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**Causes of Audit Delay and their Effects  
on Public Sector Audit Quality** *(A case of  
the Supreme Audit Institution of Liberia -  
General Auditing Commission)*

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**Title**

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**Abstract**

Audit delay refers to the time from the end of the country or company's financial year to the date of the audit report. The chances of delay of audit in the public sector are pervasive and as such the expectations of users of these audit reports may differ which could result in the quality and reliability of these audits within this sector to be questioned. Accordingly, the purpose of this study is to explore the external and internal factors that cause audit delay and the aftermath they have on public sector audit quality. As for this study, its original value correlates with the espousal of the institutional theory from the perspective of public sector auditing. Considering the aim of this study, a qualitative research was preferred with the objective of gathering in-depth and enriched empirical data; hence, semi structured interviews were conducted with ten auditors of the top and middle management of the Supreme Audit Institution (SAI) of Liberia – General Auditing Commission. There are varying views regarding the findings of this study as the respondents disclose that the external factors that result to audit delays are caused by either the audited entity or other external parties and not the SAI; however, it is the responsibility of the SAI to work with the entity involved to ensure those factors do not impede the audit process to the extent it cannot be completed; whereas, internal factors which includes inadequate staff training, delay in the review and approval of the draft audit report by top management to the poor performance of auditors as a result of lack of knowledge and etcetera cause audit delays as well and the SAI is solely responsible for ensuring that they are resolved or lessened so as not to affect the timeliness of the reporting process. The study mentions several limitations. One of them is the lack of observation being conducted which would have provided first-hand information on factors that cause the delay of audits in the public sector.

**Keywords**

Audit Delay, Audit Quality, Public Sector Auditing, Institutional Theory, Isomorphism, Decoupling

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## Table of Contents

1. Introduction	1
1.1 Background	1
1.2 Public Sector Auditing in Liberia	4
1.3 Problematization	6
1.4 Purpose	9
1.5 Research question	9
1.6 Disposition layout	10
2. Theoretical methodology	12
2.1 Research philosophy	12
2.1.1 Ontological perspective	12
2.1.2 Epistemological perspective	13
2.2 Research approach	14
2.3 Choice of methodology	15
2.4 Choice of theory	16
2.5 Critique of source	16
2.6 Time horizon	17
3. Literature review	19
3.1 Institutional theory	19
3.1.1 Isomorphism	20
3.1.2 Decoupling	22
3.2 Theoretical model	24
4. Empirical methodology	28
4.1 Research Strategy	28
4.2 Data collection	29
4.3 Operationalization	30
4.4 Sample selection	33
4.5 Conduct of interviews	35
4.6 Data analysis	37
4.7 Trustworthiness	38
4.8 Ethical consideration	41
5. Analysis	43
5.1 External Factors	43
5.1.1 Delay in providing documents for audit review	43

5.1.2 Inadequate approved budgetary allocation by the National Government	46
5.1.3 Low-quality financial reporting system and reports prepared by public sector entities	49
5.1.4 Constant management turnover in public sector entity	52
5.1.5 Delay responding to audit queries and management letters	54
5.1.6 Delay in the audited entities commenting on the draft audit report	56
5.2 Internal Factors	57
5.2.1 Inadequate staff training	58
5.2.2 Poor performance of auditors as a result of lack of knowledge	59
5.2.3 Delay in the review and approval of the draft audit report by top management	60
5.2.4 Management (SAI) inability to provide the needed resources	61
5.2.5 Inadequately monitoring the progress of the audit	62
5.2.6 Poor working relations among auditors or lack of coordination	62
6. Discussion	64
7. Conclusions	70
7.1 Conclusion	70
7.2 Theoretical Contributions	71
7.3 Practical contributions	72
7.4 Limitations and critical reflections	73
7.5 Future research	74
7.6 Recommendations	74
8. References	76
9. Appendixes	83
9.1 Appendix 1_Interview Guide	83
9.2 Appendix 2 _ CONSENT FORM FOR INTERVIEW	85
9.3 Appendix 3 _ Email Request for Consent to Record	87

## **1. Introduction**

In this chapter, insights relative to the background and problematization of this study is provided for the reader's understanding. Furthermore, the purpose of this study, the research questions and the disposition are also provided for the reader guidance.

### **1.1 Background**

Audit delay refers to the time from the end of the country or company's financial year to the date of the audit report (Cohen & Leventis, 2013). Further, Carslaw and Kaplan (1991) define audit delay as the number of days between the date of the financial statements and the date of the auditor's report. Audit delay has an impact on the availability of public financial statements which represent publicly available information regarding a public entity's financial position and performance and, therefore, they constitute an accountability medium (Taylor & Rosair, 2000) and a means for decision-making by several interested users such as donors and other international financial institutions like the World Bank, International Monetary Fund (IMF) etc. (IFAC, 2007). Henceforth, their timely publication is considered vital and, therefore, regulation mandates their timely issuance. With that mentioned, an important qualitative attribute of financial statements is timeliness, which requires that information should be made available to financial statement users as rapidly as possible (Carslaw and Kaplan, 1991). Moreover, timeliness crucially depends on the audit function because financial statements cannot be issued before the audit is concluded (Johnson, 1998). As far as auditing is concerned, auditors are expected to perform assurance services without delays, within the constraints imposed by professional codes and ethics (Carcello, Hermanson, & McGrath, 1992; DeAngelo, 1981). According to Carslaw and Kaplan (1991), both analytical and empirical evidence suggest that decisions based upon financial statement information may be affected by the timeliness of information release. For example, an analytical model developed by Feltham (1972) shows that timeliness affects a decision maker's expected payoff. That being mentioned, audit delay has been subject to considerable prior attention and research in the private sector, particularly for companies listed on the US and international stock exchanges (Cohen & Leventis, 2013). Given that research regarding audit delay has been done extensively in the private sector in previous periods (Cohen & Leventis, 2013), the authors would explore as to what are both the external and internal factors that cause delay of audits in the public sector.

Public sector auditing is a very old-established occupation, but also an existing establishment that continues to change and it is a large area of auditing practice that is complex and has not been as widely examined as it should (Hay & Cordery,2018:1). Though it is an old establishment, it is not ancient, and it has experienced recent modifications (Hay & Cordery,2018:12). English and Guthrie (1991:357) argue that the public sector has evolved over the years from simply providing an independent and professional assurance that the resources of government have been managed properly, in agreement with the law, and that no fraud has taken place. Furthermore, opinions on a wide range of management issues, including value-for-money, efficiency and effectiveness audits of the performance of various governmental units are expressed during public sector audit (English & Guthrie, 1991:357). Dwiputrianti (2011:136) in his study states that public sector auditing is a vital instrument to ensure good governance in the long term. Furthermore, he states that auditing provides assurance of an appropriate use of resources and it prevents misappropriation and corruption of public funds and resources. Public sector auditing can maintain and improve public trust, including that of local and foreign investors and also taxpayers (Dwiputrianti, 2011:136). According to Hay and Cordery (2018:12) studying the theoretical explanations for the existence of auditing in the context of history shows that the explanations are applicable, although to varying degrees. In addition, auditing in management control has been very important in the development of public sector auditing, and it also appears to contribute to governance. The role of auditing in verification of previous unaudited announcements could be important, but has not been investigated (ibid). English and Guthrie (1991:347) argue that the existing materials on public sector auditing are limited in focus to professional and technical aspects of audit, with discussion tending to treat public sector audit in separation from the sociopolitical context in which it operates as evidenced by the publication made by (Glynn 1985, 1987; Butt & Palmer 1985; Buttery & Simpson 1986). This importance of public sector auditing remains very important and it is still dominant today (English & Guthrie, 1991:347). Power (2003:191) mentions in his study that public sector auditing has become a requirement for the public sector in recent decades as a means of providing enhanced services to the public and efficiency in managing public resources as the demand for greater accountability increases. Dwiputrianti (2011:136) states that members of Legislature as representatives of the public have greater concern about the competence and effectiveness of the quality of public sector goods and services. Durrant (2000:80) emphasized that public sector auditing is a prominent aspect in

inspiring public sector agencies to improve their effectiveness and efficiency in public administration.

Hay and Cordery (2018:3) state that reasons for the function and value of auditing were developed to explain why auditing exists in locales without regulation, specifically, by Wallace (1980) and Chow (1982), along with some more recent contributions. They are significant to enlightening why auditing might be valued in settings where audits are required for legislative or other reasons. Furthermore, they explain why it is in the interests of executives to engage auditors, and in some circumstances, to arrange and be provided with more auditing services than the least. Additionally, the economic explanations for auditing help to explain auditing's strong position (Hay & Cordery,2018:3). According to Banker, Cooper, and Potter (1992:508) researchers in accounting have not been responsive to the problems and opportunities associated with developments in government accounting," and this comment is still relevant. This review is timely because the environment of public auditing is changing, with greater access to public information through the internet now being widespread (O'Leary 2015), but declining interest in traditional news media outlets, and a change within news media towards more opinion pieces and reduced straight news coverage (Liebes & Kampf, 2009; Walton, 2010). Therefore, while the outcomes of public audits could be more readily available now than in the past, there may be less opportunity for the public to be informed about them through the news media (Hay & Cordery,2018). Even in settings where there have been audit failures and auditing scandals for many years, such as the United States, auditing is in high demand, and the response to audit failures is generally to require more auditing, not less (Elliott 1994: *ibid*).

Shimomura (2003:167) as cited in Hay & Cordery (2018) mentions that public auditing that holds for transparency, accountability, efficiency, effectiveness, openness, and prevention of corruption and excess expenditure can promise good governance. This opinion is also supported by Curtin and Dekker (2005: 36–37), who emphasized in their study the principles of accountability, transparency, effectiveness, and participation in public administration. They agreed that both government accounting system and public sector auditing can provide accountability of public sector agencies, which leads to good governance. Nicoll (2005) likewise found that the auditor-general makes a significant contribution to public sector accountability and reform in their country by standing up for values of transparency, integrity, and good governance. Hay & Cordery (2018:2) state that public sector auditors have a responsibility for value for money auditing as well as for financial statement auditing. In many cases there are responsibilities for value for money



auditing (or performance or effectiveness auditing) as well as for expressing an opinion on the fairness of financial statements (ibid). The value of these types of audit is an area about which there are contradictory views (Barrett, 2012: Hay & Cordery,2018:9), for example because there are expectation gaps over what can be achieved. Lapsley & Pong (2000: 563) argue that although many studies of value for money auditors see them as useful, they are also seen as problematic, since they depend upon auditors using information that may be not reliable, on auditors knowing best practice and on auditors making value judgements about issues that are not captured by monetary values.

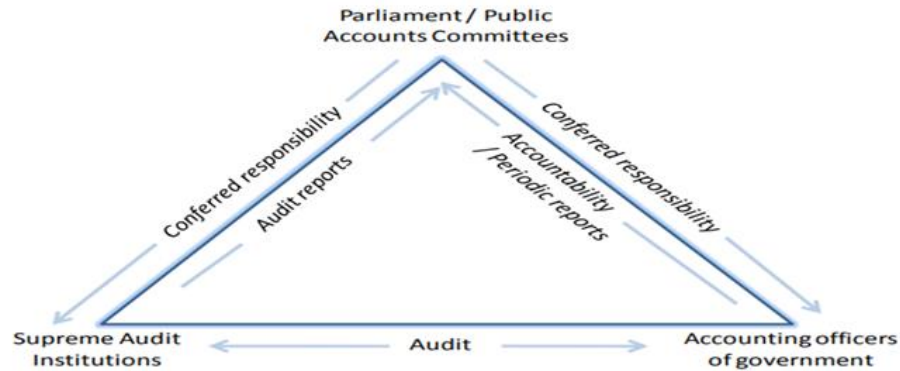
## **1.2 Public Sector Auditing in Liberia**

Audit remains a very important tool for check and balance in public sector institutions in Liberia. Liberia being a country that is fighting corruption in all facets of its society, public sector auditing remains a vital mechanism to ensure that public funds are properly used and accounted for as required. The General Auditing Commission (GAC) is charged with the responsibility for auditing and providing fair and unbiased reports of all public sector entities that are funded by the government of Liberia. The General Auditing Commission (GAC) Act 2014 is some vital enactments which empower the Auditor General to provide his/her opinion on government financial statements and the transactions they report on, and in certain conditions, make enquiry of the financial transactions of government as the GAC thinks necessary. In order to execute its mandate as a pillar of transparency, accountability, and fiscal probity within the public sector, section 53 of the GAC Act empowers the Auditor General to audit the public accounts of the Republic of Liberia and of all other public offices. Furthermore, Section 37 sub-section 2 of the Public Financial Management (PFM) Act, 2009 mandates the Minister of Finance and Development Planning to submit unaudited final accounts in accordance with the content and classifications of the national budget to the Auditor General not later than four (4) months following the end of the fiscal year to which the statements relate for audit. Additionally, section 37 subsection 5 of the PFM Act, 2009, obliges the Auditor General to review the final accounts of the national budget produced by the Minister of Finance and Development Planning and submit his/her report, along with the audited final accounts, including responses and clarifications provided by the Minister of Finance and Development Planning on the observations and comments raised by the Auditor General, to the national Legislature not later than four (4) months after receipt of the unaudited final accounts from the Minister. The GAC conducts performance audits of all public sector entities reviewing their records to ensure that they are prepared in

accordance with the state laws and regulations (GAC ACT of 2014). All public sector entities are charged with the sole responsibility of establishing and maintaining internal control processes in order to effectively and efficiently conduct the affairs of their respective entities. The GAC conducts audits in order to provide reasonable assurance that adopted policies and agreed procedures are being fully adhered to by public sector entities. Equally, material misstatement, irregularities and errors, including fraud and illegal acts are detected and reported. The GAC is obliged to perform these audits in accordance with agreed upon international procedures, such as the International Standards of Supreme Audit Institutions (ISSAIs), Fundamental Auditing Principles (FAP). GAC is required to communicate findings and recommendations from audits conducted to the management of the public sector entities audited for their implementation (GAC Annual Report 2018). Audit delay remains an underpinning factor which affects public sector audit quality in Liberia.

