

From the study findings in table 3, revealed that there is significant weak correlation between audit reporting practices and performance of Equity Bank Rwanda Plc as shown by a correlation figure of 0.193^{*}, p-value =0.033<0.05 level (2-tailed). This implies that an improve of audit reporting practices contribute to an increase of performance of Equity Bank Rwanda Plc. These results are in agreement with Mihret and Yismaw (2007), where they indicated that the existence audit reporting practices led to the improvement of IAF effectiveness, which enhanced the efficiencies in the organization and also are in agreement with Archambeault *et al.* (2008) concluded that internal audit report has potential to complement existing disclosures, increase stakeholder's confidence in governance quality and financial reporting reliability.

Multiple linear regression analysis

Multiple linear regression was used to determine the effect of each predictor such risk assessment, minimization of errors and fraud and audit reporting practices as independent variables on performance of Equity Bank Rwanda Plc

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.787 ^a	.619	.609	.38470

a. Predictors: (Constant), X3=Audit reporting, X2=Minimization of errors and fraud, X1=Risk assessment

The results from the above table 4, the value of coefficient of determination (adjusted R-Square) was 0.609 (60.9%) an indication that there was variation of 60.9% in performance of Equity Bank Rwanda Plc was due to changes in internal audit practices which implies that the four independent variables (risk assessment; minimization of errors and fraud and audit reporting practices) as represented by R². Since the variables in the model count 60.9% change in financial performance. The contribution of all factors either in the model or not in the model count 100%. Therefore, there are other factors that influence financial performance of Equity Bank Rwanda Plc that are not included in the model which account for 39.1% towards financial performance of Equity Bank Rwanda Plc.

Table 5: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28.387	3	9.462	63.938	.000 ^b
	Residual	17.463	118	.148		
	Total	45.850	121			

a. Dependent Variable: Performance of Equity Bank Rwanda Plc

b. Predictors: (Constant), X3=Financial report, X2=Minimization of errors and fraud, X1=Risk assessment

The findings in the table 5, indicate that the overall model was significant. The overall model was significant because calculated F statistic of 63.938 was large than the critical $F(V_1=3, V_2=118) = 2.68$ and also because p-value calculated =0.000 is less than Critical p-value=0.05 level of significant. Therefore, this implies that the variables: risk assessment; minimization of errors and fraud and audit reporting practices had significant contribution to the variation of financial performance of Equity Bank Rwanda Plc. Therefore, it can be concluded internal audit had significant influence on performance of Equity Bank Rwanda Plc

Table 6: Regression coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.856	.293		2.918	.004
X1=Risk assessment	.263	.048	.329	5.445	.000
X2=Minimization of errors and fraud	.389	.039	.598	10.015	.000
X3= Audit reporting practices	.141	.050	.165	2.845	.005

a. Dependent Variable: Performance of Equity Bank Rwanda Plc

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Based on the findings above the model is represented as follows:

$$\text{Financial performance} = 0.856 + 0.263X_1 + 0.389X_2 + 0.141X_3$$

The regression equation above has established that taking all factors into account (risk assessment; minimization of errors and fraud and audit reporting practices) constant at zero.

Performance of Equity Bank Rwanda PIC was 0.856

The regression results revealed that risk assessment has significance positive contribution on performance of Equity Bank Rwanda Plc as indicated by $\beta_1= 0.263$, $p\text{-value}=0.000<0.05$, $t= 5.445$. The implication is that an increase of one unit in risk assessment would lead to an increase in performance of Equity Bank Rwanda Plc by 0.263 units. Therefore, the study rejected the null hypotheses that stated that there is no significant contribution of risk assessment on performance of Equity Bank Rwanda Plc

The regression results revealed that minimization of errors and fraud has significance positive contribution on performance of Equity Bank Rwanda Plc as indicated by $\beta_2= 0.389$, $p\text{-value}=0.000<0.05$, $t= 10.015$. The implication is that an increase of one unit in minimization of errors and fraud would lead to an increase in performance of Equity Bank Rwanda Plc by 0.389 units. Therefore, the study rejected the null hypotheses that stated that there is no significant contribution of minimization of errors and fraud on performance of Equity Bank Rwanda Plc

