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Effect of Internal Audit on Project Performance of Public Institutions in Rwanda; a Case of National Bank of Rwanda

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Abstract

This study aimed to find out the effect of internal audit on the project performance of public institutions in Rwanda a case of National Bank of Rwanda (BNR). The specific objectives were: to evaluate the effect of financial audit on the project performance of BNR; to assess the effect of compliance audit on the project performance of BNR; and to establish the effect of revenue and expenditure audit on the project performance of BNR. Despite the researcher's efforts to include all the targeted population of 118 BNR staff, 96 respondents were able to have successful responses. Findings about financial audit indicated that 83.3% of the respondents strongly agreed that there is mandatory rotation of auditors in BNR to improve audit independence and detail them during the budgeting process. Secondly, findings about compliance audit indicated that 90.6% of the total respondents strongly agreed that BNR internal auditors are protected by regulations to choose to reveal to the public any information they believe should be disclosed. Thirdly, findings about revenue and expenditure audit showed that 75% of the respondents strongly agreed that with the help of professional revenue and expenditure audit competence, the BNR auditors have the required internationally accepted accounting and audit competences. Finally, the regression analysis results indicated significant effect of internal audit on the project performance of BNR. Therefore, all the null hypotheses of were rejected. Following the study findings, the researcher recommended that in regards to the embezzlement and fraud, the management together with other government institutions that look after the system continue to identify the individuals that still engage in these vices. Officials who delay BNR activities should also be handled individually so as other staff could avoid doing similar mistakes in future.

Key Words: Audit, Internal audit, Project performance, Public Institutions, Rwanda.

1. Introduction

Audit originates from the Latin word *audire*, which means to hear. Historically, an auditor would review the accounts by listening to an accountant read them aloud. Auditing predates accounting. It was used in all ancient nations, including Mesopotamia, Greece, Egypt, Rome, and the United Kingdom and India. Internal auditing emerged and expanded fast following the industrial revolution of the 18th century, when ownership and management were separated in joint-stock enterprises (Gramling, 2017). The shareholders, who were the company's owners, required a report from an impartial expert on the company's finances controlled by the Board of Directors, who were the company's workers. An internal auditor performs the audit of an organization's financial statements to acquire reasonable confidence that they are free from substantial misrepresentation, whether caused by fraud or mistake (Ramamoorti, 2018).

Throughout the majority of its existence, internal audit in North American nations has acted as a crucial administrative operation consisting mostly of document verification, asset counting, and reporting to the Board of Directors or management of the subject firms. In recent years, however, a variety of factors have led to a quiet revolution in the profession. Public institutions must show fiscal prudence and service delivery efficacy while using public funds. Organizations and public institutions alike today need internal auditors to have a high level of expertise and professionalism, and precious resources must be allocated more effectively to reduce and manage risks (Barrick et al, 2019).

Under the leadership of the Internal Auditor Certification in European nations, the new meaning of internal audit roles and processes has come to signify the effectiveness of public institutions. Throughout the majority of its existence, internal audit review has acted as a clear authoritative approach consisting mostly of verifying records, counting resources, and reporting to the board and senior management (Ramamoorti, 2018). Lately, however, a combination of diverse factors has led to a peaceful modification of the process. According to Gramling (2017), public institutions must demonstrate fiscal prudence and efficiency in service delivery and report generation.

Public entities in the majority of Asian nations believe that internal audit functions are one of the most reliable tools for evaluating and enhancing project performance. Internal auditing methods are essential to the execution of an institution's project. Internal control helps institutions to implement the procedures established by an organization to assure attainment of its objectives, aims, and activities. A company use these and other terms and conditions to ensure that business transactions are conducted in a manner that avoids waste, theft, and misuse of company assets. Internal controls help to ensure that procedures are composed and influenced by those responsible for governance, management, administration, and other staff to provide reasonable assurance of the achievement of an element's objectives with respect to the unwavering quality of financial reporting (Muga, 2018).

