOE follow the International Professionals Practice Framework (IPPF) as a basis for performing internal audit engagements.	1.000	.788
B049_2. The IAF in the SOE are composed of competent, skilled professionals.	1.000	.650
B049_14. Internal Auditors (IAs) maintains an impartial attitude when executing their duties in the SOE.	1.000	.790
B049_15. Internal Auditors (IAs) maintains an unbiased attitude when executing their duties in the SOE.	1.000	.776
B049_18. Policy documents are readily available within the IAF to guide IAs.	1.000	.716
B049_19. Internal controls within the SOE are regularly evaluated by IAs.	1.000	.686
B049_20. Reviews of the IAF within the SOE take place within stipulated timeframes.	1.000	.563
B051_7. The IAF recommends ways to improve organisational performance management within the SOE.	1.000	.825
B051_8. The IAF recommends ways to coordinate activities amongst the board and various assurance providers within the SOE.	1.000	.800
B051_9. The IAF recommends ways to management to addresses corporate governance challenges faced by the SOE.	1.000	.814
B051_11. IAs continuously assess the SOE objectives, to test alignment with the mission of the SOE.	1.000	.683
B071_5. The IAF continuously apply risk-based plans to determine the priority risk areas within the SOE.	1.000	.686

B071_6. IAs recommend ways for departments to mitigate risks identified.	1.000	.797
B071_13. The IAF communicates appropriately to priority departments whose controls are most threatened by risk within the SOE.	1.000	.673
B021_2. Corporate governance practices within the SOE have improved over the last 5 years.	1.000	.602
B021_5. The board offers a clear strategic direction for the SOE to achieve its objectives.	1.000	.717
B021_6. The board sets a zero-tolerance stance towards unethical conduct within the SOE.	1.000	.839
B021_7. The board sets a zero-tolerance stance towards fraud and corruption within the SOE.	1.000	.856
B031_5. The board recognizes the best conditions under which the IAF can thrive.	1.000	.748
B031_6. The board supports the best conditions under which the IAF can thrive.	1.000	.803
C01_6. Tender irregularities.	1.000	.601
C01_14. Appointment of unqualified and unskilled executives and managers.	1.000	.740
C01_15. Lack of informed decision-making by managers.	1.000	.824
C01_17. Irregular recruitment and selection of staff.	1.000	.767
C01_18. Lack of staff complement necessary to perform vital responsibilities within the SOE.	1.000	.686
C02_2. Financial Risk	1.000	.692
C02_3. Operational Risk	1.000	.675
C02_4. Reputational Risk	1.000	.712
C02_5. Governance Risk	1.000	.759
B031_7. The audit committee recognizes the best conditions under which the IAF can thrive.	1.000	.874
B031_8. The audit committee supports the best conditions under which the IAF can thrive.	1.000	.850
B031_12. The CAE regularly explains the purpose, authority, and responsibility of the IAF to senior management.	1.000	.770
B049_6. The IAF in the SOE are adequately resourced to provide high quality professional assurance.	1.000	.867
B049_7. The IAF in the SOE are adequately resourced to provide high quality advisory services.	1.000	.819
B049_8. The IAF in the SOE are adequately positioned to provide high quality professional assurance.	1.000	.836

B049_9. The IAF in the SOE are adequately positioned to provide high quality advisory services.	1.000	.820
B011_1. The SOE is timely in providing utility services like e.g. water and electricity to the public.	1.000	.685
B011_2. The SOE has the required technological ICT infrastructure to effectively provide utility services.	1.000	.733
B011_9. The SOE is future-focussed.	1.000	.673
B049_3. The IAF are respected by management and staff within the SOE.	1.000	.685
B049_10. Recommendations provided by the IAF to management within the SOE, are adopted.	1.000	.827
B049_11. Recommendations provided by the IAF to management within the SOE, are implemented.	1.000	.863
B051_5. The SOE is dedicated to employing corporate governance principles defined in the King 4 Report within the entity.	1.000	.673

Extraction Method: Principal Component Analysis.

#### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings <sup>a</sup> Total
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	
1	16.812	39.098	39.098	16.812	39.098	39.098	14.017
2	4.515	10.499	49.597	4.515	10.499	49.597	9.405
3	3.019	7.021	56.618	3.019	7.021	56.618	4.405
4	2.466	5.734	62.353	2.466	5.734	62.353	10.552
5	1.655	3.850	66.203	1.655	3.850	66.203	3.372
6	1.399	3.253	69.456	1.399	3.253	69.456	7.086
7	1.259	2.928	72.384	1.259	2.928	72.384	8.506
8	1.118	2.599	74.983	1.118	2.599	74.983	10.054
9	.881	2.049	77.031				
10	.816	1.898	78.929				
11	.727	1.692	80.621				
12	.678	1.578	82.198				
13	.601	1.398	83.596				
14	.585	1.360	84.956				
15	.547	1.273	86.229				
16	.522	1.213	87.442				
17	.491	1.141	88.583				
18	.452	1.050	89.634				
19	.403	.937	90.571				
20	.386	.897	91.468				
21	.362	.841	92.309				
22	.356	.829	93.138				
23	.312	.725	93.862				
24	.280	.652	94.514				
25	.260	.604	95.118				
26	.238	.554	95.672				

27	.218	.508	96.180				
28	.204	.474	96.654				
29	.186	.433	97.087				
30	.167	.388	97.475				
31	.162	.376	97.851				
32	.144	.336	98.186				
33	.130	.302	98.488				
34	.116	.269	98.757				
35	.111	.259	99.015				
36	.091	.212	99.227				
37	.078	.181	99.409				
38	.075	.175	99.584				
39	.058	.134	99.718				
40	.042	.098	99.815				
41	.031	.073	99.888				
42	.026	.061	99.949				
43	.022	.051	100.000				

Extraction Method: Principal Component Analysis.

a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

	Component Matrix <sup>a</sup>							
	Component							
	1	2	3	4	5	6	7	8
B049_1. Internal Audit staff in the SOE follow the International Professionals Practice Framework (IPPF) as a basis for performing internal audit engagements.	.820							
B049_9. The IAF in the SOE are adequately positioned to provide high quality advisory services.	.794							
B049_18. Policy documents are readily available within the IAF to guide IAs.	.777							
B051_7. The IAF recommends ways to improve organisational performance management within the SOE.	.770		-.349					
B049_19. Internal controls within the SOE are regularly evaluated by IAs.	.768							
B051_9. The IAF recommends ways to management to addresses corporate governance challenges faced by the SOE.	.764		-.318					
B051_11. IAs continuously assess the SOE objectives, to test alignment with the mission of the SOE.	.762							
B049_8. The IAF in the SOE are adequately positioned to provide high quality professional assurance.	.751					-.316		

B031_6. The board supports the best conditions under which the IAF can thrive.	.746		.356				
B071_5. The IAF continuously apply risk-based plans to determine the priority risk areas within the SOE.	.743						
B049_2. The IAF in the SOE are composed of competent, skilled professionals.	.731						
B049_15. Internal Auditors (IAs) maintains an unbiased attitude when executing their duties in the SOE.	.726		.366				
B071_13. The IAF communicates appropriately to priority departments whose controls are most threatened by risk within the SOE.	.724						
B049_3. The IAF are respected by management and staff within the SOE.	.723						
B071_6. IAs recommend ways for departments to mitigate risks identified.	.723		-.306	.309			
B049_10. Recommendations provided by the IAF to management within the SOE, are adopted.	.720						.505
B051_8. The IAF recommends ways to coordinate activities amongst the board and various assurance providers within the SOE.	.715		-.363				
B031_5. The board recognizes the best conditions under which the IAF can thrive.	.711		.342				
B049_14. Internal Auditors (IAs) maintains an impartial attitude when executing their duties in the SOE.	.711			.374			
B031_8. The audit committee supports the best conditions under which the IAF can thrive.	.706		.345				-.472
B049_7. The IAF in the SOE are adequately resourced to provide high quality advisory services.	.701					-.322	
B031_7. The audit committee recognizes the best conditions under which the IAF can thrive.	.698		.343				-.507
B049_11. Recommendations provided by the IAF to management within the SOE, are implemented.	.697						.507
B031_12. The CAE regularly explains the purpose, authority, and responsibility of the IAF to senior management.	.689						-.481

B049_20. Reviews of the IAF within the SOE take place within stipulated timeframes.	.682						
B051_5. The SOE is dedicated to employing corporate governance principles defined in the King 4 Report within the entity.	.681						
B049_6. The IAF in the SOE are adequately resourced to provide high quality professional assurance.	.679			-.348		-.415	
B021_5. The board offers a clear strategic direction for the SOE to achieve its objectives.	.652		.325				
B011_9. The SOE is future-focussed.	.612				.362		
B021_2. Corporate governance practices within the SOE have improved over the last 5 years.	.591	-.367	.310				
B021_7. The board sets a zero-tolerance stance towards fraud and corruption within the SOE.	.577	-.402	.304		-.347	.349	
B021_6. The board sets a zero-tolerance stance towards unethical conduct within the SOE.	.543	-.405	.348		-.305	.350	
C02_2. Financial Risk		.645		-.383		.306	
C01_6. Tender irregularities.		.635	.322				
C01_14. Appointment of unqualified and unskilled executives and managers.		.631	.366	.319			
C02_5. Governance Risk		.617		-.502			
C02_4. Reputational Risk		.596		-.518			
C01_17. Irregular recruitment and selection of staff.		.592	.459	.373			
C01_15. Lack of informed decision-making by managers.		.585	.500	.379			
C01_18. Lack of staff complement necessary to perform vital responsibilities within the SOE.		.576	.398	.388			
C02_3. Operational Risk		.525		-.451		.345	
B011_2. The SOE has the required technological ICT infrastructure to effectively provide utility services.	.464				.617		
B011_1. The SOE is timely in providing utility services like e.g. water and electricity to the public.	.418				.611		

Extraction Method: Principal Component Analysis.  
a. 8 components extracted.