The regression results revealed that audit reporting practices has significance positive contribution on performance of Equity Bank Rwanda Plc as indicated by $\beta_3= 0.141$, $p\text{-value}=0.005<0.05$, $t= 2.845$. The implication is that an increase of one unit in audit reporting practices would lead to an increase in performance of Equity Bank Rwanda Plc by 0.141 units. Therefore, the study rejected the null hypotheses that stated that there is no significant contribution of audit reporting practices on performance of Equity Bank Rwanda Plc. These findings are in agreement with Bouaziz (2012) concluded that audit quality through internal auditing standards and audit outcome play a significant positive effect on financial performance of manufacturing company in Kenya.

7. CONCLUSION AND RECOMMENDATIONS

This section presented conclusions, and recommendations of the research.

7.1. Conclusion

Based on the study findings, the study concludes that internal audit practices had a significant contribution on financial performance, and therefore, the null hypothesis is rejected, meaning that an improvement of internal audit practices used by Equity Bank Rwanda Plc would lead to increase of its financial performance. Therefore, the study concluded that the variation of 60.9% in performance of Equity Bank Rwanda Plc was due to changes in internal audit practices which

implies that the four independent variables (risk assessment; minimization of errors and fraud and audit reporting practices) as represented by R^2 . This is because; respondents said that proper application of internal audit function can help the corporation to achieve its objective, help in the detection of fraud, help in minimizing costs, help employees to perform their assigned tasks both effectively and effectiveness all of which improve on the financial performance of the corporation. In general, the study concludes that that internal audit can enhance the efficiency of auditors are important for effective fraud detection. The study concluded internal audits in the organization have features built into them to ensure that fraudulent transactions are flagged or made difficult to transact.

The study concluded the research hypothesis stated that there is no significant contribution of risk assessment on financial performance of Equity Bank Rwanda Plc was rejected. Hence, there is significant contribution of risk assessment on financial performance of Equity Bank Rwanda Plc

The study concluded the research hypothesis stated that there is no significant contribution of minimization of errors and fraud on financial performance of Equity Bank Rwanda Plc was rejected. Hence, there is significant contribution of minimization of errors and fraud on financial performance of Equity Bank Rwanda Plc

The study concluded the research hypothesis stated that there is no significant contribution of audit reporting practices on financial performance of Equity Bank Rwanda Plc was rejected. Hence, there is significant contribution of audit reporting practices on financial performance of Equity Bank Rwanda Plc. In general, the study concludes that that internal audit can enhance the efficiency of auditors are important for effective fraud detection.

7.2. Recommendations

Based on the study findings, the following recommendations were made:

Equity Bank Rwanda Plc should check periodically their internal auditing practices to compare them with their cash in and cash out.

Equity Bank Rwanda Plc should consider determining the audit appropriations as an indicator of financial performance of Equity bank, Plc to improve on their profits.

The internal audit function in Equity Bank Rwanda Plc internal audit department should ensure that financial fraud in their various establishments is being controlled and reduced to zero level.

The head of the internal audit department should be responsible to the management/board in the organization with sufficient authority to promote independence and to ensure broad audit

coverage, adequate consideration of audit reports, and appropriate action on audit recommendations.

The study also recommends that Management should establish and implement periodic review of internal audit performance to ensure that its performance and value to the Institution is maximized and to ensure compliance with appropriate standards and guidance.

The study also recommends that Management should establish and implement periodic review of internal audit performance to ensure that its performance and value to the Institution is maximized and to ensure compliance with appropriate standards and guidance and also will help identify the underperforming areas.