The adoption of the King II Report in South Africa, which incorporated internal audit techniques, had a favorable impact on the functioning of public institutions. Prior to the adoption of internal audit methods in South Africa's report, the performance of public institutions was neither precisely measured, nor were their findings recorded. However, this was always a result of regulatory organizations failing to provide enough advice on how these reviews should be conducted (Mutua, 2017). As indicated by Alderman (2017), public institutions in Sub-Saharan Africa are making it obligatory to prepare, instruct, and hone their workers on the most proficient method to utilize these internal control frameworks, as its viability relies on the ability and consistency of the individuals utilizing it.

In their pursuit of a more grounded responsibility environment, numerous African businesses continue to develop strong accounting and evaluation systems. Kenya, for instance, adopted an internationally recognized reporting method. It adopted the International Financial Reporting Standards (IFRSs) and the International Standards on Auditing (ISAs) for the Private Sector in 1999, and the International Public Sector Accounting Standards (IPSASs) in general in 2014. The nation rebuilt the general population segment and adopted execution contracting, organized screening of State Officers, established Independent Commissions and Offices, and made other changes that continue to strengthen corporate administration, including ongoing discussions with the World Bank to establish a Financial Oversight Authority to oversee Public Interest Entities (Sayag, 2015).

In Rwanda, over the past decade, the government has implemented a number of reforms for improved internal audit, including business sector, public finance management, and procurement reforms, which have resulted in changes to the law and regulations; it has also successfully developed a financial management information system and installed a country-wide fiber optic backbone, both of which are enormous developments and essential to the realization of its vision. Internal audit in public entities has evolved into numerous forms and degrees of capability. There are several worldwide, national, institutional, and informal organizations that represent and advocate for diverse interests and groupings of interests. This is a result of the strengthened regulatory framework as a result of a number of government legislation, which has created an incredible environment to protect the independence and prestige of public institutions (MINECOFIN, 2016).

The researcher investigated the influence of internal audit on the project performance of public institutions in Rwanda, using the National Bank of Rwanda as a case study.

Statement of the Problem

Commonly, public projects consist of infrastructure, electronic systems, and building. The vast majority of public projects relate to government efforts to serve a public goal. The success of such programs is crucial to fulfilling a nation's goals and ambitions. According to MINECOFIN (2021), it is essential for Rwanda to have well-executed public projects in order to save money and provide critical services to inhabitants in a timely manner in order to improve their living circumstances, as stipulated in the National Strategy for Transformation (NST1). In order to achieve its financial stability mission, BNR undertakes a variety of programs to detect and reduce systemic risks. BNR created a set of indicators and evaluation tools to monitor and assess the accumulation of possible risks and vulnerabilities in the Rwandan financial sector to aid in the success of these programs.

However, the Office of Auditor General's 2021 report found government projects that were finished late, abandoned, or postponed. Fraud and budget absorption of public project funds are further vices that have been documented. The audit listed 37 instances of delayed contracts totaling Rwf201.02 billion across 28 state bodies and initiatives. This includes 25 delayed contracts with a value of Rwf89.94 billion detected during the audit year, as well as 12 contracts with a value of Rwf111.08 billion from earlier audits, with delays of up to 6 years. This led to a rise in the cost of government projects and a lack of value for money, which negatively impacts the delivery of services to residents. Additionally, the number of contracts that have been terminated is increasing. During the 2021 audits, eight (8) incidents of abandoned contracts totaling Rwf965, 009.09 billion were uncovered among seven (7) governmental bodies.

In light of the above, the researcher was motivated to investigate the impact of internal audit on the project performance of public institutions in Rwanda, using the National Bank of Rwanda as a case study.

Specific Objectives

1. To evaluate the effect of financial audit on the project performance of National Bank of Rwanda;
2. To assess the effect of compliance audit on the project performance of National Bank of Rwanda;
3. To examine the effect of revenue and expenditure audit on the project performance of National Bank of Rwanda.

Research Hypotheses

The following are the research hypotheses that guided this study:

Ho_1: There is no significant effect of financial audit on the project performance of National Bank of Rwanda;

Ho_2: There is no significant effect of compliance audit on the project performance of National Bank of Rwanda;

Ho_3: There is no significant effect of revenue and expenditure audit on the project performance of National Bank of Rwanda.