Pattern Matrix <sup>a</sup>								
Component	1	2	3	4	5	6	7	8

B071_6. IAs recommend ways for departments to mitigate risks identified.	.971						
B051_9. The IAF recommends ways to management to addresses corporate governance challenges faced by the SOE.	.926						
B051_7. The IAF recommends ways to improve organisational performance management within the SOE.	.916						
B051_8. The IAF recommends ways to coordinate activities amongst the board and various assurance providers within the SOE.	.899						
B049_14. Internal Auditors (IAs) maintains an impartial attitude when executing their duties in the SOE.	.891						
B049_15. Internal Auditors (IAs) maintains an unbiased attitude when executing their duties in the SOE.	.844						
B071_13. The IAF communicates appropriately to priority departments whose controls are most threatened by risk within the SOE.	.737						
B049_1. Internal Audit staff in the SOE follow the International Professionals Practice Framework (IPPF) as a basis for performing internal audit engagements.	.735						
B071_5. The IAF continuously apply risk-based plans to determine the priority risk areas within the SOE.	.729						
B049_18. Policy documents are readily available within the IAF to guide IAs.	.713						
B051_11. IAs continuously assess the SOE objectives, to test alignment with the mission of the SOE.	.673						
B049_19. Internal controls within the SOE are regularly evaluated by IAs.	.659						
B049_20. Reviews of the IAF within the SOE take place within stipulated timeframes.	.533						
B049_2. The IAF in the SOE are composed of competent, skilled professionals.	.484						
B021_6. The board sets a zero-tolerance stance towards unethical conduct within the SOE.		1.011					

B021_7. The board sets a zero-tolerance stance towards fraud and corruption within the SOE.		.997				
B021_5. The board offers a clear strategic direction for the SOE to achieve its objectives.		.692				
B031_5. The board recognizes the best conditions under which the IAF can thrive.		.622				
B031_6. The board supports the best conditions under which the IAF can thrive.		.585				
B021_2. Corporate governance practices within the SOE have improved over the last 5 years.		.509				
C01_15. Lack of informed decision-making by managers.		.904				
C01_17. Irregular recruitment and selection of staff.		.859				
C01_18. Lack of staff complement necessary to perform vital responsibilities within the SOE.		.841				
C01_14. Appointment of unqualified and unskilled executives and managers.		.835				
C01_6. Tender irregularities.		.660				
B049_6. The IAF in the SOE are adequately resourced to provide high quality professional assurance.			.959			
B049_7. The IAF in the SOE are adequately resourced to provide high quality advisory services.			.883			
B049_8. The IAF in the SOE are adequately positioned to provide high quality professional assurance.			.844			
B049_9. The IAF in the SOE are adequately positioned to provide high quality advisory services.			.696			
C02_3. Operational Risk				.857		
C02_5. Governance Risk				.829		
C02_4. Reputational Risk				.825		
C02_2. Financial Risk				.767		
B011_1. The SOE is timely in providing utility services like e.g. water and electricity to the public.					.871	
B011_2. The SOE has the required technological ICT infrastructure to effectively provide utility services.					.854	.314
B011_9. The SOE is future-focussed.					.663	



B031_7. The audit committee recognizes the best conditions under which the IAF can thrive.								.818
B031_8. The audit committee supports the best conditions under which the IAF can thrive.								.776
B031_12. The CAE regularly explains the purpose, authority, and responsibility of the IAF to senior management.	.300							.739
B049_11. Recommendations provided by the IAF to management within the SOE, are implemented.								.925
B049_10. Recommendations provided by the IAF to management within the SOE, are adopted.								.861
B051_5. The SOE is dedicated to employing corporate governance principles defined in the King 4 Report within the entity.								.511
B049_3. The IAF are respected by management and staff within the SOE.								.446

Extraction Method: Principal Component Analysis.

Rotation Method: Promax with Kaiser Normalization.

a. Rotation converged in 7 iterations.

	Structure Matrix							
	Component							
	1	2	3	4	5	6	7	8
B051_7. The IAF recommends ways to improve organisational performance management within the SOE.	.888	.312		.510		.353	.319	.532
B051_9. The IAF recommends ways to management to addresses corporate governance challenges faced by the SOE.	.877	.378		.450		.345	.307	.544

B071_6. IAs recommend ways for departments to mitigate risks identified.	.866	.344	.397	.311	.462	.316
B049_1. Internal Audit staff in the SOE follow the International Professionals Practice Framework (IPPF) as a basis for performing internal audit engagements.	.855	.429	.546	.336	.602	.498
B051_8. The IAF recommends ways to coordinate activities amongst the board and various assurance providers within the SOE.	.848		.399	.416	.319	.543
B049_18. Policy documents are readily available within the IAF to guide IAs.	.823	.352	.604	.354	.483	.481
B049_14. Internal Auditors (IAs) maintains an impartial attitude when executing their duties in the SOE.	.813	.494	.343		.507	.313
B049_15. Internal Auditors (IAs) maintains an unbiased attitude when executing their duties in the SOE.	.811	.496	.377		.552	.329
B071_5. The IAF continuously apply risk-based plans to determine the priority risk areas within the SOE.	.803	.349	.547	.376	.473	.390
B049_19. Internal controls within the SOE are regularly evaluated by IAs.	.799	.336	.612	.395	.442	.512
B071_13. The IAF communicates appropriately to priority departments whose controls are most threatened by risk within the SOE.	.778	.352	.424	.536	.357	.482
B051_11. IAs continuously assess the SOE objectives, to test alignment with the mission of the SOE.	.776	.468	.527	.507	.333	.536
B049_2. The IAF in the SOE are composed of competent, skilled professionals.	.717	.329	.621		.561	.513
B049_20. Reviews of the IAF within the SOE take place within stipulated timeframes.	.691	.313	.545	.390	.346	.493
B021_7. The board sets a zero-tolerance stance towards fraud and corruption within the SOE.	.365	.911	.388		.388	.378
B021_6. The board sets a zero-tolerance stance towards unethical conduct within the SOE.	.323	.904	.372		.349	.359
B031_6. The board supports the best conditions under which the IAF can thrive.	.504	.826	.510	.457	.620	.664
B021_5. The board offers a clear strategic direction for the SOE to achieve its objectives.	.435	.806	.488	.530	.415	.468

B031_5. The board recognizes the best conditions under which the IAF can thrive.	.503	.802	.438	.458	.580	.608
B021_2. Corporate governance practices within the SOE have improved over the last 5 years.	.333	.711	.445	.409	.462	.576
C01_15. Lack of informed decision-making by managers.			.895			
C01_17. Irregular recruitment and selection of staff.			.872			
C01_14. Appointment of unqualified and unskilled executives and managers.			.849			
C01_18. Lack of staff complement necessary to perform vital responsibilities within the SOE.			.817			
C01_6. Tender irregularities.			.722	.335		
B049_6. The IAF in the SOE are adequately resourced to provide high quality professional assurance.	.504	.353	.924	.364	.435	.532
B049_8. The IAF in the SOE are adequately positioned to provide high quality professional assurance.	.572	.489	.906	.408	.513	.534
B049_7. The IAF in the SOE are adequately resourced to provide high quality advisory services.	.529	.441	.902	.385	.428	.527
B049_9. The IAF in the SOE are adequately positioned to provide high quality advisory services.	.651	.574	.865	.417	.461	.547
C02_5. Governance Risk				.851		
C02_4. Reputational Risk				.839		
C02_3. Operational Risk				.796		
C02_2. Financial Risk				.790		
B011_1. The SOE is timely in providing utility services like e.g. water and electricity to the public.		.316		.809		.373
B011_2. The SOE has the required technological ICT infrastructure to effectively provide utility services.	.337			.798	.409	.349
B011_9. The SOE is future-focussed.	.421	.480	.536	.779	.374	.475
B031_7. The audit committee recognizes the best conditions under which the IAF can thrive.	.492	.569	.495	.427	.916	.506
B031_8. The audit committee supports the best conditions under which the IAF can thrive.	.487	.564	.553	.451	.896	.512
B031_12. The CAE regularly explains the purpose, authority, and responsibility of the IAF to senior management.	.623	.326	.462	.365	.819	.466

B049_11. Recommendations provided by the IAF to management within the SOE, are implemented.	.495	.470		.554		.450	.433	.923
B049_10. Recommendations provided by the IAF to management within the SOE, are adopted.	.548	.494		.531		.351	.523	.880
B051_5. The SOE is dedicated to employing corporate governance principles defined in the King 4 Report within the entity.	.535	.435		.546		.614		.753
B049_3. The IAF are respected by management and staff within the SOE.	.509	.517		.629		.599	.530	.746

Extraction Method: Principal Component Analysis.  
Rotation Method: Promax with Kaiser Normalization.

**Component Correlation Matrix**

Component	1	2	3	4	5	6	7	8
1	1.000	.425	-.142	.560	.059	.414	.498	.541
2	.425	1.000	-.206	.463	-.235	.381	.496	.494
3	-.142	-.206	1.000	-.120	.245	-.137	-.064	-.210
4	.560	.463	-.120	1.000	.156	.449	.478	.568
5	.059	-.235	.245	.156	1.000	.017	-.037	-.020
6	.414	.381	-.137	.449	.017	1.000	.324	.529
7	.498	.496	-.064	.478	-.037	.324	1.000	.433
8	.541	.494	-.210	.568	-.020	.529	.433	1.000

Extraction Method: Principal Component Analysis.  
Rotation Method: Promax with Kaiser Normalization.