There is need for the remittance companies in Equity Bank Rwanda Plc to increase their audit risk assessments as it was founded that audit risk assessments positively affects the organizational performance of commercial banks



REFERENCES

- Abeer A. A. (2015). The impact of the internal audit function to improve the financial performance of commercial banks in Jordan. *Research Journal of Finance and Accounting*, 6(3), 217-225.
- Adeniyi A.A (2004). *Auditing and Investigations*, Wyse Associates Limited, Ikeja Nigeria. Pp.204
- Ahmed, M, B. (2009). *Measuring the Performance of Islamic Banks by Adapting Conventional Ratios German University in Cairo*. Faculty of Management Technology. Working Paper No. 16 pp 1-26.
- Alkhasa, Abdul Basit Ahmad (2013). *The contribution of the internal audit function in the financial and administrative performance in local government bodies adjust to the Gaza Strip: An Empirical Study analytical*, unpublished Master Thesis, the Islamic University, Gaza, Palestine.
- Al-Shammari, Aid. (2010). The role of the Audit Committees in Corporate Governance in Saudi Arabia. *Workshop paper*. College of Business Administration - King Saud University
- Asat, S.H., Maruhun, E.N.S., Haron, H., and Jaafar, M. (2015). Enterprise risk management (ERM) and organisational performance: The case of housing developers in Malaysia. MARIM International Conference, Langkawi
- Asika, N. (1991). *Research Methodology in the Behaviourial sciences*. Ikeja Longman Nigeria plc.
- Arena, M. & Azzone, G. (2009). "Identifying Organizational Drivers of Internal Audit Effectiveness". *International Journal of Auditing*, Vol. 13, 43–60.
- Bayingana,G (2011). "The Effectiveness of Internal Auditing: An Empirical Examination of its Determinants in Rwandan Organizations": *African Accounting Review*, 20(3), 296-307.
- Beyanga, T. (2011). Internal Audit Function, Employee Attitudes and Financial Performance of Public Universities; A Case Study of Kyambogo and Makerere Universities. *Journal of Management Research*, 2(4), 35–42.
- BK (2018). *Annual financial reports of 2018*. Kigali, Rwanda: BK
- Burns, N., & Grove, K. (2003). *Understanding nursing research* (3rd ed.). Philadelphia: W.B./Saunders Company
- Chien, W., Mayer, R. W., & Sannetti, J. T. (2010). Audit Committee effectiveness in the largest US Public Hospitals: An empirical study. *Accounting & Taxation*, 2(1), 107-127
- Cohen A. & Sayag, G. (2010). The Effectiveness of Internal Auditing: An Empirical Examination of its Determinants in Israeli Organizations". *Australian Accounting Review* ,20(3), 296-307.
- Cooper D and Schindler P (2006), *Business Research the Methods*, 9th edition New Delhi

McGraw-Hall.

- Chunlan (2009) The relationship between internal audit control and enterprise value: A Case of listed companies in Shanghai and Shenzhen Stock Exchange in New Zealand. *Research Journal of Finance and Accounting*, 2(7)/8, 20-41.
- Dambatta, S. A. (2004). Enhancing the Effectiveness of Internal Audit at Local Government Level in Kano State in; Bayero, *International Journal of Accounting Research Publishers* Kano, Nigeria.
- Gerrit, S. & Mohammad J. A (2010). *Monitoring effects of the internal Audit Function: Agency Theory versus other explanatory variables*. *International Journal of Auditing*, 5(7),235-246
- Hatangimana, D. (2016). *Internal audit and financial performance in banking institutions: a case study of Ecobank Rwanda*. (Unpublished thesis of Master of Business Administration in Finance). Mount Kenya University, Nairobi, Kenya.
- Hermanson, D. R., Smith, J. L., & Stephens, N. M. (2012). *How Effective are Organizations Internal Controls? Insights into Specific Internal Control Elements*. American Accounting Association, A31–A50.
- Hutchinson, M.R., & Zain, M.M. (2009). Internal audit quality, audit committee independence, growth opportunities and firm performance. *Corporate Ownership and Control*, 7(2), 50-63.
- Igonanga, C, H. (2016). *Effect of internal audit practices on organization performance: a case of regulatory bodies in Kenya*: Unpublished thesis, KCA University
- Institute of Internal Auditors. (2006). *Role of Auditing in Public Sector Governance*: Retrieved from: <http://www.theiia.org/guidance> on 12th, July 2020
- Institute of Internal Auditors, (2008). *International Standards for the professional Practice of Internal Auditing*. Retrieved from: www.theiia.org 12th, July 2020
- Johnsone, V. (2011). Audit-firm tenure and the quality of financial reports. *Contemporary Accounting Research vol. 19(4)*, 637-660.
- Kantudu, A.S. (2004). *The Relevance of Auditors Report in Enhancing Management Accountability in Nigeria, Proceedings of the Second National Conference on Ethical Issues in Accounting*, Bayero University, Kano, Gidan Dabino Publishers.
- Katou, A. A. and Budwar, P. S. (2007). The Effects of Human Resource Management Policies on Organizational Performance in Greek Manufacturing Firms. *Thunderbird International Business Review*, Vol.49, No.1, pp.1- 35.
- Khalad, A. and Yusuf, M. (2013). Evaluating the Performance of Libyan Banks Using Return on Investment. *American Journal of Economics and Business Administration*, 5, 84-88.