2. Literature Review

Internal audit involves several requirements that make it more comprehensible, hence making it simpler for the researcher to address the independent variable of the study. The main ones are financial audit, compliance audit, and revenue and expenditure audit. Internal auditing should be an impartial, objective assurance and consulting activity meant to bring value and enhance the operations of a business. It assists a company in achieving its goals by evaluating and enhancing the efficacy of risk management, control, and governance procedures using a methodical, disciplined approach. According to Peursem (2019), the basic concepts together define the success of internal auditing. For an internal audit function to be deemed effective, all applicable principles must be present and operational.

The purpose of a financial audit is to increase the level of trust of the financial statements' intended users. The auditor expresses an opinion as to whether the financial statements are prepared, in accordance with an applicable financial reporting framework, , or give a true and fair view, in accordance with the framework. It greatly adds to the execution of projects and the overall efficacy of an organization (Glazer & Jaenike, 2017).

Typically, financial reports are produced with the premise that the company will continue to satisfy its statutory requirements for the foreseeable future. Consequently, in order to determine whether the going-concern assumption is reasonable, persons in charge of preparing the financial statements must consider all foreseeable future facts. Typically, financial statements for general purposes are produced on a going-concern basis. The IA publishes standards for internal audits and audit-related services, including attribute, financing, and implementation criteria. In general, formal internal auditing standards acknowledge that internal auditors also offer services for non-financial report information (Ridley & D'Silva, 2017).

Compliance audits are distinguished by their independence in determining whether a particular topic complies with specified authorities and standards. Compliance audits are conducted by determining whether the audited entity's operations, financial transactions, and information conform to applicable regulations in all significant ways. Therefore, the purpose of internal audit compliance is to check whether the operations of public-sector firms are in conformity with the controlling authorities. This entails reporting on the extent to which the audited entity conforms to predetermined standards. Reporting may range from brief standardized views to many types of findings, expressed in either short or extended form. Compliance audits may focus on regularity or propriety (Dumitrescu, 2014).

A revenue audit is defined as "an examination of a tax return; a declaration of liability or a repayment claim; a statement of liability to Stamp Duty; or the compliance of a business with tax and duty legislation." The purpose is to determine the correct level of tax liability, and all chargeable persons, including self-assessed individuals and companies, may be selected for audit. A chargeable individual may be selected at random for audit. An audit of revenue may examine compliance with all tax heads. The audit will review the taxpayer's books and records to determine whether there is a tax default and, if there is, to negotiate a settlement with the taxpayer and assure future compliance with the tax law. Perpetrators actively engage in deception to conceal their behavior, auditors may have limited experience detecting fraud, and fraudulent activities are inherently unpredictable and difficult to detect (Reichheld, 2016).

A performance-oriented initiative in the public sector implies that accomplishments, as well as honesty and efficiency, are important and that managers or agencies should seek predetermined criteria. A project's success in public institutions requires that public sector outputs contribute effectively to policy goals. Performance evaluations focus on results and outputs, as opposed to inputs alone. The Public Sector Performance Global Expert Team is comprised of World Bank experts on problems ranging from performance pay to instruments for enhancing performance in planning, internal audit, and budgeting. The team serves internal and external customers directly as a knowledge center and consultancy service, and as the technical leader defining the Bank's strategic position in public sector performance (Lee, 2017).

There is a distinction between organizational efficiency and commercial efficiency. Organizational efficiency represents the enhancement of internal processes, such as organizational structure, culture, and community, while business efficiency exposes the performance of input-to-output ratio. An entity's performance in terms of management, output, and quality might be enhanced by a highly efficient organization. In most situations, low institutional efficiency is the consequence of management that lacks a clearly defined customer-oriented policy, resulting in a lack of consistent emphasis on efficiency. Such an organization fails to execute a strong resource allocation strategy, resulting in a lack of strict staff cost management, training on cost reduction, or even cost elimination (Beuningen et al, 2018).