The GAC is a member of the African Organization of English-speaking Supreme Audit Institutions (AFROSAI-E) which operates within what is normally referred to as the Westminster system of accountability, based on the system which originated from the United Kingdom. GAC, as one of the members of AFROSAI-E is influenced by the Anglo Saxon Model of SAIs as seen in figure 1 below which demonstrates the typical relationship in the Westminster system between Parliament with its Public Accounts Committee (PAC). The national Legislature or Parliament confers responsibility on accounting officers to efficiently and effectively manage funds and the delivery of services. The accountability mechanisms put in place include periodic reporting; the GAC's which is the SAI's responsibility in this process is to approve the financial information presented by government executives and provide a report thereof to Parliament or the National Legislature. The GAC can also report on the efficiency and effectiveness with which the allocated resources have been used by public sector entities. The GAC's reports are only the first step in oversight. Representing Parliament, the Public Accounts Committee (PAC) is the main stakeholder of the GAC's reports. It is up to the PAC to ensure that the issues raised in the audit reports are further investigated, when necessary, and that the actions taken by accounting officers are followed-up. Effective oversight in the use of the Westminster system in Liberia relies heavily on a well-functioning relationship between the GAC and the PAC.

**Figure 1. The Westminster system for accountability and oversight in government**



**Source: AFROSAI-E Performance Audit Handbook, 2013**

### **1.3 Problematization**

Auditing is an integral part of the capital markets and audit quality has received much attention in the wake of several high-profile accounting scandals (Knechel, Krishnan, Pevzner, Shefchik & Velury, 2013). In their study, Hay and Cordery (2018:2) state that public sector auditing has not been as widely examined as it should. According to Banker, Cooper, and Potter (1992:508) “researchers in accounting have not been responsive to the problems and opportunities associated with developments in government accounting,” and this comment is still relevant today. Furthermore, English and Guthrie, (1991:357) mention that public sector audit has received limited attention in either academic or professional circles until recently and it worth noting that the scope, standards, mandate, reporting requirements and organizational and institutional arrangements for public sector auditing have been under tremendous pressure to change and have changed.

According to the Public Sector Audit Center (2018) some challenges within the government auditing profession include defining and executing auditor roles and responsibilities in difficult political environments; interpreting audit standards: specifically, for performance audits where multiple standards issued by different standards setters have not been reconciled; supporting accomplishment of high impact audit objectives with appropriate and sufficient evidence. Over the years, the financial crisis has emphasized the relevance of transparency and the usefulness of management tools that enable rational decision making in the public sector sphere (Brusca, Caperchione, Cohen & Manes-Rossi, 2018:166). Achieving efficiency and effectiveness in public

expenditures is a keystone in public management, especially since austerity and budget cuts have introduced restrictions on public financial resources (Heald and Hodges 2015; Brusca et al., 2018:166). Moreover, transparent and economically rational management of public resources requires a reliable, clear, comprehensible, comparable, useful, easily accessible and available financial reporting, complying with the requirements and qualitative features of the accounting framework (Brusca et al., 2018:166). As stated by the International Consortium on Governmental Financial Management (ICGFM 2013 in Brusca et al., 2018:166), the auditor's report and the annual financial statements provide the essential financial data necessary for accountability purposes and for making informed decisions by both citizens and their representatives (Brusca et al., 2018:166).

Audit quality is much debated but little understood (Knechel, et al., 2013). Despite more than two decades of research, there remains little consensus about how to define, let alone measure, audit quality (Knechel et al., 2013). Moreover, the quality of an audit (AQ) is a sensitive issue to both practitioners and researchers because of the difficulties in measuring it (Broberg, Tagesson, Argento, Gyllengahm, & Martensson 2017) as it agreed by (Liyanarachchi and McNamara 2007; Pierce and Sweeney, 2004 and Otley and Pierce, 1996 in Broberg et al., 2017) that the quality of the audit can be guaranteed only by the reputation of and trust in the auditors. Further, according to Tepalagul and Lin (2015), auditor independence is important because it has an impact on audit quality; if auditors do not remain independent, they will be less likely to report irregularities, thereby impairing audit quality.

Cohen and Leventis (2013) state that there are significant costs incurred by governments in conducting public audits and publishing financial results using various media exposure. The lack of resources could be one of the reasons that impede public audit and causes delay. Bearing in mind that timely reporting is costly, it's assumed that it should be dependent, to some extent, on supply and demand characteristics (ibid). Moreover, timeliness crucially depends on the audit function because financial statements cannot be issued before the audit is concluded according to Johnson (1998; ibid). As far as auditing is concerned, auditors are expected to perform assurance services without delays, within the controls imposed by professional codes and ethics (DeAngelo, 1981). Previous research on audit delay in the local government area has only addressed the US context, with the exception of the comparative study by Giroux and Jones (2002; Cohen and Leventis, 2013) of the UK. While there has been extensive research on the private sector, it seems that there is insufficiency of pertinent studies on public sector audit delay (Cohen and Leventis,

2013). For example, McLelland and Giroux (2000) in their study examined audit delay in 164 large cities in the United States of America. They discovered that audit delay is adversely connected with the issuance of a general purpose financial statement (GPFS), the disclosure of single audit reports, and also with the employment of an independent auditor. Furthermore, they also highlighted a substantial positive relationship between audit delay and city population and the existence of an additional audit firm.

Therefore, this study examines, as an extension of existing literature the causes of delay in public sector auditing in the Liberian context with the General Auditing Commission (GAC) as case study. There exists a scarcity of relevant studies on the public sector auditing while there has been extensive research on the private sector (Cohen and Leventis, 2013:42). In a seminal paper, Dwyer and Wilson (1989; Cohen and Leventis, 2013:42) examined the audit delay of 142 US cities for the fiscal year 1982. In their study, they discover substantial associations between audit delay and the following factors: independence of the auditors, responsibility for the audit report resting with the auditor and the existence of state regulation on municipal financial reporting practices (Cohen and Leventis, 2013:42). Payne and Jensen (2002:1) mention that audit delay is significantly increased by public characteristics, such as the audits performed during the external auditor's busy season and the receipt of a qualified audit opinion. According to Knechel and Payne (2001:138) audit delay is also a potential indicator of auditor effort. According to Payne and Jensen (2002:2) audit characteristic and auditor characteristic are factors that influence audit delay. Additionally, audit characteristics include factors related to the audit of the individual public entity. These include entity's incentives for timely reporting, the entity audit environment, and specific characteristics of the public entity. It is believed that auditors with increased industry knowledge and experience should be able to complete a public sector entity's audit in less time holding all factor constant. (Payne and Jensen, 2002:10). According to Payne and Jensen (2002:3) in spite of the fact that timeliness of financial statements is of importance for users of public financial statements, somewhat limited studies have examined the causes of public sector audit delay. Crain and Bean (1998:15) state their study that audit delay in the public sector is a serious problem for financial statement users.

Further, to understand how the quality of an audit in the public sector is affected by the delay that occurred during the audit process, it is important that we investigate and understand those factors (external & internal) that public sector auditors face which impede the audit timeline. To date, researchers have published only limited research on the factors or causes of delayed audits

and their effects on public sector audit quality in developing countries. Indeed, Che-Ahmad and Abidin (2008:32) state that though a number of researchers have investigated the issue surrounding audit delay which has been done in developed countries, there has been limited research done on the factors that affect audit delay in developing countries. With this limitation, this research therefore seeks to explore and understand those impeding factors that result from audit delay that affect public sector audit quality in Liberia. This research will contribute to the existing literature by providing reliable data and analysis as to why audits are delayed in the public sector and how they affect the quality of the audit in developing countries, in the Liberian context using its supreme audit institute (the General Auditing Commission -GAC) as a case study. The main contribution of the paper lies in understanding of the external and internal factors that affect public sector audit quality. The study contributes further by using the exploratory case study and qualitative methods to explore these causes of delayed audits. Furthermore, the impact they have on the quality of the audits being performed by auditors in the public sector will also be explored or examined. This explorative study is conducted in Liberia, motivated by the fact that delayed audits affect the public sector audit quality which can also impede the decision-making ability of stakeholders who are direct users of these reports and that there has been limited research done on this research topic within developing countries.

#### **1.4 Purpose**

The purpose of this study is to explore both external and internal factors that are affecting audit delay and the aftermath they have on public sector audit quality.

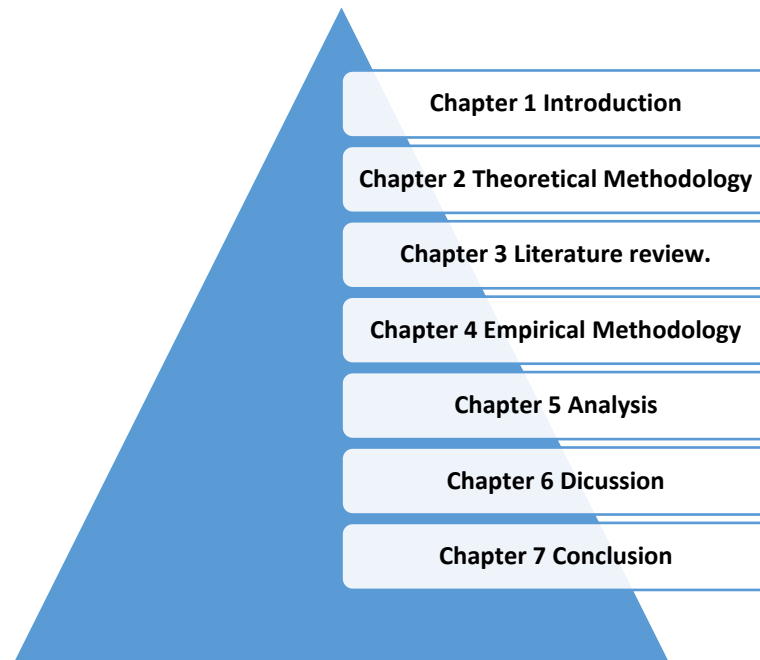
#### **1.5 Research question**

Based on this study's research purpose which in some sense is broad, the below research questions were developed.

**Research question 1:** What are the external factors that cause audit delay and their impacts on public sector audit quality?

**Research question 2:** What are the internal factors that cause audit delay and their impacts on public sector audit quality?

## 1.6 Disposition layout



**Source: Self construction**

**Chapter 1 Introduction.** The aim of this chapter is to provide the reader with an overall understanding into the research area and its significance. The basis of this research is embedded in background and problematization and this chapter subsequently ends with the purpose of the study and two research questions that were developed to help achieve the overall objective or aim of the research.

**Chapter 2 Theoretical Methodology.** In this chapter, the researchers' theoretical methodological choices are presented and explained. This section comprises a presentation of the researchers' philosophical standpoint which of the study's research philosophy, research approach and choice of methodology. Significant theories chosen as well as literature related to the topic are also presented and explained for in this chapter.

**Chapter 3 Literature review.** This chapter intends to provide the reader with a basic understanding of institutional theory, the concept of both isomorphism and decoupling which is the core theory and concepts in this study. Additionally, relevant literature will also be presented in this chapter.

**Chapter 4 Empirical Methodology.** This chapter seeks to provide the reader with comprehensive descriptions of how the empirical data for this research has been collected, stored and analyzed. Detailed information about how the interviews were conducted, the type, the number of participants will also be presented. Subsequent in this chapter, the study's trustworthiness and ethical consideration will also be provided.

**Chapter 5 Analysis.** This chapter aims to provide the reader with joined understandings from the empirical findings and analysis from both the respondents' and researchers' perspectives as this will be done in line with the chosen theory and literature. Additionally, the method use in the analysis of the data will also be provided for the reader's understanding and any biases on the part of the researcher in the data analysis process will be highlighted.

**Chapter 6 Discussion.** In this chapter, an overall discussion of the findings on this research will be presented.

**Chapter 7 Conclusion.** The aim of this chapter is to provide a summary of the entire paper highlighting key findings discovered. Additionally, limitations, and theoretical contributions, practical contributions as well as future research will be presented. Finally, critical reflections over this research's choices will also be highlighted.