- Khrawish, H.A. (2011). Determinants of Commercial Banks Performance: Evidence from Jordan. *International Research Journal of Finance and Economics*. Zarqa University, 5(5), 19-45.
- Kimetto, R. (2019). Internal Audit and Profitability of Banking Institutions in Kenya: A Case Study of Commercial Banks in Kericho County, Kenya. *Scientific Research Journal (SCIRJ)*, 7(5),47-62.
- Kibet, P.K. (2008). *A survey on the role of internal audit in promoting good corporate governance in SOEs*. Unpublished MBA Project, University of Nairobi.
- KPMG (2015). *Enhance Auditor Reporting. Providing Insight and Transparency*. KPMG LLP. Montvale, NI.
- Kombo K.D. and Tromp A.L.D. (2006). *Proposal and Thesis writing: An Introduction*, Paulines Publications Africa, Nairobi
- Kothari, C. R. (2013). *Research Methodology, Methods and Techniques*, New Delhi, Bangalore, 401pp. *Intermediation*, 9, pp. 7-25. www.indiatogether.org/2005/nov/eco-microfin.htm. (Accessed on 14/6/2017).
- Manyuru, J.P (2005) *corporate governance and organizational performance: the Companies quoted at the Nairobi Stock Exchange*: unpublished MBA Project School of Business, University of Nairobi.
- Messier, F. (2011). The effect of using the internal audit function as a management training ground on the external auditor's reliance decision. *The accounting review*, 2131- 2154.
- Momoh (2009). *The effects of internal auditors in the implementation of expected transactions and perceived financial statements*”, *Economic journal*, 23, 17-19.
- Moraa, N, O. (2013). *Effect of internal audit on financial performance of commercial banks in Kenya: A Research Project of MSc*, University of Nairobi
- Mugenda, O. M. & Mugenda, A. G., (2003). *Research methods: quantitative & qualitative approaches*. Nairobi: African Centre for Technology Studies.
- Mutua, V. K. (2012). *The Impact of Risk Based Audit on Financial Performance in Commercial Banks in Kenya*. *MBA Research Project*, University of Nairobi
- Nawhera, M. (2012). *The Internal audit function and financial performance: A case of national Social Security fund in Uganda* (Unpublished MBA Project). Makerere University, Kampala
- Ndimitu, P.N. (2011). *A study on role of internal audit in promoting effective management by water services providers*. Unpublished MBA project, University of Nairobi.