With the advent of information technology, which has given rise to many innovations, project quality stimulation has always been a priority in public institutions, as it is directly related to the generation of value for the organization. Public institutions continually strive for improved outcomes, impact, and service delivery. However, the majority of institutions struggle to get it right. Management is not always aware of the appropriate evaluation of their organization's performance. A plethora of models, frameworks, or methods for conducting entity valuation creates unnecessary stress for management in selecting the path that is congruent with the beliefs and cultural philosophy of the organization (Paxton, 2018).

The efficacy of a public institution is the most common performance metric. For managers, suppliers, and investors, this word may resemble efficiency. Each of these concepts has a unique definition. The majority of companies evaluate their performance based on efficacy. Their primary objective is to accomplish their purpose, objectives, and vision. The topic is if there is a distinction between an effective but inefficient organization and vice versa. Organizations focused on organizational effectiveness are concerned with production, sales, quality, value generation, innovation, and cost reduction (Joseph *et al*, 2019).

Participation in the evaluation is a systematic and objective assessment of an ongoing or completed project, program, or policy's design, implementation, and outcomes. The purpose is to evaluate the relevance and achievement of objectives, as well as the efficiency, effectiveness, impact, and sustainability of development. Beneficiaries' participation in a project evaluation should lend credibility and utility to the process, enabling the incorporation of lessons learned into the decision-making processes of both recipients and donors. Therefore, monitoring and evaluating development activities provides government officials, development managers, and civil society with more effective tools for learning from past experience, enhancing service delivery, planning and allocating resources, and demonstrating results as part of their accountability to key stakeholders (Neil, 2019).

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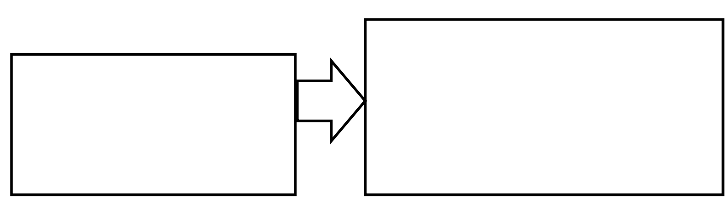
Conceptual Framework

According to McKenzi (2016), a conceptual framework is an analytical tool with several variations and contexts. This conceptual framework primarily based on three theories: the Policeman Theory, the Equity Theory, and the Contingency Theory. They backed the comprehension of behavioral characteristics for the development of public sector accountability and the overall performance of the nation's public institutions and boards of directors.

Independent Variable **Dependent Variable**

Internal audit **Project Performance**



3. Methodology

This research employed a descriptive and correlational study design, as well as a mixed research design. Through collection and analysis of descriptive statistics, the researcher was able to assess the significance level of internal audit's effectiveness and determine whether BNR projects' project performance has improved. In addition to descriptive statistics, the research used correlational design and regression analysis to determine the association between internal audit processes and BNR project performance.

This study was conducted at National Bank of Rwanda. Thus, the study's population was composed of BNR staff. According to Cooper & Schindler (2018), a population is the total number of elements about which the researcher wishes to draw conclusions. The researchers proceeded to establish a population including all instances of a given entity type that are restricted by geography or one or more features. Consequently, the population of interest for this research consisted of one hundred eighteen (118) respondents employed in the Strategy, ICT Infrastructure, Internal Audit, Research, and Currency and Banking Operations departments of the BNR headquarters. According to the researcher, these respondents are crucial because they have a wealth of information regarding the progress of BNR projects in accordance with internal audit.

A sample, according to Hajizadeh (2017) is a set of entities drawn from a population with the aim of estimating characteristics of the population. In addition, Mugenda & Mugenda (2018) define sample size as the number of cases or entities in the studied sample. They argued that determining a suitable sample size is a complicated matter that relies on several variables. The researchers' predictions regarding the trend of replies is a crucial impact. To select respondents for this study, the researcher used universal sampling. According to Hajizadeh (2017), universal sampling refers to the selection of samples in which all members of the population have an equal chance of being included. In accordance with Groves et al., the researcher opted for the universal sampling technique because the population size, which includes the employees of the Strategic, ICT Infrastructure, and Internal Audit departments of BNR's head office, is too small to be sampled in their entirety Groves *et al*. (2017). The researcher used this approach to select all 118 workers from whom she gathered data in order to analyze the significance degree of internal audit's efficacy and determine if BNR projects' performance has improved as a result of internal audit procedures

In order to ensure that the end results of this study were successful and more especially effective, the researcher applied reliability and validity. Concerning the instrument's dependability, a pilot study involving twenty-two (22) BNR employees from other departments were conducted. Prior to distributing the instruments to the respondents, the purpose of the pilot study is to determine the instruments' dependability. This also aimed to ensure that the instrument would yield identical results when administered to respondents a second time, i.e., to collect identical data consistently under similar conditions. The concept related to the precision of the instrument and the reliability of the data it collects.