## **2. Theoretical methodology**

This chapter provides an in-depth discussion on this study's methodological selections. Inclusive of this section are the: research philosophy, which entails the philosophical standpoint from which the authors developed their research questions, the research approach, choice of methodology, choice of theory, sources critique and the time horizon. This information will afford the reader an appreciated understanding of the researchers' thoughts and choices throughout the dissertation.

### **2.1 Research philosophy**

According to Johnston (2014:3-4) research starts with an understanding of the philosophical stance taken by the researcher and why such a stance is being taken. As such, it is important to appreciate an individual's position of reality (ontology) and their appreciation of what they consider acceptable knowledge (epistemology) to identify their rationale for their research approach (Bryman and Bell, 2011; Johnston, 2014:3-4). Moreover, Edmondson and McManus (2007) as cited in Johnston (2014) mention that the choice to approach a research study from a qualitative or quantitative standpoint depends on the nature of the research questions which drive the study, any previous work undertaken, the structure of the research design and the ultimate output and contributions that the researchers are aiming for. Therefore, it is safe to say in essence the development of the research question is determined by the researcher's ontological and epistemological views. This study research questions were developed based on the researchers' ontological view of the causes of delayed audit and the aftermaths it has on audit quality in the public sector which correlates to the reality perspective and how they perceived the informants' understanding of the subject from the epistemological point of view.

Furthermore, in order to explore the causes of delayed audits and the aftermaths they have on audit quality in the public sector, the study should be addressed on the basis of research philosophies and as such, two has been identified, namely, ontology and epistemology (Saunders, Lewis & Thornhill, 2009). It is believed that the basic belief system is in a way choosing a lens to view the reality which will act as a frame for this study (Guba & Lincoln, 1994).

#### **2.1.1 Ontological perspective**

Guba and Lincoln (1994) state that ontology deals with the nature of reality. Ontological assumptions and commitments will feed into the ways in which research questions are formulated and research is carried out (Bryman & Bell, 2015:23). Regarding this idea, the researchers are concerned with the nature of causes of audit delay in the public sector in order to give a clear description of the reality perspective of the study (Bryman & Bell, 2015:20). The ontological

philosophical perspective can be seen from two viewpoints, objectivism in which social phenomena confront us as external facts that are beyond our reach or power (Bryman & Bell, 2015:21). This denotes that social sensations and the classifications that we use in everyday dialogue have an existence that is independent or separate from actors (Bryman & Bell, 2015:24). Furthermore, subjectivism claims that social actors and their insights build the social reality (Bryman & Bell, 2015:24). The world is constantly being shaped in the process of construction and reconstruction by social phenomena, instead of it being programmed for social actors (Sauders et al., 2009). Furthermore, the General Auditing Commission (GAC) can be seen as a tangible object which has rules and regulations, it adopts standardized procedures for getting things done and people are appointed to different positions within a measure of division of labor (Bryman & Bell, 2015:24).

### **2.1.2 Epistemological perspective**

The epistemological philosophy perspective is concerned with the question of what is or should be regarded as acceptable knowledge in a discipline (Bryman & Bell, 2015:15). According to Bryman and Bell (2015:15) the fundamental issue in this context is the question of whether or not the social world can and should be studied according to the same principles, procedures, and ethos as the natural sciences. The positivism epistemological position affirms the importance of imitating the natural sciences (Bryman & Bell, 2015:15). Additionally, Guba and Lincoln (1994) state in their study that the epistemological research philosophy is concerned with the term knowledge, what is considered and what is not considered as knowledge, thus enquiring what can be recognized after the reality has been described. The epistemological philosophical perspective according to Bryman & Bell, (2015) is alienated into two viewpoints, positivism and interpretivism. Positivism supports the practice of the methods of natural science to accurately study the social reality (Bryman & Bell, 2015:16) and it agrees that the social reality is independent in terms of being impartial and value-free. Furthermore, Bryman & Bell (2015:16) state that the level of subjectiveness encumbered in the social interaction requires researchers to grasp the acts and responses that social actors perform towards each other. On the other hand, Interpretivism is a term given to a contrasting epistemology to positivism and it criticizes positivism's independent technique of looking at the social reality as the previous considers that knowledge is built on understanding and interpretation (Bryman & Bell, 2015:16).

This study believes that people recognize their social interaction with others in a different way and as such, it can't be treated objectively in this study (Bryman & Bell, 2015). Moreover,

interpretivists do not believe in an objective social reality, instead, there are different images of reality. The reality of this study is premised on public sector auditing, audit delay and audit quality, therefore, becoming acquainted with them and how they interplay is a necessity in order to interpret and give meaning to their social interaction (Bryman & Bell, 2015). It is difficult to create an accumulative knowledge in the way that positivism advocates according to Bryman & Bell (2015). That is why qualitative research requires an in-depth study of people's lives or the issues in their natural settings without resorting to standardized, pre-determined categories of analysis from the epistemological perspective (Yilmaz, 2013:313).

## **2.2 Research approach**

The authors of this paper are elated to base this qualitative research on the constructivist epistemology as it tends to explore what it assumes to be a socially constructed dynamic reality through a framework which is value-laden, flexible, descriptive, holistic, and context sensitive; i.e. an in-depth description of the phenomenon from the perspectives of the people involved (Yilmaz, 2013:312). This study then ascertain which research approach is relevant to be used along with constructivism philosophical perspective and the aim of this study. Bryman and Bell (2015) state in their study that there are three diverse research approaches, explicitly, deduction, induction and abduction. According to Eisenhardt and Graebner (2007), the rationalities of both induction and deduction are fundamental representations of one another. That is, the inductive approach intends to uncover new ideas as well as bringing forth new convincing theories based on empirical data (Gioia, Corley & Hamilton, 2013) while the deductive approach uses empirical data to test theory, thus completing the cycle (Eisenhardt & Graebner, 2007). This study will therefore use an abductive approach which is the combination of both inductive and deductive approaches. According to Bryman and Bell (2015), an abductive approach encompasses rigorous engagements with the empirical material for theoretical ideas, and with established theories as well as previous literature. Therefore, this study's results will be gathered as a result of swapping between both empirics and literature. The researchers adopt the abductive approach because they already have an understanding of the research topic, an idea which is supported by Bryman & Bell (2015) study. According to Yilma (2013:312), the qualitative paradigm views the relationship between the knower and the known as inextricably connected. Therefore, the researcher is supposed to develop a close, empathic relationship with the subjects being studied (Bergman, 2008; Bryman, 1988; Cohen, Manion & Marrison, 2007; Creswell, 2007; Denzin & Lincoln, 1998; Gelo, Braakmann & Benetka, 2008; Patton, 2002; Yilmaz, 2013:312). Moreover, it is based on constructivism, draws

on naturalistic methods for data collection and analysis, and aims to provide an in-depth understanding of people's experiences and the meanings attached to them (Yilmaz, 2013:312).

### **2.3 Choice of methodology**

There are two major approaches to research that can be used in the study of the social and the individual world. These are quantitative and qualitative research (Yilmaz, K., 2013:311). Yilmaz (2013) mentions that the qualitative research method goes in line with open-end questions that allows the respondents to generously give their views and unbiased opinion on the topic or subjective matter while the quantitative research method frequently goes with the using of numbers and diagrams to compute the data collected. This study seeks to “explore” the factors that cause audit delay which therefore means that qualitative research is preferable owing to the fact that quantitative research on the other hand tends to “explain” causal relationship between variables (Bryman & Bell, 2015). Therefore, this study uses a qualitative methodology to understand those factors that cause audit delay and as such, the public sectors auditors who conduct the audits of public sector entities need to be studied and understand by allowing them to proffer some of those challenges that cause audit delay (ibid). Hence, open-ended questions were prepared and used during the interviews with participants who are employees of the General Auditing Commission. The quantitative method cannot be used in this case because the study does not aspire to explain the factors that cause audit delay and their aftermath on public sector audit quality by gathering data through measuring instruments that will be processed with statistical methods (Bryman & Bell, 2015). The qualitative research method requires a data collection method that will be able to detect those factors that cause audit delay by getting the respondent's opinions and experiences on the research purpose. Henceforth, interviews as a data collection method is preferable compared to methods of quantitative research in order to obtain an in-depth understanding.

Yilmaz (2013:313) mentions that qualitative studies are concerned with process, context, interpretation, meaning or understanding through inductive reasoning. The cardinal objective or aim is to describe and comprehend the phenomenon studied by capturing and communicating participants' experiences in their own words through observation and interview (Yilmaz, 2013:313). Qualitative research is built on constructivism, draws on realistic methods for data collection and analysis, and aims to provide an in-depth understanding of people's experiences and the meanings attached to them (Yilmaz, 2013:313). Furthermore, open-ended responses let the researcher understand and present the world as it is seen and experienced by the participants without predetermining those standpoints. Direct quotations document the participants' depth of

feelings, experiences, thoughts about what is happening, and meaning at a personal level (Yilmaz, 2013:313). Finally, qualitative research reports must provide the reader with sufficient quotations from participants (Patton, 2002:315). The reason for including responses from participants is to enable the reader to better understand the context of responses and to gain clarity on the researcher's interpretation of the data (DeVaney et al, 2018:401).

## **2.4 Choice of theory**

The institutional theory is relevant for this study as the authors have observed that the case institution (General Auditing Commission) is subjected to particular type of institutional pressures i.e. being subject to regulations, licensing, and accreditation (coercive isomorphism), or belonging to professional organizations (normative isomorphism) (Frumkin & Galaskiewicz, 2004:2) which could result to audit delay. Moreover, decoupling which is one of the two main elements (i.e. isomorphism and decoupling) of institutional theory (Budding, Grossi & Tagesson, 2015) correlates with the aim of this research. As such, organizations in an industry tend to be similar in formal structure reflecting their common institutional origins but may show much diversity in actual practice (Meyer & Rowan, 1977). Therefore, organizations like the GAC need a societal mandate, or legitimacy, to operate and this could be gained by conforming to societal expectations (Boxenbaum & Jonsson, 2017:2).

## **2.5 Critique of source**

The literatures that form the basis of this research were carefully selected to ensure that there is a well illustrative study relative to audit delay and public sector audit quality. Literatures used in this study are initiated from peer-reviewed articles and other relevant scientific articles that were retrieved via Kristianstad University's database, Summon, and Google Scholar.

We used keywords to search for renowned articles from summon which contributed immensely to the study. For Google Scholar, it was used the most in the search for articles because it contains a more complete database for scholarly works. Besides, Google Scholar provides the number of times a particular article has been cited, something which makes an article of more importance and this study took key note of that. Majority of the articles used in this study have a high citation number which also increases the study's trustworthiness. Furthermore, most of the articles used in this study are guided by the Association of Business School (ABS) and as such, their usage can guarantee the high level of quality of the study.

Additionally, this study also used books as a supplementary source of information. Some of the books were used during the course of the study and we believed they contained good information

that could help this study. Though articles are preferable in terms of the theoretical level as it guides researchers on the type of theory and method used by other researchers, books are used to provide some practical knowledge. Relative to audit in the public sector, the book Nicoll, P., (2005) *Audit in Democracy*, was used because the author provides sufficient information on public sector audit and how the Auditor General contributes to transparency and good governance when they stand up for quality audit and work to avoid audit delay. We found this very helpful based on our study's aim. Furthermore, the book Gay, L. R. & Airasian, P. (2000) provide a researcher with guidance relative to how analysis is done and the ideas proffered by the authors were utilized in this study. Finally, we also read other important past papers and theses that greatly inspired us during the course of this work.

In this study, 60 scientific articles and 16 books were used. Furthermore, 5 references came from information retrieved from reliable links on the internet. Majority of the articles are from Peer Review Journals that are considered Journals of distinction, like the *Accounting, Auditing & Accountability Journal*, *Journal of Accounting and Economics*, *Accounting, Organizations and Society* and *Journal of Accounting, Auditing & Finance*. The rest of the Journals are considered as being of acceptable standards as most are from *International Journal of Accounting* likewise *Journal of Accounting and Public Policy*, *International journal of Auditing and Auditing: A Journal of Practice & Theory*.

## **2.6 Time horizon**

The time horizon can be defined as the length of time in which a study is conducted. Time horizon is considered into two different dimensions, namely longitudinal and cross-sectional (Saunders et al., 2009). From the longitudinal dimension, studies or research are done within a long period of time. Furthermore, in longitudinal studies, researchers study the change and development over a longer period of time, which may last for many years (Bryman & Bell, 2015). Based on aforementioned and taking into consideration the time interval for this study, the longitudinal dimension is not suitable and therefore cannot be used. Contrary to longitudinal dimension, in a cross-sectional dimension, studies or research are done in a limited or short period of time (Saunders et al., 2009). The cross-sectional dimension is mostly acceptable and preferable for research that is conducted in a short time period (ibid). For this study, the researchers look at a certain phenomenon, such as the availability of respondents, the time period for data collection etc. which informed their decision in choosing the cross-sectional dimension as the acceptable time horizon dimension for this study (ibid). For this research, the time interval is from April 1,

2020 to May 31,2020, a 10 weeks predetermined period which is limited for conducting a study especially when the qualitative research method is being used. Based on the time constraint we have to conduct this research and the current COVID-19 global pandemic that has resulted in the closure of many entities and government functionaries that could aid us in getting more useful data for this research the cross-section dimension has been considered relevant in order to ensure that the aim of this research is achieved because factors that cause audit delay can be explored from the standpoint of the public sector auditors.