## T-Test

**Group Statistics**

	Please select your Gender	N	Mean	Std. Deviation	Std. Error Mean
IAF Role	Female	46	3.66	.788	.116
	Male	79	3.78	.755	.085
Board	Female	59	2.70	.910	.118
	Male	87	2.74	1.022	.110
Challenges	Female	41	3.97	.869	.136
	Male	71	3.66	1.119	.133
Risks	Female	41	3.56	.770	.120
	Male	71	3.78	.986	.117
IAF Leadership	Female	52	3.56	.996	.138
	Male	82	3.52	.967	.107
IAF resource position	Female	46	3.29	1.034	.152
	Male	79	3.33	1.002	.113
Utility Services	Female	73	3.08	.975	.114

	Male	96	3.16	.999	.102
Attitude toward IAF	Female	46	3.04	.989	.146
	Male	79	3.07	.939	.106

### Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
IAF Role	Equal variances assumed	.009	.925	-.837	123	.404	-.119	.142	-.401	.163
	Equal variances not assumed			-.828	91.017	.410	-.119	.144	-.405	.167
Board	Equal variances assumed	1.316	.253	-.204	144	.839	-.034	.165	-.360	.292
	Equal variances not assumed			-.209	133.719	.835	-.034	.161	-.353	.285
Challenges	Equal variances assumed	2.722	.102	1.510	110	.134	.307	.203	-.096	.709
	Equal variances not assumed			1.615	100.575	.110	.307	.190	-.070	.684
Risks	Equal variances assumed	3.371	.069	1.232	110	.220	-.221	.179	-.576	.134
	Equal variances not assumed			1.316	100.216	.191	-.221	.168	-.554	.112
IAF Leadership	Equal variances assumed	.032	.858	.252	132	.801	.044	.173	-.299	.387

	Equal variances not assumed			.251	106.337	.802	.044	.175	-.302	.390
IAF resource & position	Equal variances assumed	.024	.877	- .235	123	.814	-.044	.188	-.416	.328
	Equal variances not assumed			- .233	91.833	.816	-.044	.190	-.421	.332
Utility Services	Equal variances assumed	.613	.435	- .505	167	.614	-.078	.154	-.381	.226
	Equal variances not assumed			- .507	157.063	.613	-.078	.153	-.380	.225
Attitude toward IAF	Equal variances assumed	.340	.561	- .171	123	.865	-.030	.178	-.382	.321
	Equal variances not assumed			- .169	90.247	.866	-.030	.180	-.388	.327

## One-way

### Descriptives

		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
IAF Role	18 - 28	13	3.84	.788	.218	3.36	4.31	2	5
	29 - 39	64	3.61	.774	.097	3.42	3.81	1	5
	40 - 49	30	3.91	.450	.082	3.74	4.08	3	5
	50 +	15	3.90	.888	.229	3.41	4.40	1	5
	Total	122	3.75	.730	.066	3.61	3.88	1	5
Board	18 - 28	15	2.61	.862	.222	2.13	3.08	1	4
	29 - 39	77	2.70	.970	.111	2.48	2.92	1	5
	40 - 49	34	2.77	.897	.154	2.45	3.08	2	5
	50 +	17	2.86	1.217	.295	2.24	3.49	1	5
	Total	143	2.72	.967	.081	2.56	2.88	1	5
Challenges	18 - 28	10	3.66	1.427	.451	2.64	4.68	1	5
	29 - 39	59	4.06	.838	.109	3.84	4.28	1	5
	40 - 49	27	3.59	.875	.168	3.24	3.93	2	5
	50 +	13	3.17	1.373	.381	2.34	4.00	1	5
	Total	109	3.80	1.019	.098	3.61	3.99	1	5
Risks	18 - 28	10	3.60	1.150	.364	2.78	4.42	1	5
	29 - 39	59	3.76	.862	.112	3.54	3.99	2	5
	40 - 49	27	3.85	.809	.156	3.53	4.17	3	5
	50 +	13	3.35	.955	.265	2.77	3.92	2	5
	Total	109	3.72	.890	.085	3.55	3.89	1	5
IAF Leadership	18 - 28	14	3.88	1.009	.270	3.30	4.46	2	5
	29 - 39	70	3.50	.918	.110	3.29	3.72	1	5

	40 - 49	30	3.41	.933	.170	3.06	3.76	1	5
	50 +	17	3.71	1.124	.272	3.13	4.28	1	5
	Total	131	3.55	.959	.084	3.38	3.72	1	5
IAF resource & position	18 - 28	13	3.31	1.123	.312	2.63	3.99	1	5
	29 - 39	64	3.30	.970	.121	3.05	3.54	1	5
	40 - 49	30	3.44	.986	.180	3.07	3.81	1	5
	50 +	15	3.23	1.028	.266	2.66	3.80	1	5
	Total	122	3.33	.987	.089	3.15	3.50	1	5
Utility Services	18 - 28	19	3.09	.867	.199	2.67	3.51	1	4
	29 - 39	87	3.17	.934	.100	2.97	3.37	1	5
	40 - 49	39	3.11	1.041	.167	2.77	3.45	1	5
	50 +	19	3.04	1.186	.272	2.46	3.61	1	5
	Total	164	3.13	.977	.076	2.98	3.28	1	5
Attitude toward IAF	18 - 28	13	3.12	.944	.262	2.54	3.69	2	5
	29 - 39	64	3.00	.948	.118	2.77	3.24	1	5
	40 - 49	30	3.11	.868	.158	2.78	3.43	1	5
	50 +	15	3.24	1.051	.271	2.66	3.83	2	5
	Total	122	3.07	.933	.084	2.90	3.24	1	5

### Test of Homogeneity of Variances

		Levene			
		Statistic	df1	df2	Sig.
IAF Role	Based on Mean	1.779	3	118	.155
	Based on Median	1.192	3	118	.316
	Based on Median and with adjusted df	1.192	3	97.709	.317
	Based on trimmed mean	1.601	3	118	.193
Board	Based on Mean	.878	3	139	.454
	Based on Median	.793	3	139	.500
	Based on Median and with adjusted df	.793	3	132.683	.500
	Based on trimmed mean	.834	3	139	.477
Challenges	Based on Mean	7.584	3	105	.000
	Based on Median	3.450	3	105	.019
	Based on Median and with adjusted df	3.450	3	71.979	.021
	Based on trimmed mean	7.234	3	105	.000
Risks	Based on Mean	.125	3	105	.945
	Based on Median	.057	3	105	.982
	Based on Median and with adjusted df	.057	3	86.483	.982
	Based on trimmed mean	.089	3	105	.966
IAF Leadership	Based on Mean	.219	3	127	.883
	Based on Median	.108	3	127	.955
	Based on Median and with adjusted df	.108	3	113.092	.955
	Based on trimmed mean	.200	3	127	.896
IAF resource &	Based on Mean	.136	3	118	.938

position	Based on Median	.105	3	118	.957
	Based on Median and with adjusted df	.105	3	94.997	.957
	Based on trimmed mean	.131	3	118	.942
Utility Services	Based on Mean	1.858	3	160	.139
	Based on Median	1.521	3	160	.211
	Based on Median and with adjusted df	1.521	3	155.296	.211
	Based on trimmed mean	1.852	3	160	.140
Attitude toward IAF	Based on Mean	.655	3	118	.581
	Based on Median	.677	3	118	.568
	Based on Median and with adjusted df	.677	3	116.636	.568
	Based on trimmed mean	.655	3	118	.581

		<b>ANOVA</b>				
		Sum of Squares	df	Mean Square	F	Sig.
IAF Role	Between Groups	2.374	3	.791	1.504	.217
	Within Groups	62.112	118	.526		
	Total	64.487	121			
Board	Between Groups	.653	3	.218	.229	.876
	Within Groups	132.142	139	.951		
	Total	132.795	142			
Challenges	Between Groups	10.634	3	3.545	3.663	.015
	Within Groups	101.606	105	.968		
	Total	112.240	108			
Risks	Between Groups	2.538	3	.846	1.071	.365
	Within Groups	82.928	105	.790		
	Total	85.466	108			
IAF Leadership	Between Groups	2.668	3	.889	.967	.411
	Within Groups	116.870	127	.920		
	Total	119.539	130			
IAF resource & position	Between Groups	.589	3	.196	.197	.898
	Within Groups	117.397	118	.995		
	Total	117.986	121			



Utility Services	Between Groups	.375	3	.125	.129	.943
	Within Groups	155.096	160	.969		
	Total	155.471	163			
Attitude toward IAF	Between Groups	.801	3	.267	.301	.824
	Within Groups	104.575	118	.886		
	Total	105.375	121			

## NPar Tests

### Descriptive Statistics

	N	Mean	Std. Deviation	Minimum	Maximum	Percentiles		
						25th	50th (Median)	75th
Challenges	112	3.77	1.041	1	5	3.25	4.00	4.60
Please select your Age group?	242	2.25	.833	1	4	2.00	2.00	3.00

## Kruskal-Wallis Test

### Ranks

	Please select your Age group?		N	Mean Rank
Challenges	18 - 28		10	56.30
	29 - 39		59	62.28
	40 - 49		27	45.35
	50 +		13	41.00
	Total		109	

### Test Statistics<sup>a,b</sup>

Challenges	
Kruskal-Wallis H	8.275
df	3
Asymp. Sig.	.041

a. Kruskal Wallis Test

b. Grouping Variable: Please select your Age group?

## one-way

### Descriptives

N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
				Lower Bound	Upper Bound		

IAF Role	Diploma	18	3.98	.633	.149	3.66	4.29	2	5
	Degree	48	3.61	.791	.114	3.38	3.84	1	5
	Honours Degree	35	3.81	.595	.101	3.60	4.01	2	5
	Master's Degree or Doctorate	21	3.75	.838	.183	3.37	4.13	1	5
	Total	122	3.75	.729	.066	3.61	3.88	1	5
Board	Diploma	20	2.68	.961	.215	2.23	3.13	1	5
	Degree	55	2.74	.849	.115	2.51	2.97	1	5
	Honours Degree	43	2.62	1.002	.153	2.31	2.93	1	5
	Master's Degree or Doctorate	25	2.86	1.117	.223	2.40	3.32	1	5
	Total	143	2.72	.955	.080	2.56	2.87	1	5
Challenges	Diploma	16	4.13	.786	.197	3.71	4.54	2	5
	Degree	42	3.97	1.051	.162	3.64	4.30	1	5
	Honours Degree	31	3.68	.977	.175	3.32	4.04	2	5
	Master's Degree or Doctorate	20	3.44	1.069	.239	2.94	3.94	1	5
	Total	109	3.81	1.013	.097	3.62	4.01	1	5
Risks	Diploma	16	3.50	.677	.169	3.14	3.86	3	5
	Degree	42	3.68	.989	.153	3.38	3.99	1	5
	Honours Degree	31	3.65	.833	.150	3.35	3.96	2	5
	Master's Degree or Doctorate	20	4.18	.744	.166	3.83	4.52	3	5
	Total	109	3.74	.879	.084	3.57	3.91	1	5
IAF Leadership	Diploma	19	3.98	.842	.193	3.58	4.39	2	5
	Degree	51	3.52	.883	.124	3.27	3.77	1	5
	Honours Degree	39	3.43	.982	.157	3.11	3.75	1	5
	Master's Degree or Doctorate	22	3.41	1.083	.231	2.93	3.89	1	5
	Total	131	3.54	.951	.083	3.38	3.71	1	5
IAF resource & position	Diploma	18	3.42	.939	.221	2.95	3.88	2	5
	Degree	48	3.34	.920	.133	3.07	3.61	1	5
	Honours Degree	35	3.16	1.097	.185	2.78	3.53	1	5
	Master's Degree or Doctorate	21	3.49	1.020	.223	3.02	3.95	1	5
	Total	122	3.32	.988	.089	3.15	3.50	1	5
Utility Services	Diploma	20	3.42	.748	.167	3.07	3.77	2	5
	Degree	67	3.05	.924	.113	2.83	3.28	1	5
	Honours Degree	51	3.00	.996	.139	2.72	3.28	1	5
	Master's Degree or Doctorate	27	3.38	1.157	.223	2.92	3.84	1	5
	Total	165	3.14	.975	.076	2.99	3.29	1	5
Attitude toward IAF	Diploma	18	3.21	.971	.229	2.73	3.69	2	5
	Degree	48	2.97	.897	.129	2.70	3.23	1	5
	Honours Degree	35	3.05	.907	.153	2.74	3.36	1	5
	Master's Degree or Doctorate	21	3.17	1.045	.228	2.70	3.65	2	5
	Total	122	3.06	.930	.084	2.90	3.23	1	5