In addition to a pilot study, the instrument was as well tested using Cronbach's Alpha coefficient. Cronbach's alpha results had to range from 0 to 1 and in case of negative number, the instrument was retested. This is because a negative number indicates that something is wrong with the data. In other words, the researcher went by a general rule of thumb that a Cronbach's alpha of 0.7 and above is good, 0.8 and above is better, and 0.9 and above is best.

4. Results and Findings

Findings were presented in form of correlation analysis and regression analysis. In particular, Spearman test was considered for correlation analysis whereas regression analysis considered model summary, ANOVA and correlation analyses.

Correlation Analysis

Table 1: Spearman test

Model		**Variables**	**IA**	**PP**
Spearman's rho	IA	Correlation Coefficient	1.000	.798**
		Sig. (2-tailed)	.	.002
		N	96	96
	PP	Correlation Coefficient	.798**	1.000
		Sig. (2-tailed)	.002	.
		N	96	96

Table 1 presents results of the Spearman test results. Spearman Correlation Coefficient is also referred to as Spearman Rank Correlation or Spearman's rho. As revealed with the help of SPSS spearman correlation analysis results indicated in the table above, the value of rs=0.798 and p=0.002 which explains that there was a strong, positive monotonic correlation between internal audit and project performance of the BNR (= .798, n = 96, p < .002). Based on the spearman analysis, therefore, the researcher learnt that internal audit in terms of: financial audit, compliance audit and revenue and expenditure audit have strong relationship on the project performance of public institutions in Rwanda.

Regression Analysis

The regression analysis presented results that were all about model summary, ANOVA and correlation findings.

Model Summary

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.816[a]	.667	.6809	.11338
a. Predictor: (Constant), Financial audit, Compliance audit; and Revenue and Expenditure audit				

The model summary basically indicates the adjusted R squared which is a coefficient of determination that expresses the variation in the dependent variable as a result of changes in the independent variable. The study findings presented in table 2 revealed the value of adjusted R square was 0.6809. This is an indication that there was variation of 68.1% on project performance BNR was due to changes in financial audit, compliance audit and revenue and expenditure audit.

The results indicated in the table show that 68.1% of the changes in project performance of BNR could be accounted on financial audit, compliance audit and revenue and expenditure audit within the institution. Hence, the remaining 31.9% would be accounted on other possible factors.

Analysis of Variance (ANOVA)

Table 3: Analysis of Variance (ANOVA)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.356	4	.089	5.235	.003[b]
	Residual	1.547	91	.017		
	Total	1.903	95			
a. Dependent Variable: Project performance						
b. Predictors: (Constant), Financial audit, Compliance audit; and Revenue and Expenditure audit						

As presented in table 3, the ANOVA findings revealed that independent variables are statistically significant to the dependent variable. The ANOVA test discovered that P-value of 0.003 is less than alpha (5%), the significance level. This means the given data fit well with the multiple regression models which is an indication that financial audit, compliance audit and revenue and expenditure audit have a contribution to project performance in BNR. Hence, the significance value which was also less than 0.05 is an indication that the model was statistically significant.