### **3. Literature review**

In this chapter, a rudimentary understanding of the chosen theory: institutional theory will be provided for the readers. The institutional theory helps to understand how the GAC responds to both internal and external pressures. Additionally, this theory will help us understand if the regulations and policies maintained by the GAC internally, are being practiced in actuality. Finally, this chapter ends with a graphic demonstration of the theoretical framework developed by linking the components of the theory mentioned in order to give the readers an appreciated understanding of what this research is.

#### **3.1 Institutional theory**

Fernando and Lawrence (2014) state that institutional theory examines organisational forms and explains the reasons for having homogeneous characteristics or forms in organisations which are within a same "organisational field". DiMaggio and Powell (1983) as cited in Fernando and Lawrence (2014) define an organisational field as those organisations that, in the aggregate, constitute a recognized area of institutional life: key suppliers, resource and product consumers, regulatory agencies, and other organizations that produce similar services or products" (p. 147).

Moreover, in line with institutional theory, organisations conform within an organisational field, perhaps, due to institutional pressure for change, because "they are rewarded for doing so through increased legitimacy, resources, and survival capabilities" (Scott 1987:498; Fernando and Lawrence 2014). Also, DiMaggio and Powell (1983) contend that, once an organisational field is structured, various powerful forces emerge within society, which cause organisations within the field to become more similar to one another. Additionally, two dimensions exist in institutional theory: isomorphism and decoupling. DiMaggio and Powell (1983) consider isomorphism as the concept that best describes the process of homogenisation. They define isomorphism as "a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions" (DiMaggio & Powell 1983, p. 149). Moll, Burns, and Major (2006) break isomorphism into two components: competitive isomorphism and institutional isomorphism. According to Moll et al. (2006), competitive isomorphism is referred to as "how competitive forces drive organisations towards adopting least-cost, efficient structures, and practices" (p. 187). Institutional isomorphism can be broken down into three different isomorphism processes such as: coercive isomorphism, mimetic isomorphism, and normative isomorphism (DiMaggio & Powell, 1983). Further, in addition to isomorphism, decoupling is the other dimension of institutional theory. This dimension relates to the separation between the



external image of an organisation and its actual structures and procedures or practices (Fernando and Lawrence 2014). An organisation's actual practices need not necessarily comply with the external expectations. This separation, which could be an intentional and/or unintentional action of the organisation, is referred to as decoupling (Moll et al., 2006). Therefore, this study will use the concept of isomorphism and decoupling to explore and understand those internal and external factors that cause audit delay and the aftermath they have on public sector audit quality.

### **3.1.1 Isomorphism**

In view of the qualitative method of research, the institutional theory is also applicable as it claims that organizations adopt structures and practices that are accepted and considered legitimate (Meyer and Rowan, 1977; in Haraldsson & Tagesson, 2013) within the organizational field as a response to different pressures and impulses from their institutional environment (Oliver, 1997; in Haraldsson & Tagesson, 2013). This suggests standardization with certain norms (Meyer and Rowan, 1977; DiMaggio and Powell, 1983; in Haraldsson & Tagesson, 2013). With that said, there is a governing body of Supreme Audit Institutions called the International Organization of Supreme Audit Institutions (INTOSAI). The aim of the INTOSAI is to promote the progress of government auditing by exchanging experience among its members and providing professional guidance (Budding et al., 2015:147). Moreover, INTOSIA in 1998 agreed upon the code of ethics for auditors in the public sector which the authors of this paper believe are used globally by its members. The code is directed at the individual auditors irrespective of whether he or she is an auditor-general or a junior employee or even an individual working for or on behalf of a SAI (Budding et al., 2015:147). Besides, institutionalization is defined (Covaleski and Dirsmith 1988:562; in Haraldsson & Tagesson, 2013) as “the processes by which societal expectations of appropriate organizational form and behaviour come to take on rule-like status in thought and action”. When it comes to accounting choice in the public sector, these might be influenced by the institutional environment (Carpenter and Feroz, 2001; Collin et al., 2009; in Haraldsson & Tagesson, 2013). Carpenter and Feroz (2001) in Haraldsson & Tagesson (2013) argue that institutional theory strongly suggests that there will be a tendency for all public sector organizations to eventually adapt practices to GAAP, especially because the institutional pressures are strong in the public sector and accounting bureaucrats may not independently have the political power to decide on accounting practices. Though public sector organizations like the GAC have long been seen as driving the institutionalization of business firms and nonprofit organizations, government agencies themselves have only occasionally been studied as subjects of institutional

pressures (Frumkin & Galaskiewicz, 2004:2). Frumkin & Galaskiewicz (2004) state in their study that governmental organizations are exposed to all three types of institutional forces than other organizations, while the effect of institutional variables on for-profits and nonprofits is more irregular. The vulnerability of public sector organizations to institutional pressures raises important questions for the field of public administration and has consequences for nonprofits organizations like the GAC which are funded and regulated by government and other international bodies. According to Frumkin & Galaskiewicz, (2004) research in organizational theory has tended to view public sector agencies more as playing the role of facilitator and activating institutionalization in other organizations, rather than as the objects of institutional pressures. It is noted that through regulation, accrediting, oversight, and funding relations, public sector organizations have been described as forces pushing nonprofits and business firms toward greater levels of homogeneity. Studies that apply institutional theory to explain accounting choices in the public sector (Carpenter and Feroz, 2001; Falkman and Tagesson, 2008; Pina et al., 2009; Collin et al., 2009; in Haraldsson & Tagesson, 2013; DiMaggio & Powell, 1983; in Haraldsson & Tagesson, 2013) use three different mechanisms of institutionalization: Coercive (i.e. pressure from an external organization); Mimetic (i.e. imitation of others); Normative (i.e. ideas and preferences within a professional group). Therefore, this research will expand on the Coercive and Normative isomorphism of the institutional theory to buttress what the authors want to achieve specifically by exploring gaps in relations to causes of delayed audits in the public sector which are sometime influence by political factors based on the resource dependency nature (coercive) and formal and informal pressures arising from group norms and values (normative) (Budding, Grossi & Tagesson, 2015) Coercive isomorphism originates from the government and other powerful organizations that literally regulate or otherwise directly constrain organizations (Hambrick, Finkelstein, Cho & Jackson, 2005:314). Furthermore, Hambrick et al. (2005:314) state that normative isomorphism happens because of professionalization among organizational decision makers, or the tendency for executives to enact the ideas, norms, and language expected of members of their managerial class.

The normative mechanism of institutionalization is similar to legitimacy which is one of the core attributes of sociological institutionalism proffered by Baskerville & Grossi (2019). That mentioned, according to the preamble of INTOSAI as stated within its Code of Ethics, states that the Supreme Audit Institutions (SAIs); for an example, General Auditing Commission of Liberia, are held to high expectations and must earn the trust of stakeholders (citizens, legislative, and

executive bodies, auditees and others). Therefore, they need to act as model organizations and inspire confidence and credibility. As ethical behaviour is a key component in establishing and sustaining the needed trust and reputation, a code of ethics is a prerequisite for the functioning of a SAI. Moreover, the INTOSAI Code of Ethics (the Code) intends to provide SAIs and the staff working for them with a set of values and principles on which to base behaviour. Furthermore, recognising the specific environment of public sector auditing (often different from that of private sector auditing), it gives additional guidance on how to embed those values in daily work and in the particular situations of a SAI (INTOSAI\_Code of Ethics).

### **3.1.2 Decoupling**

In today's business environment, organizations often tend to respond to conflicting objective and institutional expectations through decoupling (Alexius and Grossi, 2017). According to Scott (2014:189; Alexius and Grossi, 2017) the planned reaction of decoupling refers to occurrences in which organizations when under pressure to accept specific measures could choose to respond in a formal way, making changes in their formal structures to hint conformity, but then shielding internal units, letting them to operate independent of these pressures.

Decoupling is a concept that focuses on how organizations implement and institutionalize new ideas and structure to fit their organizational practice internally (Alexius and Grossi, 2017). Using the concept of decoupling in public sector auditing, strategic responses from the GAC may vary from inactive conformity to active resistance to institutional pressure they might face which could be based on the nature and context of the pressure itself (Oliver 1991). Institutions that are audited by the GAC may respond to public sector auditing pressure in different ways as they have their own internal values and operations that they conform to. For a fact, studies (Powell and DiMaggio, 1991; Czarniawska and Sevon, 1996) have shown that it is hard for institutions to implement objectives, values and structure that seem to not align with their core values and operations (Alexius and Grossi, 2017). The GAC maintains its core values and standard operating procedure, therefore, it could be difficult if not impossible to implement objectives and values imposed by regulators that do not correlate with its internal processes.

Relative to public sector auditing, recommendations made for implementation by the GAC to public sector institutions that are audited could cause pressures to these institutions. These recommendations which could arise as a result of audit findings could be structural reform or value creation that requires changes in the internal process of those institutions. Additionally, from the concept of the decoupling relative to public sector auditing, organizations that are put under

pressure to adopt a particular structure or procedures based on the recommendation by the GAC, could choose to respond in a ceremonial manner making changes in their formal structure to show conformity but in reality they still perform their operation in line with their old procedure (Alexius and Grossi, 2017). Furthermore, pressure from international regulatory bodies on the GAC to adopt a certain procedure or measure in their internal processes could result in GAC engaging in concession as an attempt at balancing an acceptable compromise on its competing objectives and expectations from the lens of the decoupling concept (Oliver 1991).

Decoupling is seen as a strategy of compromise and an attempt at balancing to “obtain an acceptable compromise on competing objectives and expectations” based in Oliver’s (1991) classification of strategic responses (Oliver 1991:153). According to Battilana and Lee (2014) as cited in Alexius and Grossi (2017) compromise could be achieved by separation. Greenwood et al (2011) state that decoupling is a mutual response to conflicting goals and expectations in organizations though the strategy is mainly pertinent for hybrid organizations who, by their identical structure are greatly unprotected to pressures and predicaments created by competing rationalities, values and logics (such as bureaucratic vs. market, public vs. private services; global vs. local). Decoupling is usually perceived in circumstances in which a policy prescribed by external actors conflicts with internal institutionalized practices promoted by actors in the organization (Greenwood and Hinings 1996; MacLean and Behnam 2010; Alexius and Grossi, 2017). Suchman (2005) states in his study that resolving such tension that exists in institutions is very precarious for organizations that aim to acquire, maintain or restore legitimacy, not least towards government agencies, the state and lawmakers. A common response in such circumstances is thus to characteristically embrace the external policy while actuality, executing the practice that is more rational with internal organizational procedures (Meyer and Rowan 1977; Oliver 1991; Fiss and Zajac 2004, 2006; Buck and Shahrin 2005; Yoshikawa et al. 2007; Pache and Santos 2013; Alexius and Grossi, 2017). Alexius and Grossi (2017) mention that organizations are exposed to decouple mainly during transitional periods when facing conflicting requirements related to different policies, including environmental, quality and auditing issues. Furthermore, organizations may find it challenging to persevere with decoupling strategies for a long time. Also, decoupling may be tedious to sustain in contexts where institutional logics conflict in a temporary way. Decoupling, therefore enormously significant for hybrid organizations that are exposed to long-term institutional complexity requiring them to coexist with competing institutional logics

over time (Pache and Santos 2013; Battilana and Dorado 2010; Denis et al. 2015 in Alexius and Grossi, 2017).