### Test of Homogeneity of Variances

		Levene Statistic	df1	df2	Sig.
IAF Role	Based on Mean	1.115	3	118	.346
	Based on Median	.720	3	118	.542
	Based on Median and with adjusted df	.720	3	108.135	.542
	Based on trimmed mean	.981	3	118	.404
Board	Based on Mean	1.099	3	139	.352
	Based on Median	.956	3	139	.415
	Based on Median and with adjusted df	.956	3	133.035	.415

	Based on trimmed mean	1.051	3	139	.372
Challenges	Based on Mean	.561	3	105	.642
	Based on Median	.481	3	105	.696
	Based on Median and with adjusted df	.481	3	99.704	.696
	Based on trimmed mean	.523	3	105	.668
Risks	Based on Mean	.930	3	105	.429
	Based on Median	.823	3	105	.484
	Based on Median and with adjusted df	.823	3	96.178	.485
	Based on trimmed mean	.863	3	105	.463
IAF Leadership	Based on Mean	1.285	3	127	.282
	Based on Median	1.151	3	127	.331
	Based on Median and with adjusted df	1.151	3	122.023	.331
	Based on trimmed mean	1.269	3	127	.288
IAF resource & position	Based on Mean	.493	3	118	.688
	Based on Median	.235	3	118	.872
	Based on Median and with adjusted df	.235	3	99.582	.872
	Based on trimmed mean	.422	3	118	.738
Utility Services	Based on Mean	1.439	3	161	.233
	Based on Median	1.092	3	161	.354
	Based on Median and with adjusted df	1.092	3	136.813	.355
	Based on trimmed mean	1.392	3	161	.247
Attitude toward IAF	Based on Mean	.573	3	118	.634
	Based on Median	.558	3	118	.644
	Based on Median and with adjusted df	.558	3	116.547	.644
	Based on trimmed mean	.584	3	118	.627

		ANOVA				
		Sum of Squares	df	Mean Square	F	Sig.
IAF Role	Between Groups	1.970	3	.657	1.244	.297
	Within Groups	62.271	118	.528		
	Total	64.241	121			

Board	Between Groups	.982	3	.327	.354	.787
	Within Groups	128.633	139	.925		
	Total	129.614	142			
Challenges	Between Groups	5.964	3	1.988	1.991	.120
	Within Groups	104.858	105	.999		
	Total	110.822	108			
Risks	Between Groups	5.069	3	1.690	2.264	.085
	Within Groups	78.355	105	.746		
	Total	83.423	108			
IAF Leadership	Between Groups	4.606	3	1.535	1.725	.165
	Within Groups	113.024	127	.890		
	Total	117.630	130			
IAF resource & position	Between Groups	1.705	3	.568	.575	.632
	Within Groups	116.506	118	.987		
	Total	118.211	121			
Utility Services	Between Groups	4.605	3	1.535	1.633	.184
	Within Groups	151.372	161	.940		
	Total	155.977	164			
Attitude toward IAF	Between Groups	1.104	3	.368	.419	.740
	Within Groups	103.654	118	.878		
	Total	104.758	121			

## T-Test

### Group Statistics

	In which sector are you employed?	N	Mean	Std. Deviation	Std. Error Mean
IAF Role	Public Sector	80	3.80	.805	.090
	Private Sector	39	3.64	.565	.090
Board	Public Sector	93	2.79	1.004	.104
	Private Sector	45	2.59	.853	.127
Challenges	Public Sector	72	3.84	1.015	.120
	Private Sector	34	3.79	1.027	.176
Risks	Public Sector	72	3.77	.840	.099

	Private Sector	34	3.56	.925	.159
IAF Leadership	Public Sector	85	3.59	.990	.107
	Private Sector	42	3.48	.890	.137
IAF resource & position	Public Sector	80	3.27	1.010	.113
	Private Sector	39	3.41	.974	.156
Utility Services	Public Sector	107	3.21	1.001	.097
	Private Sector	53	3.03	.877	.120
Attitude toward IAF	Public Sector	80	3.11	.958	.107
	Private Sector	39	3.01	.875	.140

**Independent Samples Test**

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
IAF Role	Equal variances assumed	2.212	.140	1.140	117	.257	.164	.144	-.121	.448
	Equal variances not assumed			1.283	102.235	.202	.164	.128	-.089	.417
Board	Equal variances assumed	1.239	.268	1.143	136	.255	.199	.174	-.145	.543
	Equal variances not assumed			1.209	101.023	.229	.199	.164	-.127	.525
Challenges	Equal variances assumed	.031	.860	.265	104	.791	.056	.212	-.364	.477
	Equal variances not assumed			.264	64.160	.793	.056	.213	-.369	.482
Risks	Equal variances assumed	.342	.560	1.193	104	.236	.215	.181	-.143	.574
	Equal variances not assumed			1.152	59.516	.254	.215	.187	-.159	.590

IAF Leadership	Equal variances assumed	.227	.635	.576	125	.566	.104	.181	-.254	.462
	Equal variances not assumed			.597	90.035	.552	.104	.174	-.242	.451
IAF resource & position	Equal variances assumed	.274	.602	-.726	117	.470	-.142	.195	-.528	.245
	Equal variances not assumed			-.735	77.968	.465	-.142	.193	-.525	.242
Utility Services	Equal variances assumed	1.053	.306	1.174	158	.242	.190	.162	-.129	.509
	Equal variances not assumed			1.228	116.956	.222	.190	.155	-.116	.496
Attitude toward IAF	Equal variances assumed	.188	.666	.536	117	.593	.098	.182	-.263	.458
	Equal variances not assumed			.553	81.871	.582	.098	.176	-.253	.448

## T-Test

### Group Statistics

	Are you employed in an SOE?	N	Mean	Std. Deviation	Std. Error Mean
IAF Role	Yes	28	4.03	.616	.116
	No	85	3.66	.777	.084
Board	Yes	34	3.18	1.094	.188
	No	99	2.58	.908	.091
Challenges	Yes	28	3.49	1.101	.208
	No	73	3.92	.948	.111
Risks	Yes	28	3.71	.805	.152
	No	73	3.75	.911	.107
IAF Leadership	Yes	32	3.70	.917	.162
	No	90	3.50	.947	.100
IAF resource &	Yes	28	3.51	1.100	.208

position	No	85	3.34	.943	.102
Utility Services	Yes	36	3.54	.954	.159
	No	117	3.04	.981	.091
Attitude toward IAF	Yes	28	3.61	.864	.163
	No	85	2.92	.912	.099

### Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
IAF Role	Equal variances assumed	1.607	.208	2.322	111	.022	.375	.161	.055	.695
	Equal variances not assumed			2.610	57.676	.012	.375	.144	.087	.662
Board	Equal variances assumed	4.265	.041	3.166	131	.002	.603	.190	.226	.980
	Equal variances not assumed			2.891	49.548	.006	.603	.209	.184	1.022
Challenges	Equal variances assumed	1.599	.209	-1.952	99	.054	-.430	.221	-.868	.007
	Equal variances not assumed			-1.825	43.209	.075	-.430	.236	-.906	.045
Risks	Equal variances assumed	.581	.448	-.227	99	.821	-.045	.196	-.434	.345
	Equal variances not assumed			-.240	55.042	.811	-.045	.186	-.417	.328
IAF Leadership	Equal variances assumed	.228	.634	1.024	120	.308	.198	.193	-.185	.581

	Equal variances not assumed			1.039	56.149	.303	.198	.190	-.184	.579
IAF resource & position	Equal variances assumed	.680	.411	.810	111	.420	.174	.214	-.251	.598
	Equal variances not assumed			.749	40.878	.458	.174	.232	-.294	.642
Utility Services	Equal variances assumed	.056	.814	2.676	151	.008	.497	.186	.130	.864
	Equal variances not assumed			2.717	59.579	.009	.497	.183	.131	.863
Attitude toward IAF	Equal variances assumed	.005	.942	3.522	111	.001	.691	.196	.302	1.081
	Equal variances not assumed			3.620	48.360	.001	.691	.191	.307	1.075

## T-Test

### Group Statistics

	Have your SOE been previously been implicated in corporate governance mal-practices?	N	Mean	Std. Deviation	Std. Error Mean
IAF Role	Yes	13	3.85	.670	.186
	No	12	4.35	.430	.124
Board	Yes	14	2.37	.840	.225
	No	16	3.98	.820	.205
Challenges	Yes	13	3.94	.961	.266
	No	12	3.00	1.200	.346
Risks	Yes	13	3.96	.803	.223
	No	12	3.42	.842	.243
IAF Leadership	Yes	14	3.31	.956	.255
	No	14	4.26	.616	.165
IAF resource &	Yes	13	3.12	1.088	.302



position	No	12	4.15	.895	.258
Utility Services	Yes	15	2.87	.898	.232
	No	17	4.10	.715	.173
Attitude toward IAF	Yes	13	3.08	.607	.168
	No	12	4.35	.579	.167

### Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
IAF Role	Equal variances assumed	.152	.701	-2.221	23	.036	-.505	.227	-.975	-.035
	Equal variances not assumed			-2.260	20.624	.035	-.505	.223	-.970	-.040
Board	Equal variances assumed	.365	.550	-5.322	28	.000	-1.615	.304	-2.237	-.994
	Equal variances not assumed			-5.313	27.278	.000	-1.615	.304	-2.239	-.992
Challenges	Equal variances assumed	.186	.670	2.167	23	.041	.938	.433	.043	1.834
	Equal variances not assumed			2.148	21.095	.044	.938	.437	.030	1.847
Risks	Equal variances assumed	.189	.668	1.657	23	.111	.545	.329	-.135	1.225
	Equal variances not assumed			1.654	22.613	.112	.545	.330	-.137	1.227
IAF Leadership	Equal variances assumed	1.568	.222	-3.134	26	.004	-.952	.304	-1.577	-.328