Coefficients

Table 4: Coefficients

Model		Unstandardized Coefficients		Standardize Coefficient	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.032	.361		5.639	.001
	FINA	1.126	.303	.710	3.716	.004
	COA	5.625	.533	.650	10.553	.002
	REA	.778	.601	.797	1.294	.001
a. Dependent Variable: Project Performance						

From the study presented in table 4, the established regression equation was: Project Performance (PP) = $\alpha + \beta_1$FINA (Financial audit) + β_2COA (Compliance audit) + β_3REA (Revenue and Expenditure audit) + ę

PP = 2.032 + 0.710 (FINA) + 0.650 (COA) + 0.797 (REA) + 0.361

Based on the regression equation and findings presented in table 4, it was revealed that holding financial audit, compliance audit and revenue and expenditure audit to a constant zero, project performance of BNR would be 2.032. Indeed, this constant called y-intercept is not realistic but it is a needed parameter in the model. As per the findings, there is positive and significant effect of financial audit on project performance in BNR (β = 0.710; t test = 3.716; p-value < 5%). This implies that a unit increase in financial audit would lead to increase project performance in BNR by a factor of 0.710. Likewise, there is positive and significant effect of compliance audit on project performance in BNR (β = 0.650; t test = 10.553; p-value >5%). This implies that a unit increase in compliance audit would lead to project performance in BNR by a factor of 0.650.

In addition, there is positive and significant effect of revenue and expenditure audit on project performance in BNR (β = 0.797; t test = 1.294; p-value >5%). This implies that a unit increase in revenue and expenditure audit would lead to increase in project performance in BNR by a factor of 0.797. The researcher concluded that there was a strong positive and significant effect among the study variables as shown by the regression analysis since they all indicated positive influence of internal audit in terms of financial audit, compliance audit and revenue and expenditure audit in public institutions. Therefore, the study's independent variable, internal audit has significant effect on the study's dependent variable – project performance in public institutions in Rwanda and BNR in particular. Thus, since all independent factors were discovered to have strong and significant effect on project performance, all the study's null hypotheses were not accepted.

5. Discussion of Findings

This study's principal objective was to find out the effect of internal audit on project performance of public institutions in Rwanda. Based on the findings reached after the primary and secondary data, the study objective was achieved as indicated in previous section.

This study's findings are in line with study results of a study that examined the effect of internal auditing on project performance in North Carolina in the USA. Eden (2017) assigned 22 state parastatals to experimental conditions (audited or not audited) and monitored their funding for a year. His findings showed that project performance significantly improved during the half year following the audit in the experimental branches, while the control branches experienced a decline due to poor general business conditions. While that study offers a useful jumping-off point for understanding how good auditing can improve a project performance, it does not go far enough in explaining when and why internal audit works, and the conditions that facilitate or impede it. Helping to bridge this gap will be one of the main contributions of this study.

More so, the study's results supported findings of a research conducted by Badara & Saidin (2020) regarding the effect of internal audit in the Middle East and Asia state that internal audit effectiveness has become a fruitful topic over the decade. This is because of the important roles play by the internal auditors in organizational survival and achievement. They averred that most of the organizations, whether public or private, have established internal audit department with the mind of enjoying the benefit behind the internal audit service. Myriad of empirical findings point to variables affecting internal audit effectiveness. These studies showed avalanche of differences in the measurement and approaches of internal audit effectiveness. There are also theoretical differences by researchers in analyzing internal audit effectiveness and there seems to be lack of consensus in the measuring variables of internal audit effectiveness.

Furthermore, the study results are in line with the study results by Hailemariam (2021) who investigated on the determinants of internal audit effectiveness in the selected Ethiopian public sector offices. The investigation was focused on 15 purposely selected public sector offices that are expected to represent all other sectors. The management teams and the internal auditors of the selected public sector office were the source for the required data to the researcher through the questionnaires administered. In addition, the finding of this study was to show the direct relation effects of management perception, management support, organizational independence of internal auditors, adequate and competent internal auditor's staff and the presence of approved internal audit charter with the internal audit effectiveness on the public sector management. According to the regression output the management support, the existence of adequate and competent internal audit staff, and the availability of approved internal audit charter were contributed for the internal audit effectiveness in the public sector significantly and positively. All of these five independent variables made 55.10% of the contributions for internal audit effectiveness in the public sector offices.