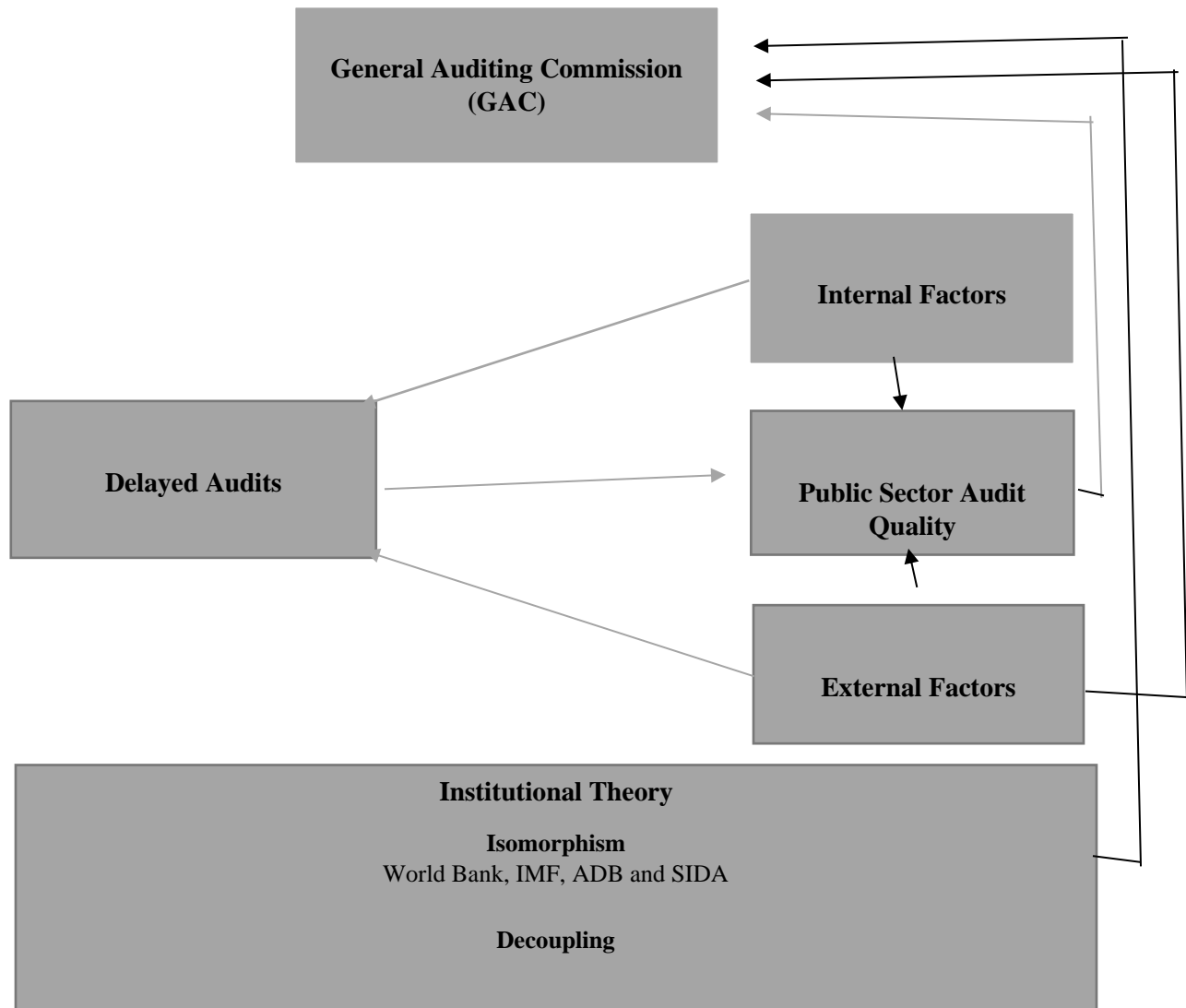
According to Meyer and Rowan (1977) decoupling and maintenance of face, in other words, are mechanisms that maintain the assumption that people are acting in good faith. The advantages of decoupling are clear (Meyer & Rowan, 1977). The assumption that formal structures are really working is buffered from the inconsistencies and anomalies involved in technical activities. Also, because integration is avoided disputes and conflicts are minimized, and an organization can mobilize support from a broader range of external constituents. Thus, decoupling enables organizations to maintain standardized, legitimating, formal structures while their activities vary in response to practical considerations. Moreover, decoupling allows organizations to seek the legitimacy that adaptation to rationalized traditions provides while they engage in technical “business as usual” (Boxenbaum & Jonsson, 2017:2). When organizations are pressured to adapt to societal rationalized traditions about what organizations should look like and do, they face two problems: First, the rationalized myths may not comprise an efficient solution for the organization, and second, competing and mutually inconsistent rational myths can exist simultaneously (Boxenbaum & Jonsson, 2017:6-7). Meyer and Rowan (1977) proposed that organizations decouple their practices from their formal or espoused structure to solve these two problems of institutional pressures. In effect, decoupling means that organizations accept only superficially by institutional pressure and adopt new structures without necessarily implementing the related practices (Boxenbaum & Jonsson, 2017:6-7).

### **3.2 Theoretical model**

Relative to the information mentioned in the literature review, the causes of audit delay and their effects on public sector audit quality has appeared as a constructivist epistemology view of this study. The authors in chapter 3 (literature review) clearly provided the basic logic as to why the selected theory (institutional) is applicable to this study. To proceed, one would notice in the figure (3.2A) that there are parties (i.e. World Bank, IMF, African Development Fund (ADF), and Swedish International Development Cooperation Agency (SIDA)) who are interested and or affected in or by the outcomes of audits in the public sector as such if there exist internal and external factors that cause delay in the conduct of audits, definitely the quality of audits might or would be questioned. According to Covaleski and Dirsmith (1988:52 in Haraldsson & Tagesson, 2013), institutionalization is defined as “the processes by which societal expectations of appropriate organizational form and behavior come to take on rule-like status in thought and

action”. Hence, this apply to GAC from the institutional theory perspectives that there will be tendency for public sector organizations to eventually adapt practices as enshrined within the procedures proffered by the regulatory bodies (e.g.: INTOSAI and AFROSAI-E.), especially because the institutional pressures (either coercive or normative) are strong in the public sector (Carpenter and Feroz, 2001; in Haraldsson & Tagesson 2013). Besides, the isomorphistic relationship also apply to this model as the result of the GAC being dependent on funding from international funding bodies like the World Bank, IMF, SIDA and the African Development Fund (ADF) as such the operations of the anti-graft institute (GAC) are influenced and pressured by these external institutions thereby having say regarding compliance and adherence to other reporting requirements (e.g.: IPSAS preferred by the World Bank).

Moreover, the authors decided to incorporate decoupling (Meyer and Rowan, 1977) as one of the school of thoughts of institutional theory in order to gauge societal expectations to that of practices of the institution (GAC). According to Meyer and Rowan, 1977, decoupling are mechanisms that maintain the assumption that people are acting in good faith or an assumption that formal structures are really working is buffered from the inconsistencies and anomalies involved in technical activities. Besides, decoupling enables organizations to maintain standardized, legitimating, formal structures while their activities vary in response to practical considerations (Meyer and Rowan, 1977). Therefore, this might apply to GAC as some professional attributes (e.g.: adherence to regulatory standards, act creating the entity etc.) might not be practiced as the interested parties perceive. *Please see theoretical model (figure 3.2A) below:*



**Source: Self construction**

**Figure 3.2A**

Figure 3.2A summarizes some external and internal factors that cause audit delays. The diagram depicts that audit delay has an adverse effect on both public sector audit quality and the decision-making ability of the stakeholders who are the direct users of these reports. Additionally, the quality of audit in the public sector could also affect the stakeholders' decisions and this would question the credibility of GAC and might result in pressure from these external parties. For example, stakeholders (Citizens, World Bank, IMF, etc.) use the audit reports issued by the GAC to make political, financial and economic decisions and as such, low quality reports could

negatively affect the outcome of the decision that might be taken. The act of delayed audits is what influences public sector audit quality. This study will use both the external and internal factors in connection with the concept of decoupling and isomorphism from the institutional theory standpoint to analyze the findings of this study. Using the concept of decoupling in public sector auditing, institutions tend to make the public believe they have very good internal control processes but those processes are not adhered to. With that mentioned, for example, GAC might endeavor to adhere to certain best practices, standards instituted by the ACT creating the entity and international bodies (e.g.: INTOSAI and AFROSAI) in order to gain legitimacy with other SAIs in terms of adherence to these norms but in actuality they are not; hence, they followed the old practices. Consequently, the study would explore as to whether these practices and structures as required by the General Auditing Commission are adhered to internally.



#### **4. Empirical methodology**

The practical aspects of the methodology adopted by the researchers is presented in this section. Firstly, the research strategy and how the empirical data were collected will be explained in detail. Thereafter, the operationalization will present the underlying thoughts and reasoning behind the questions developed in the interview guide followed by the sample selection and the conduct of the interviews. The essence of providing detailed information on how the interviews were conducted is to give the reader insights and accurate feeling for each and every interview conducted. Furthermore, the data analysis and data presentation are described, thereby an understanding of how the empirical data was processed and structured. The method used for the data analysis, whether it was done manually or through some computer-based software is explained and the processes which were followed. Finally, the trustworthiness of this research and its ethical considerations is explained.

##### **4.1 Research Strategy**

The research strategy of this study is guided by the purpose of this research and is seen as the overall plan of how the researchers of this study will go about answering their research questions (Saunders et al. 2009). According to Patton, 1999 as cited in Carter (2014), triangulation is referred to the use of multiple methods or data sources in qualitative research to develop a comprehensive understanding of phenomena. That said, the authors have deemed it necessary to use triangulation which has been viewed as a qualitative research strategy to test validity through the convergence of information from different sources (Carter, 2014). Moreover, Denzin (1978) and Patton (1999) as cited in Carter (2014) identified four types of triangulation: (a) method triangulation, (b) investigator triangulation, (c) theory triangulation, and (d) data source triangulation. Based on the purpose of this research which aims at exploring the causes of delayed audits in the public sector and the resources availability, the authors have decided to collect data through interviews with individuals or groups as this strategy is in alignment with the data source triangulation (Carter, 2014).

Additionally, Fontana and Frey (2000; in Carter, 2014) described the in-depth individual (IDI) interview as one of the most powerful tools for gaining an understanding of human beings and exploring topics in depth. As such in-depth individuals' interviews, ranging from the structured and controlled to the unstructured and fluid, can elicit rich information about personal experiences and perspectives (Russell, Gregory, Ploeg, DiCenso, & Guyatt, 2005; in Carter, 2014). Besides, IDI interviews allow for spontaneity, flexibility, and responsiveness to individuals; however,

conducting the interviews, transcribing the discourse, and analyzing the text often require considerable time and effort (Carter, 2014). In contrast, focus groups (FGs) elicit data from a group of participants who can hear each other's responses and provide additional comments that they might not have made individually. Therefore, researchers who conduct FGs recognize that the participant interaction, which stimulates the identification and sharing of various perspectives on the same topic, is central to their success (Morgan, 1996; Carter, 2014).

#### **4.2 Data collection**

Taking into consideration the aim of this research, a qualitative research methodology has been chosen. The goal of this research is to produce a rich description of the factors that cause audit delays in the public sector and the outcome on audit quality (DeVaney et al, 2018). Gathering qualitative data is usually done through in-depth interviews, observations or focus groups (Yilmaz, 2013), however, neither of the mediums of data collection is preferable than the other but should be selected based on this research's aim, according to (Yin, 2013). Therefore, owing to the fact that this study aims to analyse the factors that cause delay in conducting audits in the public sector, focus groups and one-on-one interviews were considered most appropriate as compared to observations. The data for this research was collected through interviews and focus groups based on the time constraint we have to conduct this research and the current COVID-19 global pandemic that has resulted in the closure of many entities and government functionaries that could aid us in getting more useful data for this research. We used interviews to explore the views, experiences, beliefs, and motivations of individual participants, and focus groups to explore group dynamics in the generation of rich qualitative data (DeVaney et al, 2018:400). Furthermore, interviews enable the researcher to analyse feelings and experiences in an interactive process with the interviewee (Saunders et al., 2009), namely the public sector auditors who are the respondents in this study. On the other hand, observations as another data collection method in qualitative study could have been used to enable the researchers' capture factors that cause audit delay in the public sector by the researchers going along with the assigned auditors during the audit process or field work to observe and take notes regarding the audit's activities and factors (internal & external) that cause audit delays (Amyar, F. et al, 2018). However, this method is not suitable based on the current global pandemic that the world is faced with and the fact that the case study institution of this research is the Supreme Audit Institute of Liberia (the GAC) and the researchers are currently in Sweden. Based on these facts, observations were reasonably not an option as a data collection method since it would be even more challenging relative to this research's limited time-frame. Both the

researchers and each individual respondent signed a consent form to guarantee that the data they provided is protected in accordance with the 2019 data protection act of Sweden. Based on the fact that the authors of this research are currently in Sweden, we intend to interview some staff of the top and middle management team of the GAC which is our case study entity using semi-structured questions. Moreover, the interviews (one focus group comprising five interviewees and five one-on-one interviews) were conducted through Zoom rooms, WhatsApp and Messenger. The interviews were recorded based on the consent of the interviewees.

### **4.3 Operationalization**

Audit delay refers to the time from the end of the country or company's financial year to the date of the audit report (Cohen and Leventis, 2013:42). Furthermore, Crain and Bean (1998) mention that the timely reporting of financial information is demanded by many stakeholders (World Bank, IMF, citizens, legislature etc.) who need to assess public entities financial stability and performance reports in order to make informed political and financial decisions. When information is timely issued or reported, it mitigates information asymmetry and, therefore, improves a country's capital market performance (Owusu-Ansah, 2000).

To explore the factors that cause delay in audit and the aftermath they have on public sector audit quality, interviews with auditors at the General Auditing Commission (GAC) must be conducted. The interview guide for this study (*see appendix 9.1*) consists of a demographic data section, seven (7) introductory questions and 5 open-ended questions under the two research questions, which are complemented with follow-up questions. These questions were drawn based on the theories used in this study to enable the researchers to capture the different elements and challenges auditors face in conducting audits which result in audit delay and how they affect public sector audit quality.