	Equal variances not assumed			- 3.134	22.202	.005	-.952	.304	-1.582	-.322
IAF resource & position	Equal variances assumed	.766	.391	- 2.574	23	.017	-1.030	.400	-1.859	-.202
	Equal variances not assumed			- 2.594	22.721	.016	-1.030	.397	-1.853	-.208
Utility Services	Equal variances assumed	1.133	.296	- 4.316	30	.000	-1.231	.285	-1.814	-.649
	Equal variances not assumed			- 4.254	26.717	.000	-1.231	.289	-1.826	-.637
Attitude toward IAF	Equal variances assumed	.000	.984	- 5.375	23	.000	-1.277	.238	-1.769	-.786
	Equal variances not assumed			- 5.385	22.971	.000	-1.277	.237	-1.768	-.787

## T-Test

### Group Statistics

	Have you audited an SOE in the past?	N	Mean	Std. Deviation	Std. Error Mean
IAF Role	Yes	75	3.85	.732	.085
	No	39	3.66	.686	.110
Board	Yes	86	2.86	1.078	.116
	No	48	2.48	.740	.107
Challenges	Yes	71	3.75	1.033	.123
	No	32	3.87	.891	.158
Risks	Yes	71	3.73	.915	.109
	No	32	3.71	.786	.139
IAF Leadership	Yes	80	3.57	1.012	.113
	No	42	3.47	.800	.123
IAF resource & position	Yes	75	3.46	1.024	.118
	No	39	3.22	.879	.141
Utility Services	Yes	94	3.20	1.099	.113
	No	60	3.09	.778	.100

Attitude toward IAF	Yes	75	3.15	1.029	.119
	No	39	2.98	.783	.125

### Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
IAF Role	Equal variances assumed	.907	.343	1.392	112	.167	.197	.142	-.083	.477
	Equal variances not assumed			1.421	81.636	.159	.197	.139	-.079	.473
Board	Equal variances assumed	13.932	.000	2.161	132	.032	.378	.175	.032	.724
	Equal variances not assumed			2.396	126.298	.018	.378	.158	.066	.690
Challenges	Equal variances assumed	2.624	.108	-.595	101	.553	-.126	.211	-.545	.293
	Equal variances not assumed			-.630	68.749	.531	-.126	.200	-.524	.273
Risks	Equal variances assumed	1.568	.213	.077	101	.939	.014	.187	-.356	.385
	Equal variances not assumed			.082	69.073	.935	.014	.176	-.337	.366
IAF Leadership	Equal variances assumed	1.370	.244	.546	120	.586	.098	.180	-.258	.455

	Equal variances not assumed			.588	101.648	.558	.098	.167	-.234	.431
IAF resource & position	Equal variances assumed	1.736	.190	1.239	112	.218	.239	.193	-.143	.621
	Equal variances not assumed			1.300	88.053	.197	.239	.184	-.126	.604
Utility Services	Equal variances assumed	12.715	.000	.694	152	.488	.113	.163	-.209	.435
	Equal variances not assumed			.748	150.287	.456	.113	.151	-.186	.413
Attitude toward IAF	Equal variances assumed	5.080	.026	.888	112	.376	.167	.188	-.206	.540
	Equal variances not assumed			.967	96.855	.336	.167	.173	-.176	.510

## T-Test

### Group Statistics

	Do you belong to a Professional Body?	N	Mean	Std. Deviation	Std. Error Mean
IAF Role	Yes	111	3.80	.706	.067
	No	3	3.55	.393	.227
Board	Yes	132	2.74	.979	.085
	No	3	3.00	.866	.500
Challenges	Yes	98	3.76	1.015	.103
	No	3	4.33	.503	.291
Risks	Yes	98	3.75	.907	.092
	No	3	3.08	1.155	.667
IAF Leadership	Yes	120	3.56	.951	.087
	No	3	4.33	.577	.333
IAF resource & position	Yes	111	3.39	.939	.089
	No	3	2.83	1.607	.928
Utility Services	Yes	151	3.17	.965	.079
	No	4	3.67	.667	.333

Attitude toward IAF	Yes	111	3.11	.942	.089
	No	3	3.08	1.010	.583

### Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
IAF Role	Equal variances assumed	.568	.453	.614	112	.540	.252	.410	-.561	1.065
	Equal variances not assumed			1.064	236	.384	.252	.237	-.631	1.135
Board	Equal variances assumed	.147	.702	-.455	133	.650	-.259	.571	-1.388	.869
	Equal variances not assumed			-.512	211	.657	-.259	.507	-2.329	1.811
Challenges	Equal variances assumed	1.840	.178	-.965	99	.337	-.570	.591	-1.742	.602
	Equal variances not assumed			1.850	209	.178	-.570	.308	-1.663	.523
Risks	Equal variances assumed	.233	.631	1.247	99	.215	.667	.535	-.394	1.728
	Equal variances not assumed			.991	207	.423	.667	.673	-2.129	3.463
IAF Leadership	Equal variances assumed	.961	.329	1.391	121	.167	-.769	.553	-1.865	.326
	Equal variances not assumed			2.234	228	.139	-.769	.344	-2.090	.551

IAF resource position	Equal variances assumed	2.136	.147	.992	112	.324	.554	.559	-.553	1.661
	Equal variances not assumed			.594	2.037	.612	.554	.932	-3.388	4.496
Utility Services	Equal variances assumed	1.500	.223	-1.030	153	.305	-.501	.486	-1.462	.460
	Equal variances not assumed			-1.463	3.342	.231	-.501	.342	-1.530	.528
Attitude toward IAF	Equal variances assumed	.018	.893	.046	112	.963	.026	.552	-1.068	1.119
	Equal variances not assumed			.043	2.095	.969	.026	.590	-2.406	2.458

## Frequencies

### Statistics

How many years of experience do you have in the Internal Audit Field?

N	Valid	205
	Missing	44
Mean		10.1882
Median		9.0000
Mode		10.00
Std. Deviation		6.56532
Minimum		.75
Maximum		32.00

## Nonparametric Correlations

			Correlations								
			How many years of experience do you have in the Internal Audit Field?	IAF Role	Board	Challenges	Risks	IAF Leadership	IAF resource & position	Utility Services	Attitude toward IAF
Spearman's rho	How many years of experience do you have in the Internal Audit Field?	Correlation Coefficient	1.000	.131	.006	-.252**	.009	-.035	-.002	-.015	.090
		Sig. (2-tailed)		.151	.945	.008	.929	.688	.982	.847	.324
		N	205	122	143	109	109	131	122	163	122
	IAF Role	Correlation Coefficient	.131	1.000	.468**	-.183	-.009	.531**	.535**	.431**	.548**
		Sig. (2-tailed)	.151		.000	.053	.926	.000	.000	.000	.000
		N	122	125	125	112	112	125	125	125	125
	Board	Correlation Coefficient	.006	.468**	1.000	-.235*	-.213*	.569**	.481**	.459**	.603**
		Sig. (2-tailed)	.945	.000		.013	.024	.000	.000	.000	.000
		N	143	125	146	112	112	134	125	146	125
	Challenges	Correlation Coefficient	-.252**	-.183	-.235*	1.000	.266**	-.070	-.133	-.217*	-.253**

	Sig. (2-tailed)	.008	.053	.013	.	.005	.461	.162	.022	.007
	N	109	112	112	112	112	112	112	112	112
Risks	Correlation Coefficient	.009	-.009	-.213*	.266**	1.000	-.111	.126	-.023	-.015
	Sig. (2-tailed)	.929	.926	.024	.005	.	.245	.186	.812	.878
	N	109	112	112	112	112	112	112	112	112
IAF Leadership	Correlation Coefficient	-.035	.531**	.569**	-.070	-.111	1.000	.465**	.444**	.556**
	Sig. (2-tailed)	.688	.000	.000	.461	.245	.	.000	.000	.000
	N	131	125	134	112	112	134	125	134	125
IAF resource & position	Correlation Coefficient	-.002	.535**	.481**	-.133	.126	.465**	1.000	.391**	.580**
	Sig. (2-tailed)	.982	.000	.000	.162	.186	.000	.	.000	.000
	N	122	125	125	112	112	125	125	125	125
Utility Services	Correlation Coefficient	-.015	.431**	.459**	-.217*	-.023	.444**	.391**	1.000	.542**
	Sig. (2-tailed)	.847	.000	.000	.022	.812	.000	.000	.	.000
	N	163	125	146	112	112	134	125	169	125
Attitude toward IAF	Correlation Coefficient	.090	.548**	.603**	-.253**	-.015	.556**	.580**	.542**	1.000
	Sig. (2-tailed)	.324	.000	.000	.007	.878	.000	.000	.000	.
	N	122	125	125	112	112	125	125	125	125

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

## Frequencies

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## Statistics



	IAF Role	Board	Challenges	Risks	IAF Leadership	IAF resource & position	Utility Services	Attitude toward IAF	
N	Valid	125	146	112	112	134	125	169	125
	Missing	124	103	137	137	115	124	80	124
Mean		3.73	2.72	3.77	3.70	3.54	3.32	3.13	3.06
Median		3.86	2.58	4.00	3.75	3.83	3.50	3.33	3.00
Mode		4	3	5	4	4	4	4	3
Std. Deviation		.767	.975	1.041	.915	.975	1.010	.987	.954
Minimum		1	1	1	1	1	1	1	1
Maximum		5	5	5	5	5	5	5	5

## Descriptives

### Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
C01_2. Political appointments to boards.	112	1	5	4.25	1.189
C01_6. Tender irregularities.	112	1	5	4.21	1.132
C01_5. Financial sustainability.	112	1	5	4.14	1.089
C01_4. Financial Risk.	112	1	5	4.12	1.132
C01_3. Fraud and Corruption occurring at top level within the SOE.	112	1	5	4.10	1.208
C01_10. Reputational Risk.	112	1	5	3.99	1.241
C02_2. Financial Risk	112	1	5	3.97	1.035
C01_1. Strategic Risk.	112	1	5	3.92	1.179
C01_13. Governance Risk.	112	1	5	3.89	1.211
B049_1. Internal Audit staff in the SOE follow the International Professionals Practice Framework (IPPF) as a basis for performing internal audit engagements.	125	1	5	3.89	.918
B051_7. The IAF recommends ways to improve organisational performance management within the SOE.	119	1	5	3.86	.866
B071_6. IAs recommend ways for departments to mitigate risks identified.	114	1	5	3.83	.861
C01_14. Appointment of unqualified and unskilled executives and managers.	112	1	5	3.81	1.339
B049_18. Policy documents are readily available within the IAF to guide IAs.	124	1	5	3.79	.948
B049_19. Internal controls within the SOE are regularly evaluated by IAs.	124	1	5	3.78	.959
B049_15. Internal Auditors (IAs) maintains an unbiased attitude when executing their duties in the SOE.	124	1	5	3.78	.976