The findings of this study are as well in line what was discovered in Brazil by Peursem (2021) that examined the role of the Brazil internal auditor and conceptualizes on the auditor's influence over that role. The fundamental questions how an effective internal auditor can overcome the tension of working with management to improve funding, while also remaining sufficiently distant from management. The research found that there are three concepts characteristic of those who best balanced their role: the internal auditor's external professional status; the presence of a formal and an informal communication network; and the internal auditor's place in determining their own role. This was a qualitative study using a multiple case-based approach in which the researcher made observations, examined documents and interviewed senior internal auditors in six Brazil government institutions. However, it is a very thorough study and offers insights arguably not readily available in more traditional quantitative research.

In the same way, a study was carried out on Self Help Kenya in 2020 and the study established a significant relationship between internal control system and funding. The investigation recommends competence profiling in the organizational audit department which should be based on what the University expects the internal audit. The study therefore acknowledged role of organizational audit department to establish internal controls which have an effect on the fund management of organizations. Proper utilization of funds, quality financial information and proper financial reporting, never the less moderate factor such as education, political support and ethical conduct may affect, implementation of internal controls, political interference which brings about un expected changes like the sudden changes and government directives for political reasons affect funding of the organization play an important role in the successful implementation internal controls and project performance of public institutions, because if they are corrupt they may misappropriate the funds means for services provision.

Lastly, the study findings supported results of a survey by Ernst & Young (2021) in Rwanda which polled 695 chief audit executives and C-suite executives and found that 80 per cent of them admitted that their organization's internal audit function has room for improvement. The report found that 75 per cent of the survey respondents believe strong risk management has a positive impact on their long-term funding. An equal percentage of the respondents believe that their internal audit function has a positive impact on their overall risk management efforts. As the role of the internal auditor evolves and stakeholder expectations rise, internal audit

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functions increasingly require competencies that exceed the more traditional technical skills, such as the ability to team with management and business units on relevant business issues.

6. Conclusion and Recommendation

This research's concern was all about assess the effect of the effect of internal audit on the project performance in public institutions in Rwanda. BNR was chosen as a case study. Based on the study findings presented in the previous chapter and summarized in the above section, the following were considered as the study's conclusions. They are all pointed out in reference to the research specific objectives:

Firstly, it was largely revealed that there is mandatory rotation of auditors in BNR to improve audit independence and detail them during the budgeting process; and that operational policies are also controlled by National Bank of Rwanda, audit department. In addition, it was discovered that financial auditors are assisted to evaluate the efficiency and effectiveness of BNR. All these findings indicated that there is effective internal audit independence.

Secondly, it was revealed that BNR internal auditors are protected by regulations to choose to reveal to the public any information they believe should be disclosed; and this was followed by the fact that compliance audits enable the BNR to have successfully implemented policies about the bank. In addition, it was learnt that internal audit results and evidence in BNR are never restricted but they comply with the system in place; and that compliance auditors at BNR freely and in an objective manner exercise their duties. From these findings, the researcher learnt of the effectiveness in internal audit compliance.

Lastly, it was undoubtedly revealed that revenue and expenditure audit makes it possible for better practices of internal control and audit. This is supported by a factor that with the help of professional revenue and expenditure audit competence, the BNR auditors have the required internationally accepted accounting and audit competences. In addition, this institution has a passion for discovery and education which help them conduct a thorough assessment of the organization and again BNR auditors have perfect written and verbal communications. Then finally, financial integrity is a critical indicator of BNR auditors for their reputation as professionals

In crowning it all, the study concluded asserting that internal audit in terms of financial audit, compliance audit and revenue and expenditure audit has a positive impact on the project performance in public institutions in as it was revealed in which according to the study participants.

Based on the study findings the researcher recommends the following:

In regards to the embezzlement and fraud, the researcher suggests that the management together with other government institutions that look after the system continue to identify the individuals that still engage in these vices.

Officials who delay BNR activities should also be handled individually so as other staff could avoid doing similar mistakes in future.

Regarding safety measures, the top management should be look into the fact of enforcing internal audit components to watch over safety measures and risk management.

Other future researchers on similar topic are suggested to increase on the sample size and techniques in order to obtain a more representative of the population. The researchers are also recommended to carry out studies on:

Effect of electronic financial systems on the fund management of public institutions in Rwanda

Executive management and internal auditor on the fund management of public institutions in Rwanda

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