The rationale of the demographic characteristics of the respondents was to examine and see if individual differences in understanding the factors that cause audit delay can be predicted as auditors with more years of experience in conducting public sector audits might have far greater knowledge as compared to those with less years of experience (Payne and Jensen,2002).

The interview guide commences with giving the interviewee the opportunity to introduce himself or herself:

**1. Auditor: Tell us about yourself. (name, profession, place of work, experience, education).**

The basis of this question is to determine official aspects that could contribute to the interviewee's public status such as his/her work experience, understanding of the research question being investigated, educational background and position at the GAC, which is the case study entity (Gregg et al., 2018). According to DeVaney et al (2018) these kinds of personal information are vital at the beginning of the interview in order to adapt the interview according to the interviewee's mood.

**2. Do state regulations regarding the audit procurement process increase audit delay?**

The reason for his question is to know from the interviewees if government regulations regarding the conduct of audit result in audit delay (Payne & Jensen, 2002). There could be stringent government regulations that negatively impact the audit procurement process and affect the time frame of the audit. Additionally, we intend to know if these regulations which could be coercive pressures conflict with the internal policies of the GAC which could force the entity to be decoupled (Boxenbaum & Jonsson, 2017). State regulations on how public sector entities do financial reporting could also cause audit delay and information from the interviewee could be help in making a strong analysis (Cohen & Leventis, 2013)

**3. Does non-compliance (e.g. auditees' delay responding to auditors' queries and etc.) by public sector entities cause audit delay?**

The purpose of this question is to understand to what extent does non-compliance by an auditee in responding to an audit engagement letter, providing the needed documentation or responding to audit findings in time cause audit delay (Cohen & Leventis, 2013). From this question, it's possible to ask the following-up question regarding the measures taken by the GAC to curtail this act because the institution was established by an act of legislation to audit all public entities and other SOE that receive government funds. Based on this, the below question was asked:

**4. Does the size of a public sector entity increase or result in audit delay? Please explain**

The GAC by law is required to audit all public sector entities and report to the National Legislature. These public sector entities are given budgetary allotment by the government to fund their operations and as such, the manner in which the funds are spent is to be reviewed by the GAC. The essence of this question is for the researchers to understand from the interviewees whether audit delay can be attributed to the size of the public sector entity (Cohen & Leventis, 2013) and (Payne & Jensen, 2002). Furthermore, whether an audit delay is based on the volume of

transactions done by the entity and not its size as a bigger entity in size could perform less transactions while a smaller entity in size could do far more transactions.

**5. Does the presence of low-quality financial reporting systems in public sector entities cause audit delays?**

Public sector entities whose receive funding from the government are required to submit financial reports in line with acceptable reporting standards. This question was asked in order for the researchers to know if weak financial reporting measures maintained by public sector entities could be an external factor that cause audit delays. According to Payne and Jensen (2002) there is a decrease in audit delay when there is an audit of an entity that maintained a high financial reporting system. Additionally, Cohena and Leventis (2013) also mentioned in their study that entities with low quality financial reporting systems will cause an increase in audit delay. Based on the aforementioned, it's important that the interviewees provide their own experience on this question as it has the proclivity to increase or decrease audit delay.

**6. Does politicians' influence (e.g. inadequate budgetary allocation and connection with entities being audited by the GAC) result in audit delay? Please explain.**

Edwards (1954) claimed that the aim of human action is to pursue their personal aspiration and escape discomfort. Hence, politicians and public sector auditors could make decisions in a rational way, looking to maximize their own benefit or self-interest that might not benefit the citizens (Edwards 1954). This question is very vital because political influence has a great impact on audit delay as many politicians have vested interest in several public sectors entities that the GAC audits and as such, they could use their influence to stall the audit process when there are some issues with the entity being audited (Cohen & Leventis (2013). Where there exists political competition among politicians relative to a particular audit, it creates ambiguity and causes the audit to delay (Johansson & Siverbo, 2009). Therefore, getting the views of the interviewees as to what extent do politicians' interest in public sector entities and their influence result in audit delay enables the researchers to make an informed analysis.

**7. How long have you been auditing in the public sector specifically GAC?**

The idea behind this question is the concept that the competencies and knowledge of public auditors should meet the stakeholders' expectations (Dwiputrianti, 2011) and that the lack of experience and expertise of auditors in auditing public sector agencies could result in their lack of ability to detect fraud and corruption. Moreover (Dwiputrianti, 2011). The number of years an auditor has spent conducting public sector audits has a great impact on audit delay. This question

could give the researchers a clear understanding of the level of experience each interviewee has and how this might be attributed to delay in conducting an audit and its effect on the outcome or quality of the audit. According to Chan, Ezzamel, and William (1993) higher quality and better trained staff are most likely to conduct audits in time and avoid audit delay.

**8. What are the requisite requirements for supervising/managing an audit or being a member of the audit team?**

**9. Are you eligible based on those requirements? If yes, please tell us how many audits have partook and what were the outcomes?**

**10. How is the audit team for a particular engagement selected? Does the lack of diversity in the auditors' expertise on the audit team result in the audit delay?**

The basis of these questions is for the researchers to know how auditors are selected for a particular audit engagement because there are several different types of audit the GAC conducts some of which are, performance audit, compliance audit, financial audit etc. It is expected that Auditors with increased industry knowledge and experience should be able to complete an audit in less time, holding all factors constant and that audit delay is reduced when an auditor with knowledge/expertise about the entity or sector being audited conducts the audit (Payne & Jensen, 2002). According to Deis and Giroux (1992:465) as cited in Payne and Jensen (2002) audit quality is affected by auditor's specialization (e.g., expertise). Furthermore, the expertise of the audit team leader can also impact the audit time frame. The auditor's experience and reputation are found to decrease audit delay (Cohen & Leventis, 2013). Additionally, the more audits an auditor performs build his confidence and increase his expertise which can greatly reduce audit delays. This also has a positive impact on the quality of the report that is done. Furthermore, Payne and Jensen (2002) mentioned that audit delay is negatively related to auditor expertise. Moreover, diversification in the expertise of the auditor performing a particular audit engagement greatly reduces audit delay and increases productivity, efficiency and effectiveness which is directly reflected in the quality of the audit performed. The expertise of the auditor is very important because stakeholders who are the users of these reports might have faith in the quality of the report based on the auditor's years of experience and qualification relative to public sector auditing (Chan, et al., 1993).

#### **4.4 Sample selection**

Sample is the portion of the population that is selected by researchers for investigation. The method of selection may be based on a probability or a non-probability approach (Bryman & Bell, 2015).

The process of selecting a sample for a research is very critical because if the right respondents are not selected, there could be loss of time and the data gathered might not be useful enough for the research (Yilmaz, K., 2013). The GAC is the supreme audit institution of Liberia that is charged with the responsibility of reviewing the records of all public institutions that receive government funds to run their operations and as such, selecting a sample of top level and middle level managers for interviews is very pertinent relative to our research's aim. This study could not include some respondents from the institutions that are audited by the GAC because the aim of this research is to explore both the internal and external factors that causes delayed audits and their impact on public sector audit quality and as such, the best respondents that can provide rich and useful data for this study are respondents from the GAC. The researchers chose the interviewees based on their judgements which is subjective in nature, an idea which is supported by Black (2010) study. The researchers resolved that a subjective selection as compared to random selection is more appropriate taking into consideration the exploratory nature of the study. In order to get a rich empirical data for this study, the researchers decided to interview the two deputies' auditor generals and some middle line auditors at the GAC. The researchers also chose the interviewees based on their experience in public sector auditing and that they are more informed regarding factors that cause audit delays which makes them very important in providing a rich data for this research (Yilmaz, K., 2013). Furthermore, this research study uses the purposive sampling method to choose its participants for the interviews. The purposive sampling in qualitative research is to select and study a small number of people or unique cases whose study produces a wealth of detailed information and an in-depth understanding of the people, programmes, cases, and situations studied (Yilmaz, K., 2013:315). Besides, this sampling method is used to select respondents who can adequately provide useful information to aid the research. Hence, it is sampling conducted with reference to the goals of the research and used to gain insights about the organization (i.e.: GAC and the respondents' understanding of the subject or research aim; for example, choosing the most knowledgeable respondents for the interviews (DeVaney et al, 2018). Additionally, based on the fact that the context of our research is Liberia with the General Auditing Commission being our case entity, this research will also use the convenience sampling method to select its respondents (Bryman & Bell, 2015). Convenience sampling is where a researcher chooses respondents who are easy to reach. Key advantages of this form of sampling is that it is relatively easy to get a sample and respondents are readily available (Bryman & Bell, 2015).

The most difficult respondents in getting were the deputy auditor generals based on their busy schedules and the fact that the researchers were not in Sweden while conducting the study. Moreover, the researchers also found it difficult in conducting the interviews with the middle level auditors despite they were easily accessible at all times but due to the lockdown situation that was instituted by the government of Liberia due to COVID-19 as all of the respondents were home and there was a serious challenge in term of stable internet facilities to conduct the interviews. However, the researchers solved this problem by making some intervention to enable the respondents to have internet facilities to carry out the interviews. The researchers had a one-on-one interview with the two deputies' auditor generals on separate dates and the focus group interview on another separate date. The researchers clearly informed the interviewees about the purpose of the study and what they sought to achieve by using the GAC as a case study institution to enable them get an appreciated understanding of what they were about to partake in. Based on the fact that the interviewees were in Liberia and the researchers were in Sweden during the time of the research, the interviews were conducted through Zoom rooms, WhatsApp and Messenger.

#### **4.5 Conduct of interviews**

Interviews were used to collect the empirical data for this research. The researchers developed two research questions based on the aim of the research. The interview questions were formulated based on the two research questions taking into consideration the theory being used. This process began with the researcher highlighting both internal and external factors that cause audit delay based on previous literature. The interview questions were semi-structured in nature (*see appendix 9.1*). The interview questions were categorized into three sub-section which started with introductory questions about the interviewees and then proceeded to questions related to internal and external factors that causes audit delay which are pertinent to the research topic. Data can either be collected by people or machines. And in the case of data being collected by humans, it's done via interviews and observations while in the case of machines, web-based survey is usually done (Zikmund, Babin, Carr & Griffin, 2009). This research data was collected by humans through interviews, both one-on-one and in a focus group. Interviewees were informed during all interviews that they had the unrestricted right to avoid answering any question they were displeased with. The researchers did this as a sign of ethical consideration and respect for the interviewee which is very important in conducting research (Rubin & Rubin, 2005). The researchers interviewed Ten (10) employees of the GAC both in top and middle management levels. The first interviews were conducted on May 28, 2020 with the Deputy Auditor General at



the GAC (one-on-one) and five senior auditors at the GAC (focus group). On May 29, 2020, the second one-on-one interview was conducted with the Deputy Auditor General for Administration at the GAC. On May, 5,8 & 10, 2020, the last three one-on-one interviews were conducted with three senior auditors. All interviews were conducted through Zoom rooms, WhatsApp and Messenger by the two researchers. The interviews have been compiled in *table 1* found below, revealing the anonymous names, date, gender, position and duration of the interviewees.

***Table 1 Interview respondents***

<b>Respondent</b>	<b>Gender</b>	<b>Position</b>	<b>Date</b>	<b>Interview Time</b>	<b>Types of interviews</b>
Auditor 1	Male	Deputy Auditor General for Audit Services	April 28, 2020	41:55	One-on-one via zoom
Auditor 2	Male	Deputy Auditor General for Administration	April 29, 2020	59:33	One-on-one via zoom
Auditor 3	Female	Senior Auditor	April 28, 2020	1:44:58	Focus Group via zoom
Auditor 4	Female	Senior Auditor	April 28, 2020		Focus Group via zoom
Auditor 5	Male	Senior Auditor	April 28, 2020		Focus Group via zoom
Auditor 6	Male	Senior Auditor	April 28, 2020		Focus Group via zoom
Auditor 7	Male	Senior Auditor	April 28, 2020		Focus Group via zoom
Auditor 8	Female	Senior Auditor	May 5, 2020	45:00	One-on-one via WhatsApp
Auditor 9	Female	Senior Auditor	May 8, 2020	57:00	One-on-one via WhatsApp

Auditor 10	Male	Senior Auditor	May 10, 2020	40:00	One-on-one via Messenger
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**Source: Self construction**

#### **4.6 Data analysis**

Data analysis involves a high level of resourcefulness or creativity to present the information in a well-structured manner (Hoepfl, 1997). As the interviews were conducted one after another, the researchers took note of key points that were mentioned by the interviewees. After all the interviews conducted, they were transcribed after the researchers' have listened to the recordings several times for clear understanding. During the transcribing process of the data, key focus was paid on information that was essential to answering the research questions (Saunders et al., 2009). Analyzing text involves several tasks: (1) discovering themes and subthemes, (2) winnowing themes to a manageable few (i.e., deciding which themes are important in any project), (3) building hierarchies of themes or code books, and (4) linking themes into theoretical models (Ryan & Bernard, 2003). Each technique has advantages and disadvantages. Some methods are more suited to rich, complex narratives, while others are more appropriate for short responses to open-ended questions. Some require more labor and expertise on behalf of the investigator, others less (ibid). In view of the above, the analysis of data in this study is based on the "constant comparison method" proffered by Glaser and Strauss (1967:101–16; ibid) that involves searching for similarities and differences by making systematic comparisons across units of data. Typically, grounded theorists begin with a line-by-line analysis, asking, what is this sentence about? And how is it similar to or different from the preceding or following statements? In addition, repetition is one of the easiest ways to identify themes (Ryan & Bernard, 2003). Besides, some of the most obvious themes in a corpus of data are those "topics that occur and reoccur" (Bogdan and Taylor 1975:83; ibid) or are "recurring regularities" (Guba 1978:53; ibid). Classifying themes is an essential task when dealing with qualitative research, reason is that without any sort of thematic categories, there is nothing to compare, describe or explain (ibid). That said, the researchers' analysis of data would also adhere to this approach as in fact, the more the same concept occurs in a text, the more likely it is a theme (ibid). Also, the cutting and sorting approach which is the most versatile technique (ibid) is prevalent in the authors analysis of the data. Additionally, the research findings were reported in a first-person narrative with a combination of *etic* (outsider or the

researcher's) and *emic* (insider or the participants') perspectives (Denzin & Lincoln, 1998; Miles & Huberman 1994; Yilmaz, K., 2013:315).