B021_1. Media reports highlighting corporate governance mal-practices in the SOE, are true.	146	1	5	3.78	1.020
B049_14. Internal Auditors (IAs) maintains an impartial attitude when executing their duties in the SOE.	124	1	5	3.77	.961
B051_9. The IAF recommends ways to management to addresses corporate governance challenges faced by the SOE.	119	1	5	3.77	.952
C01_20. Non-Compliance with Policies.	112	1	5	3.75	1.182
B071_5. The IAF continuously apply risk-based plans to determine the priority risk areas within the SOE.	114	1	5	3.75	.948
C01_9. Poor maintenance of ICT infrastructure.	112	1	5	3.73	1.230
B051_8. The IAF recommends ways to coordinate activities amongst the board and various assurance providers within the SOE.	119	1	5	3.73	.890
C02_1. Strategic Risk	112	1	5	3.72	1.210
B049_2. The IAF in the SOE are composed of competent, skilled professionals.	125	1	5	3.71	1.015
C01_15. Lack of informed decision-making by managers.	112	1	5	3.69	1.201
C01_7. Operational Risk.	112	1	5	3.68	1.092
B031_12. The CAE regularly explains the purpose, authority, and responsibility of the IAF to senior management.	134	1	5	3.67	.940
C01_8. Loss of information/information leakage.	112	1	5	3.66	1.135
C02_3. Operational Risk	112	1	5	3.65	.984
C01_17. Irregular recruitment and selection of staff.	112	1	5	3.65	1.320
B051_3. Legislation that regulates the SOE, like the PFMA and Companies Act, address all operational aspects of the SOE.	119	1	5	3.65	1.102
B011_5. Social challenges like crime impact utility services provided by the SOE.	167	1	5	3.63	1.132
B051_6. The IAF promote the ethical standards and values listed in the King 4 report, within the SOE.	119	1	5	3.61	1.018
C02_5. Governance Risk	112	1	5	3.60	1.219

B071_7. IAs continuously evaluate whether appropriate sample sizes to the population are selected to evaluate risk appetite adequately of the SOE.	114	1	5	3.59	.976
C02_4. Reputational Risk	112	1	5	3.58	1.198
B071_8. IAs regularly evaluate whether all risk information is captured about high risk areas within the SOE.	114	1	5	3.58	1.055
B051_11. IAs continuously assess the SOE objectives, to test alignment with the mission of the SOE.	119	1	5	3.57	1.013
B031_11. The CAE regularly explains the purpose, authority and responsibility of the IAF to the board.	134	1	5	3.57	.992
B049_13. There is an independent relationship that exists between management and the IAF in the SOE.	124	1	5	3.56	1.006
C02_8. Non-Compliance with Policies	112	1.0	5.0	3.562	1.1051
B071_10. IAs thoroughly evaluate whether all risk exposures relating to governance are identified by risk specialists within the SOE.	113	1	5	3.54	.973
B011_6. Social challenges like unemployment impacts utility services provided by the SOE.	167	1	5	3.54	1.118
B071_13. The IAF communicates appropriately to priority departments whose controls are most threatened by risk within the SOE.	113	1	5	3.53	.936
B051_1. Policies and procedure documents that guides staff on operational procedures within the SOE, are easily accessible.	119	1	5	3.53	1.080
B071_9. IAs continuously evaluate whether all risk information is communicated timely to relevant areas within the SOE.	114	1	5	3.53	.989
B049_12. Recommendations provided by the IAF to management within the SOE, add value to the organisation.	124	1	5	3.51	.984
B071_12. IAs exhaustively evaluates whether all risk exposures relating to information systems are identified by risk specialists within the SOE.	113	1	5	3.50	.983

C01_18. Lack of staff complement necessary to perform vital responsibilities within the SOE.	112	1	5	3.50	1.230
B049_4. The IAF are adequately managed as an independent unit within the SOE.	125	1	5	3.48	1.013
B031_8. The audit committee supports the best conditions under which the IAF can thrive.	134	1	5	3.47	1.115
B031_7. The audit committee recognizes the best conditions under which the IAF can thrive.	134	1	5	3.47	1.155
B049_20. Reviews of the IAF within the SOE take place within stipulated timeframes.	124	1	5	3.47	1.108
C01_12. Non-protection of confidential information by staff within the SOE.	112	1	5	3.46	1.215
B071_11. IAs comprehensively evaluates whether all risk exposures relating to operations are identified by risk specialists within the SOE.	113	1	5	3.46	1.009
C01_16. Human Resources.	112	1	5	3.45	1.214
B051_2. Policies and procedures followed within the SOE, are adequate enough to be used as a criterion for evaluation purposes by the IAF, in the discharge of its duties.	119	1	5	3.45	1.110
B049_17. Incidents of unethical practice within the IAF, are immediately reported.	124	1	5	3.42	1.021
B049_8. The IAF in the SOE are adequately positioned to provide high quality professional assurance.	124	1	5	3.42	1.098
B031_13. The CAE is free to develop strong relationships with the board.	134	1	5	3.42	1.078
B049_5. The IAF are efficiently managed as an independent unit within the SOE.	125	1	5	3.40	1.055
C01_11. Unethical reporting by journalists about the SOE.	112	1	5	3.38	1.303
B049_9. The IAF in the SOE are adequately positioned to provide high quality advisory services.	124	1	5	3.38	1.101
B031_4. Adequate financial policies and procedures exist to guide the SOE's financial management.	134	1	5	3.35	1.178
C02_6. Human Resource	112	1	5	3.33	1.017

B021_12. There are clear lines and ranks of authority within the SOE.	145	1	5	3.30	1.167
B011_1. The SOE is timely in providing utility services like e.g. water and electricity to the public.	168	1	5	3.28	1.168
B051_10. Departments within the SOE provides the relevant reliable information required by the IAF to perform their duties.	119	1	5	3.28	1.073
C01_19. Unit Failure.	112	1	5	3.27	1.208
B049_6. The IAF in the SOE are adequately resourced to provide high quality professional assurance.	125	1	5	3.26	1.151
B049_16. Incidents of non-conformance to the IPPF within the IAF, are immediately reported.	124	1	5	3.25	.985
B011_3. The SOE has the required staff complement to effectively provide utility services.	167	1	5	3.22	1.143
B049_7. The IAF in the SOE are adequately resourced to provide high quality advisory services.	125	1	5	3.22	1.126
B011_7. The SOE is easily accessible to its stakeholders.	167	1	5	3.21	1.118
B011_2. The SOE has the required technological ICT infrastructure to effectively provide utility services.	168	1	5	3.21	1.193
B031_2. The SOE contributes financially towards the South African economy.	135	1	5	3.17	1.162
B071_2. The SOEs' assurance providers meet regularly to discuss its risk developments.	114	1	5	3.17	1.128
B071_14. Departments within the SOE implement suggested risk management recommendations from IAF.	113	1	5	3.16	1.098
B049_10. Recommendations provided by the IAF to management within the SOE, are adopted.	124	1	5	3.14	1.092
B049_3. The IAF are respected by management and staff within the SOE.	125	1	5	3.12	1.112
B051_5. The SOE is dedicated to employing corporate governance principles defined in the King 4 Report within the entity.	119	1	5	3.08	1.147

B071_1. The SOEs' combined assurance model communicates effectively on risk-management.	114	1	5	3.06	1.154
B011_8. The SOE is continuously looking at better ways to improve their corporate social responsibility towards stakeholders.	167	1	5	3.04	1.171
B071_3. The SOE has adequate controls in place to mitigate risks.	114	1	5	3.03	1.068
B031_3. Adequate income is received by the SOE from the delivery of utility services to the public.	135	1	5	3.02	1.218
C02_7. Unit Failure	112	1	5	2.99	1.135
B051_4. Departmental policies and standard operating procedures are adhered to by staff.	119	1	5	2.97	1.207
B021_9. The SOE is managed by qualified and skilled personnel in various operational areas.	145	1	5	2.97	1.210
B049_11. Recommendations provided by the IAF to management within the SOE, are implemented.	124	1	5	2.95	1.111
B021_8. There are clear lines of accountability within the SOE.	145	1	5	2.94	1.235
B031_5. The board recognizes the best conditions under which the IAF can thrive.	134	1	5	2.92	1.097
B021_13. Management understands the role of the IAF in the SOE.	145	1	5	2.89	1.161
B031_6. The board supports the best conditions under which the IAF can thrive.	134	1	5	2.88	1.097
B011_9. The SOE is future-focussed.	167	1	5	2.88	1.246
B031_10. The Board support efforts to make the IAF agile and innovative.	134	1	5	2.85	1.080
B071_4. Risk management policies and procedures of departments are adhered to and enforced in the SOE by staff.	113	1	5	2.84	1.040
B031_1. The SOE is profit driven to ensure its financial sustainability.	135	1	5	2.83	1.213
B021_5. The board offers a clear strategic direction for the SOE to achieve its objectives.	145	1	5	2.81	1.167
B031_9. Management support efforts to make the IAF agile and innovative.	134	1	5	2.75	1.108

B021_4. Board members of the SOE have the desired qualifications and skills to serve on the board.	145	1	5	2.74	1.274
B011_4. Resources like assets (e.g. vehicles) within the SOE are solely used for the purposes they are intended for.	167	1	5	2.67	1.169
B021_7. The board sets a zero-tolerance stance towards fraud and corruption within the SOE.	145	1	5	2.66	1.249
B021_6. The board sets a zero-tolerance stance towards unethical conduct within the SOE.	145	1	5	2.61	1.276
B021_11. Ethics forms a vital part of the ethos within the SOE.	145	1	5	2.59	1.272
B021_2. Corporate governance practices within the SOE have improved over the last 5 years.	146	1	5	2.53	1.158
B021_3. Corporate governance practices are employed the same way in the public and private sector.	145	1	5	2.19	1.082
B021_10. The SOE is free from political influence in the decision-making processes.	145	1	5	1.88	1.083
Valid N (listwise)	112				