- Ndungu, T. J. (2016) *The relationship between internal audit function and financial performance of mid-size manufacturing firms in Nairobi County, Kenya: a management research project presented in partial fulfillment of the requirements for the award of the degree of master of science in finance*, University of Nairobi
- Newing, H. (2011). *Conducting research in conservation: Social science methods and practice*. New York, United States of America: Routledge.
- Njui, R. W. (2012) *The effectiveness of internal audit in promoting good governance in the public sector in Kenya: A research report for the award of the degree of Master of Business Administration*, School of Business, University of Nairobi
- Njenga B. W. (2006) study sought to investigate the relationship between cost X-efficiency and financial performance of companies listed in the Nairobi Securities Exchange in Kenya *Unpublished MBA Thesis*, University of Nairobi.
- Njeru, E. M. (2013). *The Relationship between the Internal audit Independence and Corporate Governance among Commercial business companies in Kenya*. (Unpublished MBA Project), University of Nairobi, Kenya.
- Nyiranzabahimana, R. (2015). *Internal audit and financial performance of banking institutions in Rwanda: A case study of Bank of Kigali Ltd. (Unpublished thesis of Master of Business Administration in Finance)*. Mount Kenya University, Nairobi, Kenya.
- Nwanyanwu, L. A. (2013). *Financial Reporting and organisational liquidity in Nigeria: the accounting bases perspective*, *Research Journal of finance and Accounting*, 4 (16), 79 – 81.
- Ondieki, N. M. (2013). *Effect of internal audit on financial performance of commercial banks in Kenya. (Unpublished thesis of Master of Science in Finance)*, University of Nairobi, Nairobi, Kenya.
- Pandey I. M. (2010): *Financial Management, 10th Edition*, Vikas Publishing House PVT Ltd New Delhi, India.
- Prawitt, D. F., J. L. Smith, and D. A. Wood. (2006). *Internal audit function characteristics and earnings management*. Working paper, Brigham Young University (July).
- Poker, L. (2011). *Return on Retained Earnings for JNJ, ABT, BMY, LLY & AZN*. Retrieved from gurufocus.com: <http://www.gurufocus.com/news/124759/return-on-retained-earnings-for-jnj-abtbmy-lly--azn>
- Rahmatika, D. N. (2014). *The Impact of Internal Audit Function Effectiveness on Quality of Financial Reporting and its Implications on Good Government Governance Research on Local Government Indonesia*. *Research Journal of Finance and Accounting*, 5(18), 64-75.
- Sarens, G. DeBeelde. (2011). *Internal auditors' perception about their role in risk Management: A comparison between US and Belgian companies*. *Managerial auditing Journal*, vol. 21 (1), 63-80.
- Smith, J. L., & Wood. D. A (2008). *Internal audit quality and earnings management*. In-stitute of *Internal Auditors Research Foundation*, 1-42.

Spira, L.F & Page.M. (2003). Risk Management: The Reinvention of Internal Control and the Changing Role of Internal Audit Accounting. *Auditing and Accountability Journal*, 16 (4)640-661.

Soh, D.S.B., & Martinov B. N. (2011). "The internal audit function: perceptions of internal audit roles, effectiveness, and evaluation". *Managerial Auditing Journal*, 26(7), 605-622.

Strutt, J. (2003). Risk assessment and management: the engineering approach, Centre for Industrial Safety and Reliability, Cranfield University., unpublished paper.

Tarawneh, M. (2006). A Comparison of Financial Performance in the Banking Sector: Some Evidence from Omani Commercial Banks". *International journal of management* 239/21pp45

Thachappilly, Gopinathan. (2009). "Liquidity Ratios Help Good Financial Management: Liquidity Analysis reveals likely Short-Term Financial Problems". *Journal of liquidity ratio analysis*.

Tapang, A.T& Oti,I. (2019). Internal Audit and Financial Performance of Micro Finance Banks in Nigeria. *International Journal of Social Sciences and Management Research*, 5(4),95-107.

Thornton, C (2004); *Audit and Assurance Services*, Business Journal, vol 33 pg 2-3.

Van Gansberghe, C.N. (2005), Internal auditing in the public sector: a consultative forum in Nairobi, Kenya, shores up best practices for government audit professionals in developing nations, *Internal Auditor*, 62(4), pp.69-73.