## Univariate Analysis of Variance

### Between-Subjects Factors

	Value	Label	N
What is your Ethnic group?	1	African	64
	2	Coloured	11
	3	Indian	10
	4	White	12
Please select your Age group?	1	18 - 28	8
	2	29 - 39	52
	3	40 - 49	25
	4	50 +	12
Are you employed in an SOE?	1	Yes	26
	2	No	71

### Levene's Test of Equality of Error Variances<sup>a</sup>

Dependent Variable: Challenges

F	df1	df2	p-value
1.348	22	74	.171

Tests the null hypothesis that the error variance of the dependent variable is equal across groups.

a. Design: Intercept + Ethnic Group + Age Group + Employed in SOE

### Tests of Between-Subjects Effects

Dependent Variable: Challenges

Source	Type III Sum of Squares	df	Mean Square	F	p-value
Corrected Model	16.817 <sup>a</sup>	7	2.402	2.583	.018
Intercept	483.616	1	483.616	519.994	.000
Ethnic Group	4.941	3	1.647	1.771	.158
Age Group	10.675	3	3.558	3.826	.013
Employed in SOE	1.855	1	1.855	1.995	.161
Error	82.774	89	.930		
Total	1517.040	97			
Corrected Total	99.590	96			

a. R Squared = .169 (Adjusted R Squared = .103)

Only Age Group has a significant effect on Challenges. The intercept in the model is also significantly different from 0.

### Parameter Estimates

Dependent Variable: Challenges

Parameter	B	Std. Error	t	p-value	95% Confidence Interval	
					Lower Bound	Upper Bound
Intercept	3.180	.369	8.622	.000	2.447	3.913
[Ethnic Group=1]	.010	.316	.031	.976	-.618	.638
[Ethnic Group=2]	-.019	.414	-.047	.963	-.841	.803
[Ethnic Group=3]	.772	.421	1.832	.070	-.065	1.609
[Ethnic Group=4]	0 <sup>a</sup>	.	.	.	.	.
[Age Group=1]	.149	.453	.330	.742	-.750	1.049
[Age Group=2]	.935	.325	2.877	.005	.289	1.581
[Age Group=3]	.507	.348	1.458	.148	-.184	1.199
[Age Group=4]	0 <sup>a</sup>	.	.	.	.	.



[Employed in SOE=1]	-.319	.226	-1.412	.161	-.769	.130
[Employed in SOE=2]	0 <sup>a</sup>	.	.	.	.	.

a. This parameter is set to zero because it is redundant.

## Univariate Analysis of Variance

### Between-Subjects Factors

	Value	Label	N
What is your Ethnic group?	1	African	100
	2	Coloured	17
	3	Indian	12
	4	White	19
Please select your Age group?	1	18 - 28	16
	2	29 - 39	79
	3	40 - 49	35
	4	50 +	18
Are you employed in an SOE?	1	Yes	34
	2	No	114

### Levene's Test of Equality of Error Variances<sup>a</sup>

Dependent Variable: Utility Services

F	df1	df2	p-value
.841	22	125	.670

Tests the null hypothesis that the error variance of the dependent variable is equal across groups.

a. Design: Intercept + Ethnic Group + Age Group + Employed in SOE

### Tests of Between-Subjects Effects

Dependent Variable: Utility Services

Source	Type III Sum of Squares	df	Mean Square	F	p-value
Corrected Model	12.261 <sup>a</sup>	7	1.752	1.813	.089
Intercept	473.146	1	473.146	489.733	.000
Ethnic Group	5.680	3	1.893	1.960	.123
Age Group	.402	3	.134	.139	.937
Employed in SOE	4.545	1	4.545	4.705	.032
Error	135.258	140	.966		
Total	1602.222	148			
Corrected Total	147.520	147			

a. R Squared = .083 (Adjusted R Squared = .037)

### Parameter Estimates

Dependent Variable: Utility Services

Parameter	B	Std. Error	t	p-value	95% Confidence Interval	
					Lower Bound	Upper Bound
Intercept	2.630	.290	9.065	.000	2.057	3.204
[Ethnic Group=1]	.554	.263	2.108	.037	.034	1.074
[Ethnic Group=2]	.192	.336	.571	.569	-.473	.857

[Ethnic Group=3]	.234	.369	.635	.526	-.494	.963
[Ethnic Group=4]	0 <sup>a</sup>	.	.	.	.	.
[Age Group=1]	-.135	.353	-.381	.704	-.834	.564
[Age Group=2]	-.015	.269	-.054	.957	-.547	.518
[Age Group=3]	.062	.289	.215	.830	-.509	.633
[Age Group=4]	0 <sup>a</sup>	.	.	.	.	.
[Employed in SOE=1]	.422	.195	2.169	.032	.037	.807
[Employed in SOE=2]	0 <sup>a</sup>	.	.	.	.	.

a. This parameter is set to zero because it is redundant.

## Univariate Analysis of Variance

### Between-Subjects Factors

		Value Label	N
What is your Ethnic group?	1	African	72
	2	Coloured	13
	3	Indian	10
	4	White	14
Please select your Age group?	1	18 - 28	10
	2	29 - 39	57
	3	40 - 49	28
	4	50 +	14
Are you employed in an SOE?	1	Yes	26
	2	No	83

### Levene's Test of Equality of Error Variances<sup>a</sup>

Dependent Variable: Attitude toward IAF

F	df1	df2	p-value
1.080	22	86	.384

Tests the null hypothesis that the error variance of the dependent variable is equal across groups.

a. Design: Intercept + Ethnic Group + Age Group + Employed in SOE

### Tests of Between-Subjects Effects

Dependent Variable: Attitude toward IAF

Source	Type III Sum of Squares	df	Mean Square	F	p-value
Corrected Model	11.125 <sup>a</sup>	7	1.589	1.926	.073
Intercept	401.635	1	401.635	486.827	.000
Ethnic Group	3.073	3	1.024	1.242	.299
Age Group	1.206	3	.402	.487	.692
Employed in SOE	5.752	1	5.752	6.972	.010
Error	83.326	101	.825		
Total	1129.167	109			
Corrected Total	94.451	108			

a. R Squared = .118 (Adjusted R Squared = .057)

## Parameter Estimates

Dependent Variable: Attitude toward IAF

Parameter	B	Std. Error	t	p-value	95% Confidence Interval	
					Lower Bound	Upper Bound
Intercept	2.826	.315	8.969	.000	2.201	3.451
[Ethnic Group=1]	.463	.280	1.654	.101	-.092	1.018
[Ethnic Group=2]	.116	.360	.322	.748	-.598	.830
[Ethnic Group=3]	.370	.383	.965	.337	-.390	1.130
[Ethnic Group=4]	0 <sup>a</sup>	.	.	.	.	.
[Age Group=1]	-.280	.389	-.720	.473	-1.052	.492
[Age Group=2]	-.316	.285	-1.107	.271	-.882	.250
[Age Group=3]	-.150	.303	-.496	.621	-.751	.451
[Age Group=4]	0 <sup>a</sup>	.	.	.	.	.
[Employed in SOE=1]	.549	.208	2.640	.010	.137	.962
[Employed in SOE=2]	0 <sup>a</sup>	.	.	.	.	.

a. This parameter is set to zero because it is redundant.

## NPar Tests

### Descriptive Statistics

	N	Mean	Std. Deviation	Minimum	Maximum
IAF Role	125	3.73	.767	1	5
Board	146	2.72	.975	1	5
Risks	112	3.70	.915	1	5
IAF Leadership	134	3.54	.975	1	5
IAF resource & position	125	3.32	1.010	1	5
Please select your Gender	249	1.51	.501	1	2

## Mann-Whitney Test

### Ranks

	Please select your Gender	N	Mean Rank	Sum of Ranks
IAF Role	Female	46	60.48	2782.00
	Male	79	64.47	5093.00
	Total	125		
Board	Female	59	73.75	4351.00
	Male	87	73.33	6380.00
	Total	146		
Risks	Female	41	50.18	2057.50
	Male	71	60.15	4270.50
	Total	112		
IAF Leadership	Female	52	69.63	3621.00
	Male	82	66.15	5424.00
	Total	134		
IAF resource & position	Female	46	62.71	2884.50
	Male	79	63.17	4990.50
	Total	125		

### Test Statistics<sup>a</sup>

	IAF Role	Board	Risks	IAF Leadership	IAF resource & position
Mann-Whitney U	1701.000	2552.000	1196.500	2021.000	1803.500
Wilcoxon W	2782.000	6380.000	2057.500	5424.000	2884.500
Z	-.595	-.058	-1.572	-.515	-.071
p-value (2-tailed)	.552	.954	.116	.606	.943

a. Grouping Variable: Please select your Gender

This last row shows that Gender does not have an effect on any of the 5 factors in the Mann Whitney test

## NPar Tests

### Descriptive Statistics

	N	Mean	Std. Deviation	Minimum	Maximum
IAF Role	125	3.73	.767	1	5
Board	146	2.72	.975	1	5
Risks	112	3.70	.915	1	5
IAF Leadership	134	3.54	.975	1	5
IAF resource & position	125	3.32	1.010	1	5
In which sector are you employed?	237	1.33	.471	1	2

## Mann-Whitney Test

### Ranks

	In which sector are you employed?	N	Mean Rank	Sum of Ranks
IAF Role	Public Sector	80	65.39	5231.00
	Private Sector	39	48.95	1909.00
	Total	119		
Board	Public Sector	93	71.35	6636.00
	Private Sector	45	65.67	2955.00
	Total	138		
Risks	Public Sector	72	55.56	4000.50
	Private Sector	34	49.13	1670.50
	Total	106		
IAF Leadership	Public Sector	85	66.06	5615.00
	Private Sector	42	59.83	2513.00
	Total	127		
IAF resource & position	Public Sector	80	58.11	4648.50
	Private Sector	39	63.88	2491.50
	Total	119		

### Test Statistics<sup>a</sup>

	IAF Role	Board	Risks	IAF Leadership	IAF resource & position
Mann-Whitney U	1129.000	1920.000	1075.500	1610.000	1408.500
Wilcoxon W	1909.000	2955.000	1670.500	2513.000	4648.500
Z	-2.446	-.785	-1.010	-.914	-.882
p-value (2-tailed)	.014	.433	.312	.361	.378

a. Grouping Variable: In which sector are you employed?

## NPar Tests

### Descriptive Statistics

	N	Mean	Std. Deviation	Minimum	Maximum
IAF Role	125	3.73	.767	1	5
Board	146	2.72	.975	1	5
Risks	112	3.70	.915	1	5
IAF Leadership	134	3.54	.975	1	5
IAF resource & position	125	3.32	1.010	1	5
Are you employed in an SOE?	197	1.77	.424	1	2

## Mann-Whitney Test

### Ranks

	Are you employed in an SOE?	N	Mean Rank	Sum of Ranks
IAF Role	Yes	28	70.89	1985.00
	No	85	52.42	4456.00
	Total	113		
Board	Yes	34	83.06	2824.00
	No	99	61.48	6087.00
	Total	133		
Risks	Yes	28	48.61	1361.00
	No	73	51.92	3790.00
	Total	101		
IAF Leadership	Yes	32	65.19	2086.00
	No	90	60.19	5417.00
	Total	122		
IAF resource & position	Yes	28	62.27	1743.50
	No	85	55.26	4697.50
	Total	113		

### Test Statistics<sup>a</sup>

	IAF Role	Board	Risks	IAF Leadership	IAF resource & position
Mann-Whitney U	801.000	1137.000	955.000	1322.000	1042.500
Wilcoxon W	4456.000	6087.000	1361.000	5417.000	4697.500
Z	-2.593	-2.821	-.511	-.697	-1.011
p-value (2-tailed)	.010	.005	.610	.486	.312

a. Grouping Variable: Are you employed in an SOE?

## NPar Tests

### Descriptive Statistics

	N	Mean	Std. Deviation	Minimum	Maximum
IAF Role	125	3.73	.767	1	5
Board	146	2.72	.975	1	5
Risks	112	3.70	.915	1	5
IAF Leadership	134	3.54	.975	1	5
IAF resource & position	125	3.32	1.010	1	5
Have your SOE been previously been implicated in corporate governance mal-practices?	39	1.51	.506	1	2

## Mann-Whitney Test

### Ranks

	Have your SOE been previously been implicated in corporate governance mal-practices?	N	Mean Rank	Sum of Ranks
IAF Role	Yes	13	10.15	132.00
	No	12	16.08	193.00
	Total	25		
Board	Yes	14	8.86	124.00
	No	16	21.31	341.00
	Total	30		
Risks	Yes	13	15.23	198.00
	No	12	10.58	127.00
	Total	25		
IAF Leadership	Yes	14	10.25	143.50
	No	14	18.75	262.50
	Total	28		
IAF resource & position	Yes	13	9.23	120.00
	No	12	17.08	205.00
	Total	25		

### Test Statistics<sup>a</sup>

	IAF Role	Board	Risks	IAF Leadership	IAF resource & position
Mann-Whitney U	41.000	19.000	49.000	38.500	29.000
Wilcoxon W	132.000	124.000	127.000	143.500	120.000
Z	-2.018	-3.894	-1.599	-2.768	-2.734
p-value (2-tailed)	.044	.000	.110	.006	.006
Exact p-value [2*(1-tailed p-value)]	.046 <sup>b</sup>	.000 <sup>b</sup>	.123 <sup>b</sup>	.005 <sup>b</sup>	.007 <sup>b</sup>
Exact p-value (2-tailed)	.044	.000	.114	.005	.005
Exact p-value (1-tailed)	.022	.000	.058	.002	.002
Point Probability	.002	.000	.003	.000	.000

a. Grouping Variable: Have your SOE been previously been implicated in corporate governance mal-practices?

b. Not corrected for ties.

## NPar Tests

### Descriptive Statistics

	N	Mean	Std. Deviation	Minimum	Maximum
IAF Role	125	3.73	.767	1	5
Board	146	2.72	.975	1	5
Risks	112	3.70	.915	1	5
IAF Leadership	134	3.54	.975	1	5
IAF resource & position	125	3.32	1.010	1	5
Have you audited an SOE in the past?	196	1.43	.496	1	2

## Mann-Whitney Test

### Ranks

	Have you audited an SOE in the past?	N	Mean Rank	Sum of Ranks
IAF Role	Yes	75	60.88	4566.00
	No	39	51.00	1989.00
	Total	114		
Board	Yes	86	72.26	6214.00
	No	48	58.98	2831.00
	Total	134		
Risks	Yes	71	52.45	3724.00
	No	32	51.00	1632.00
	Total	103		
IAF Leadership	Yes	80	62.91	5032.50
	No	42	58.82	2470.50
	Total	122		
IAF resource & position	Yes	75	60.66	4549.50
	No	39	51.42	2005.50
	Total	114		

### Test Statistics<sup>a</sup>

	IAF Role	Board	Risks	IAF Leadership	IAF resource & position
Mann-Whitney U	1209.000	1655.000	1104.000	1567.500	1225.500
Wilcoxon W	1989.000	2831.000	1632.000	2470.500	2005.500
Z	-1.518	-1.901	-.229	-.617	-1.457
p-value (2-tailed)	.129	.057	.819	.537	.145

a. Grouping Variable: Have you audited an SOE in the past?



## NPar Tests

### Descriptive Statistics

	N	Mean	Std. Deviation	Minimum	Maximum
IAF Role	125	3.73	.767	1	5
Board	146	2.72	.975	1	5
Risks	112	3.70	.915	1	5
IAF Leadership	134	3.54	.975	1	5
IAF resource & position	125	3.32	1.010	1	5
Do you belong to a Professional Body?	198	1.05	.209	1	2

## Mann-Whitney Test

### Ranks

	Do you belong to a Professional Body?	N	Mean Rank	Sum of Ranks
IAF Role	Yes	111	58.08	6446.50
	No	3	36.17	108.50
	Total	114		
Board	Yes	132	67.72	8939.50
	No	3	80.17	240.50
	Total	135		
Risks	Yes	98	51.54	5051.00
	No	3	33.33	100.00
	Total	101		
IAF Leadership	Yes	120	61.25	7350.50
	No	3	91.83	275.50
	Total	123		
IAF resource & position	Yes	111	57.80	6416.00
	No	3	46.33	139.00
	Total	114		

### Test Statistics<sup>a</sup>

	IAF Role	Board	Risks	IAF Leadership	IAF resource & position
Mann-Whitney U	102.500	161.500	94.000	90.500	133.000
Wilcoxon W	108.500	8939.500	100.000	7350.500	139.000
Z	-1.136	-.546	-1.065	-1.493	-.613
p-value (2-tailed)	.256	.585	.287	.135	.540
Exact p-value [2*(1-tailed p-value)]	.271 <sup>b</sup>	.605 <sup>b</sup>	.309 <sup>b</sup>	.150 <sup>b</sup>	.579 <sup>b</sup>
Exact p-value (2-tailed)	.273	.603	.302	.157	.558
Exact p-value (1-tailed)	.137	.302	.153	.087	.297
Point Probability	.002	.005	.007	.033	.026

a. Grouping Variable: Do you belong to a Professional Body?

b. Not corrected for ties.

## NPar Tests

### Descriptive Statistics

	N	Mean	Std. Deviation	Minimum	Maximum
IAF Role	125	3.73	.767	1	5
Board	146	2.72	.975	1	5
Risks	112	3.70	.915	1	5
IAF Leadership	134	3.54	.975	1	5
IAF resource & position	125	3.32	1.010	1	5
HomeLangNew	249	4.62	2.141	1	7

## Kruskal-Wallis Test

### Ranks

	HomeLangNew	N	Mean Rank
IAF Role	1	15	64.33
	2	29	58.66
	4	8	74.06
	5	16	61.50
	6	27	66.63
	7	30	61.12
	Total	125	
	Board	1	19
2		32	58.84
4		12	97.75
5		17	88.76
6		32	70.81
7		34	76.65
Total		146	
Risks		1	12
	2	26	58.00
	4	7	61.57
	5	13	58.54
	6	24	56.73
	7	30	53.37
	Total	112	
	IAF Leadership	1	16
2		31	53.48
4		9	78.78
5		17	82.68
6		29	68.24
7		32	73.09
Total		134	
IAF resource & position		1	15
	2	29	57.76
	4	8	86.75
	5	16	58.03
	6	27	65.17
	7	30	69.52
	Total	125	

## Test Statistics<sup>a,b</sup>

	IAF Role	Board	Risks	IAF Leadership	IAF resource & position
Kruskal-Wallis H	1.570	10.670	.576	9.024	8.143
df	5	5	5	5	5
p-value	.905	.058	.989	.108	.149

a. Kruskal Wallis Test

b. Grouping Variable: HomeLangNew

## NPar Tests

### Descriptive Statistics

	N	Mean	Std. Deviation	Minimum	Maximum
IAF Role	125	3.73	.767	1	5
Board	146	2.72	.975	1	5
Risks	112	3.70	.915	1	5
IAF Leadership	134	3.54	.975	1	5
IAF resource & position	125	3.32	1.010	1	5
What is your Highest academic qualification?	243	3.47	.892	2	5

## Kruskal-Wallis Test

### Ranks

	What is your Highest academic qualification?	N	Mean Rank
IAF Role	Diploma	18	73.39
	Degree	48	55.58
	Honours Degree	35	62.67
	Master's Degree or Doctorate	21	62.88
	Total	122	
Board	Diploma	20	68.25
	Degree	55	74.62
	Honours Degree	43	67.10
	Master's Degree or Doctorate	25	77.66
	Total	143	
Risks	Diploma	16	44.34
	Degree	42	53.80
	Honours Degree	31	52.05
	Master's Degree or Doctorate	20	70.63
	Total	109	
IAF Leadership	Diploma	19	85.63
	Degree	51	64.62
	Honours Degree	39	61.72
	Master's Degree or Doctorate	22	59.84
	Total	131	
IAF resource & position	Diploma	18	63.53
	Degree	48	61.05
	Honours Degree	35	57.31
	Master's Degree or Doctorate	21	67.76
	Total	122	

## Test Statistics<sup>a,b</sup>

	IAF Role	Board	Risks	IAF Leadership	IAF resource & position
Kruskal-Wallis H	3.464	1.456	7.109	6.438	1.289
df	3	3	3	3	3
p-value	.325	.692	.069	.092	.732

a. Kruskal Wallis Test

b. Grouping Variable: What is your Highest academic qualification?