Further, we acknowledge that there three key words in the research questions “audit delay”, “public sector auditing” and “audit quality” as such responses from respondents/interviewees in connections to these words were highlighted in “red” and “blue” respectively which enable us to applied constructs approach by separating responses that are similar (labelled “positives”) and different (labelled “negatives”) in terms of concepts as well as cutting and sorting reoccurring responses in relations to the research questions into categories; hence, respondents in these categories were numbered. For example, respondent one would be coded as Auditor 1 and the same applies to subsequent informants. Therefore, this approach is synonymous to coding as mentioned within the course literature SPSS Survival Manual (Pallant, 2013) which states that it is important that you set up the coding of responses to each of your variables carefully. Also, the course literature SPSS Survival Manual (Pallant, 2013) acknowledges that coding is slightly more complicated for open-ended questions, however, one needs to scan the questions and look for common themes; so, this correlates with the “constant comparison method” mentioned by Glaser and Strauss (1967:101–16; Ryan & Bernard, 2003). However, the data collected from this research are analyzed manually and not by using a computer aided qualitative data analysis software (DeVaney et al. 2018). This research report provides readers with sufficient quotations from participants in the analysis as it's required in qualitative studies (Patton, 2002:315). Though the number of interviews conducted for this study do not make it possible to claim saturation, which is generally achieved after 12 interviews according to Guest et al. (2006), this component of the study still provides some understanding by developing the themes that are usually realizable after six (6) interviews (Guest et al. 2006). During the transcribing process of the interview transcripts, the answers given by each respondent were compared to identify similarities and differences. Where some emerging themes were unclear, or confirmations were needed, the interviewees were contacted for additional or helpful information, which thereby increases the validity of the data. Finally, interpretations and conclusions of the empirical data were done through continuous rehearsal with the theoretical framework.

#### **4.7 Trustworthiness**

Trustworthiness is about establishing these four parts of a qualitative report: credibility (internal validity), transferability (external validity/generalizability), dependability (reliability), and confirmability (objectivity) (Shenton, 2004). The researchers of this study paid more attention to

the data collection and analysis process in order to gain reliability. The reliability of a study is represented by the extent to which the data collection method or analysis process generates consistent findings (Saunders et al., 2009). In contrast to quantitative research where reliability and validity are the two important measures that are used in evaluating the quality of a study conducted, qualitative research, on the other hand, is evaluated by its trustworthiness (Bryman & Bell, 2015). Yin (2003) mentions that the objective of reliability in a qualitative study is to necessitate the results of one study be generalized if conducted by different researchers under similar circumstances and achieves the identical result.

Saunders et al. (2009) considers validity to be the extent at which the results of a study represent what seem to be about the research purpose. And Yin (2003) refers to validity as both external internal on the generalizability of a result. The GAC is the only institution that is authorized constitutionally to audit all public sector entities; therefore, the researchers can guarantee the generalizability of the result in public sector entities in Liberia. This is predicated upon the fact that, if similar research is done taking GAC as a case study, the outcome of the research might be similar. According to DeVaney et al. (2018) since qualitative researchers do not use measurement with specific instruments, it is important to know how the researchers establish that their study findings are credible, transferable, confirmable, and dependable.

According to Lincoln and Guba (1985) credibility deals with how reliable the findings of a qualitative study are based on the empirical methods used to produce it. It is worth noting that if a reader should be able to evaluate the credibility of a particular study, the researchers are obliged not only to ensure thoroughness in the research process but also communicate the research findings clearly and precisely (Morrow, 2005). The researchers in this study provided the reader with reasons/ basis why the interviewees were selected and the research methods that were used in their selections. Furthermore, the researchers have argued for the techniques used in the data analysis of this study by highlighting how the theme use for the analysis was achieved (Patton, 1999).

In this study, we provided the reader with a detailed presentation or sufficient quotations of the interviewees' responses and the views behind the diverse choices made by the researchers in the analysis. Bryman and Bell (2015) in their study mention that the credibility characteristic of a qualitative study also deals with the manner in which the empirical data matches with the interviewee's authenticity. To further gain credibility, all the interviews were recorded and transcribed as a means of avoiding misunderstandings or misinterpretations of information provided by the interviewees (Bryman & Bell, 2015).

Moreover, to guarantee the reliability and validity of this research, the researchers ensure that all the interviewees/respondents are full employees of the General Auditing Commission who have conducted several audits of public sector entities and that all the interviewees are presently working at the GAC. Furthermore, the reliability and validity of this research was also guaranteed by the fact that the same uniform questions were used throughout the interview process. The reliability of a research is increased by the quality of the interview and the expertise of the respondents relative to the research purpose (Flick, 2009). The superiority of recording and documenting data becomes a fundamental pillar for measuring their reliability and interpretation (ibid). Moreover, the validity of a research can be influenced by either the interviewer or the interviewee's error which sometimes do occur during the interview process (Saunders et al., 2009). All of the interviews were conducted in the English language because it is the native language of Liberia and all the interviewees are fluent in speaking it. This also boosted the validity of this research as there was free flow of questions and answers between the interviewers and the interviewees and there was clear understanding during the process.

Another criterion to measure the trustworthiness of this study is dependability which signifies the consistency of the data being collected (Lincoln & Guba, 1985) as findings are supposed to be consistent and repeatable (Pandey & Patnaik, 2014). The dependability of this study cannot be questioned as the interviews have been consistent throughout as one uniform set of interview questions was used. However, based on the fact this study used human beings to explore and identify the factors that cause audit delay, consistency could be difficult if not impossible to achieve. This is based on the fact that the empirical data gathered for this study is based on the interviewees' own perceptions about both the external and internal factors that cause audit delay in the public sector predicated upon their experiences with regards to public sector auditing which varies remarkably among the interviewees.

Confirmability or objectivity deals with assessing the extent to which the researchers have affected the results or empirical data of the research (Lincoln & Guba, 2015). According to DeVaney et al. (2018) one unique feature in qualitative studies is the self-reflection of the researcher about his or her influence on analyzing the data, including a consideration of how the researcher(s) may have introduced bias to the results. Furthermore, the researcher should examine their own influence on the design and development of the research, as well as on data collection and interpretation process (ibid). This study focuses on external and internal factors that cause audit delays and how they affect public sector audit quality. This means that the data was organized

and themed in order to match similarities and dissimilarities of each pair which also increase the confirmability of this research. The researchers' experience in auditing from the private sector, their personal values, motivations or interest might have had an insignificant influence in this study. By mentioning this, it also increases this study's trustworthiness (Bryman & Bell, 2015).

#### **4.8 Ethical consideration**

Ethical consideration is very vital to be considered in conducting qualitative research when using interviews as the source of data collection. Researchers are expected to behave ethically in relation to getting the interviewees, during the interviews and when analyzing the data (Bryman & Bell, 2015). We communicated formally with the two Deputy Auditors General at the GAC in order to get the needed information and book appointment for this research. The interviewees who were chosen for the interview were duly informed about the aim of the study through written communications. This study took some ethical stand into key considerations in order to avoid ethical breaches or encounter any difficulties during the course of the research. At the point of communicating with the interviewee, the purpose of this study was clearly explained to the participants (Bryman & Bell, 2015). The primary reason for this was to allow them to decide if they were willing to partake in this study or not. The interview guide was sent to each of the interviewees as a means to abreast themselves with the questions as some of them requested it.

Additionally, the consent form for the interview was sent to each respondent and it was duly filled in and signed by both the interviewers and interviewees. In the consent form, the researchers promised to protect the interviewees' identities and the interview recordings confidentially in line with the Swedish data protection act 2019. It was further stated that all personal information of the interviewees collected is dealt with in accordance with norms and ethics and that they are kept confidential and anonymous. Furthermore, days before the interview could be conducted, a request for consent to tape record the interview was sent through an electronic mail (*see appendix 9.3*). However, the researchers did ask each respondent for their approval for the interview to be recorded before the actual interview started. Moreover, the interviewees were informed that anonymous names were given in this research in order to protect and secure their identity. The respondents of the focus group interview who were middle level managers were promised that upon the completion of the data analysis, the report will be sent to them for their review at which time they can highlight any issue they have regarding words been included or phrase used that they feel might be traceable to them or they just don't find it appropriate to be reported in the report. Walford (2005) states that confidentiality in research is very vital as it enables the respondents to

answer the interview questions in a fairer, relaxed and unbiased manner as they will not be identified, exposed or sanctioned for answers provided. The data collected for this study is restricted to this study and the researchers have no other intent of using said information.

## **5. Analysis**

In this chapter, we present the empirical data obtained from the respondents at the supreme audit institute of Liberia (GAC). This chapter aims to provide the reader with an analysis of the factors that cause audit delay that arose from the empirical findings provided by the interviewees. All data for this research was collected from interviews from the two (2) deputy auditors general and eight (8) senior level auditors. The interview questions were semi-structured in nature. The interview questions were categorized into three sub-section which started with introductory questions about the interviewees' experience, educational and professional background, their current status at the GAC etc. and then proceeded to questions related to internal and external factors that cause audit delay which are pertinent to the research topic. The analysis of the findings will be aligned and connected to the two main concepts of institutional theory, isomorphism and decoupling which are the bedrock of this research.

### **5.1 External Factors**

These are factors that result in audit delay and are caused by the audited entity or other external parties. Despite they are caused by external parties, the GAC is responsible to work with the entity or institution in ensuring that these factors do not impede the audit timeline and the reporting period.

#### **5.1.1 Delay in providing documents for audit review**

Audit is the review of documentations and the expression of opinion thereof, a definition which is based on the answers obtained from the respondents. Before any audit process commences, the auditor requests from the audited entity documentations for review which is done after the planning process is completed. All the respondents agreed that delay by the audited entities in providing the requested documentations for review purpose causes audit delay and this is one of the challenges the GAC faces. This finding is consistent with what was proffered by AFROSAI-E (2013) that auditors of the supreme audit institution should not accept if representatives of the audited entities make themselves unavailable or repeatedly do not submit requested documentations which would lead to audit delay. The review of audit documents is the basis on which the supreme audit institution like the GAC makes its findings and recommendations. According to Auditor 2, one of the major challenges the GAC encounters with public sector entities is the submission of documentation in a timely manner for their review. Furthermore, some public sector entities might



have the requested documents but could deliberately refuse to submit in time and this causes delay in the audit process (Auditor 10). Every audit has a defined timeline and the sample size which is selected for review by the auditor commensurate or fall within the audit time period. However, the audited entities refuse to provide the requested documentations in the 10 or 14 days' period that is provided by the GAC, something which undermines the audit process and causes a delay (Auditor 6). In Auditor 4' opinion, the cardinal reason for audit delay is the submission of documentations which are in the sample size of the auditor and this could be attributed to the challenge most public sector entities face when it comes to archiving and retrieving documentation. According to AFROSAI-E (2013) when the issue of delay in the submission of documentation occurs, the auditor should quickly inform his/her supervisor, the audit manager and if necessary top management because such delay might result to the waste of time and resource which are scarce as there is always the possibility to contact the audited entities on a higher level to try to get the requested information or meeting. Using the concept of isomorphism, we believe that the GAC is exposed to external coercive pressure in meeting audit deadlines when the audited entity delays in providing the requested documentations. The reports that are prepared by the GAC are submitted to the Public Account Committee at the National Legislature for review and decision making and when there is a delay in the audit process, the GAC comes under pressure in meeting the audit timeline. We believe that the timely submission of documents by the audited entity remains a serious challenge to the GAC work which most times results in delay in the process. When there is a delay in the audit process, it negatively impacts the quality of the report because the auditor could feel demotivated and as such, an extensive review might not be done when the documents are submitted after some intervention by the top management of the GAC. According to Auditor 8 delay in submitting audit documents does not only cause delay in the conducting the audit but it also affects the quality of the audit report. Below are excerpts of respondents from the interviews conducted as there exist similarities in their responses:

*... "One of the major challenges that we have had over the period have been the issue of lack of submission of documentation, and then the consistent application for extension to the time requested because it is stated in the act of the GAC when the management letter is submitted or the draft audit report the auditee is given two weeks to respond. So, most of the time, people will write for many extensions. And as you are aware, an audit is time bound. So sometimes we just have to refuse some*

*other requests and just go ahead and issue the report based on the available information that we have. So yes, the issue of not providing documents and also requests to extend the audit timeline can actually lead to the delay in audit especially on the issue of Liberia scenario.” (Auditor 2, 2020)*

*...“Every audit has a timeline and therefore, delay in providing the needed documentation can cause audit delay. This also affects the quality of the audit because it might reduce the enthusiasm the audit team had for the audit engagement.” (Auditor 8, 020)*

*...“Delay by the public sector entity to submit documents causes audit delay. Most times, they might have the requested documents but they might delay in providing those documents due to insecurity. There are times they deliberately refuse to provide those documents in time and sometimes they don’t even keep those source documents so when a request is made, they will have to contact vendors and other partners that they did businesses with to obtained those requested documents before they are presented to the audit team for review which cause serious audit delay.” (Auditor 10, 2020)*

*...“During the planning stage of the audit, preliminary documentation requests are made and sometimes the public sector entity delays in submitting the requested documents which cause delay during the conduct of the audit.” (Auditor 5, 2020)*

*...“Auditee delay in providing the requested documents hamper the audit process and cause audit delay. There are times the auditee deliberately refuses to provide the needed documents in the 10 or 14 days’ period that is provided by the GAC which undermines the set audit timeline and it results in delay in completing the audit and submitting the report.” (Auditor 6, 2020)*

*...“The underlying factor that causes audit delay has to do with the delay in the submission of documentation which is in the sample size of the auditor by the auditee. There is a challenge of documentation archiving at every public sector entity which greatly impedes the timeliness of public sector auditing.” (Auditor 4, 2020)*

From the previous responses, it can be deduced that most if not all the respondents agreed that delay by the audited entity in providing audit documents for review causes audit delay. Furthermore, it shows that the respondents are all knowledgeable relative to public sector auditing. The respondents also mentioned that delay in conducting an audit can affect the quality of the audit, something which is very essential in public sector auditing. The above finding can also be aligned with Cohen and Leventis (2013) study in which they stated that non-compliance by the audited entity in providing the requested documentations or responding to audit queries causes audit delay. Furthermore, Masood and Lodhi (2015) mention that the lack of cooperation by the audited entity to provide the needed documentation causes audit delay. Cooperation of the auditee organization with the auditor makes the completion of an audit easy and effective. It is understood from the respondents that some, if not all of the auditees do not cooperate to produce records in a timely manner and this affects the completion of the audit reports in a negative way. This study therefore agrees with this finding as one of the external factors (inadequate approved budgetary allocation by the National Government, low-quality financial reporting system and reports prepared by public sector entities, constant management turnover in public sector entity, delay responding to audit queries and management letters and delay in the audited entities commenting on the draft audit report) that cause audit delay in the public sector as it is supported by other literature.

### **5.1.2 Inadequate approved budgetary allocation by the National Government**

Resources are the backbone of any organization especially the GAC when it comes to performing its responsibilities. Resources can be characterized in terms of financial resources, human resources and technological resources. Auditors respond that an appropriate budget is not allocated for an audit, so they are unable to have laptops and internet facilities which impede the audit process and causes delay. Auditors at the GAC face different problems due to lack of financial resources and inadequate budgetary allotment by the government which most times result in audit delay according to the respondents. This research finding can be aligned to Cohen and Leventis (2013) study in which they mention that the lack of adequate resources is one of the reasons that impede public sector audit and cause delay. According to Auditor 1 most of the public sector entities are decentralized in other counties and the lack of sufficient budgetary allocation causes audit delays. This study agrees with this finding because if the budget allocated to the GAC is adequate, there will be delays in the conduct of all its audits because logistics remain a challenge

for the entity. As stated by Auditor 10, the GAC planned its audit for every fiscal period and each audit is therefore budgeted for and if the entity doesn't get adequate budgetary allotment in time, those audits could be impeded. Furthermore, Auditor 10 mentions that most times the audits process commence but due to financial or budgetary constraints on the GAC, significant delay is noticed and sometimes the audits are not even completed. This finding is in line with Masood and Lodhi (2015) in which they stated that adequate resources are very vital in the conduct of public sector audit and failure by the government to provide sufficient funding to the supreme audit institution could result in audit delay. Most time, public sector auditors heavily rely on auditee for stationeries, photocopiers and other needs which creates a negative perception about government auditors and delays the audit. Furthermore, the audit might be of low quality because the audited entity could influence the audit team. It is important that the government provide sufficient budgetary allotment to the GAC to eliminate this reliance which could negatively impact the audit process and the outcome. Using the lens of isomorphism regarding the inadequate budgetary allotment provided by the government, the GAC is exposed to pressure in ensuring that despite the limited budget, quality audits are expected to be done and submitted to the PAC in time for decision making. This is a coercive pressure based on the resource dependency nature of the GAC as the budgetary allotment of the entity is subjected to the will and pleasure of the politicians (Budding, Grossi & Tagesson, 2015). The lack of logistical support which is created by low budgetary support by the executive causes audit delay. Audit is evidence based and as such, if there is no logistic such as; papers, ink and other basic things that are needed during the field work, this could cause audit delay (Auditor 5). This study believes that appropriate budgetary allocation by the national government is very cardinal in helping to reduce audit delay because the GAC will have the needed logistics needed to perform its audits in time and submit the reports to the PAC for decision making and other purposes. Insufficient budgetary allocation causes audit delay because the necessary logistics and tools needed by the GAC might not be available and as such, the auditors would pressure to conduct quality audit in time something which is impossible (Auditor 8). Below, are excerpts of respondents from the interview conducted as there exist similarities in their opinion proffered:

*... "What happens is that when you are doing an audit, for example, an audit of the Ministry of Education, the Ministry is decentralized in every 73 counties districts in Liberia, and under the new arrangement that have been developed, funding is*

*transferred from the ministries to the various counties, and they are sort of sub-accounting unit. Therefore, if you are auditing, the Ministry of Education is not only the central office you are going to audit. After the central office, you are going to send staff in the field to go and do an audit. And if the amount you receive for audit is little it means that you cannot do, you cannot cover your mandate. You cannot meet your audit plan to do all the audits you have intended to do. Hence, financial constraint is also a serious external factor that delays the completion of audit.” (Auditor 1, 2020)*

*...”The lack of logistical support which is created by low budgetary support by the executive causes audit delay. Audit is an evidence base and as such, if there is no logistics such as; papers, ink and other basic things that are needed during the field work, this could cause audit delay.” (Auditor 5, 2020)*

*...”Inadequacy in budget allocation or support to the GAC causes audit delay. There are audits that the GAC will commence but due to delay from the executive in providing budgetary funding, delay in conducting those audits could occur.” (Auditor 7, 2020)*

*...”Inadequate budgetary allocation causes audit delay because the necessary logistics and tools needed by the GAC might not be available.” (Auditor 8, 2020)*

*...”There are planned audits for the fiscal period which are budgeted for and if the GAC doesn’t receive her budgetary allotment from the government in time, those audits will not be conducted in line with the annual audit plan. Most times these audits are started but due to financial or budgetary constraints on the institution (GAC), there are significant delays and sometimes the audits are not completed. For example, some audits require field verification outside the entity or the work station, and delay in providing budgetary allotment for such verification which is part of the audit process causes audit delay.” (Auditor 10, 2020)*

The quotations above imply that inadequate budget allocation or resource constraints is one of the external factors that cause audit delay. This finding is supported by both Cohen and Leventis

(2013) and Masood and Lodhi (2015) studies as is mentioned above. We therefore believe that insufficient budget for the GAC impedes the timely execution of audits and it affects the outcome of the audit reports. Therefore, backed by other literature, this study believes that this finding is one of the external factors that causes audit delay in the public sector

### **5.1.3 Low-quality financial reporting system and reports prepared by public sector entities**

Audit involves the review of both the financial system and the reports that are prepared by public sector entities and therefore, public sector entities are required to maintain financial accounting systems that can produce useful information for accountability and decision making. The objective of these systems is the preparation and presentation of financial reports containing the financial statements that are free of misstatement (Brusca et al., 2018). From the respondents, it's noted that a low-quality financial reporting system maintained by an audited entity causes audit delay as they all agreed that it's one of the external factors that causes audit delay. According to Auditor 1 the government of Liberia adopted cash basis IPSAS as a financial reporting framework during the fiscal year 2009/2010 but most entities do not prepare cash basis IPSAS financial statements that meets the standard and as such, it causes delay when the statements are submitted for review during the audit as they have to work alone with the entity to ensure that the statements are properly done because the comptroller /accountant does not have fairer understanding (Auditor 1). The government has a system called Integrated Financial Management Information System (IFMIS) that has been used by the Ministry of Finance and Development Planning (MFDP) to process transactions for and on behalf of public sector entities. However, at the entities level, the system has not been functional so when you get there to audit you struggle with obtaining information as to how the fiscal period has been run and it actually leads to some delay during the audit (Auditor 2). This finding can be aligned to Payne and Jense (2002) study outcome in which they state that the presence of a high-quality financial reporting system reduces audit delay as it is the exact opposite. The quality of the financial reporting system maintained by an entity is very important because when the system is of low quality, the report will definitely be. In Auditor 4' opinion the lack of proper process flow in a public sector entity which results in the preparation of financial statements might result in low quality or incorrect financial reports being prepared which could cause audit delay. This finding is also supported by that of Masood and Lodhi (2015) in which they state that maintaining a low-quality financial system and preparing low quality financial reports cause audit delays. Due to lack of training of the comptroller and accounting staff in some

public sector entities, the financial statements are not prepared in line with the IPSAS format (Auditor 10). Additionally, Auditor 7 states that once a financial report does not conform or follow the approved standards, it will definitely cause delay in the audit process. Moreover, some institutions still use QuickBooks, and other financial systems contrary to IPSAS and therefore, financial statements prepared might not be in line with the government system that is authorized and this could lead to audit delay. Below, are excerpts of respondents from the interviews conducted:

*... "Yes, that is an issue because the government of Liberia adopted cash basis IPSAS as a financial reporting framework since 2009/2010. And they actually started implementing since 2012 and most entities up to this time, do not prepare Cash Basis IPSAS Financial Statements that meet the standards. Moreover, ministries and agencies have IFMIS, but due to the technological challenge, some of the ministries and agencies during meetings tell us that they (comptroller /accountant) do not have fairer understanding of how to do their financial reports using IFMIS system/platform; eventually, these challenges and limitation regarding staff understanding of the use and application of the system could need to the audit being delayed." (Auditor 1, 2020)*

*... "Yes, it does and for Liberia specifically we have had issues with that, because the government has a system called Integrated Financial Management Information System (IFMIS). IFMIS is used by the Ministry of Finance and Development Planning to process transactions for and on behalf of public sector entities. At the entity level, that system has not been working well. So, when you get there to audit you struggle with obtaining information as to how the fiscal period has been run and it can actually lead to some delay during the audit. So, yes, the issue about an entity not having a functional financial accounting software to process transactions can actually lead to audit delay because the data provided has to be changed because of people using Excel as opposed to software. Excel is prone to manipulation, and as such, the auditor has gone back and forth, it can actually delay the audit." (Auditor 2, 2020)*

*.... "The lack of proper training for the user of the system that is being used in public sector entities can cause audit delay. This is because the reports prepared by those individuals*

*will not be correct and the auditor will have to work alone with the team responsible to ensure the report is properly done before the audit begins.” (Auditor 3, 2020)*

*...”Low quality financial reports prepared by the public sector entity causes audit delay. If the report prepared by the entity is not in line with the reporting system, this may definitely cause delay because the auditor will not work with a financial statement that is not properly done. Additionally, the lack of proper process flow in a public sector entity which results in the preparation of financial statements might result in low quality or incorrect financial reports being prepared which could cause audit delay.” (Auditor 4, 2020)*

*...”IFMIS is the financial reporting system of the government by law and as such, if the system is not being properly used by public sector entities, it may result in low quality financial reports provided which will cause audit delay like my colleagues have stated. Once the report does not conform or follow the approved standards, it will definitely cause delay in the audit process. Some institutions use QuickBooks, and other financial systems which are not authorized by the government and therefore, financial statements prepared might not be in line with the government system that is authorized and this could lead to audit delay.” (Auditor 7, 2020)*

*...”Definitely, this causes an audit delay because the financial reports of the public sector entity will not be prepared in time and correctly which might cause the audit to delay because the incorrect report will not be reviewed by the auditor. It will have to be done properly in line with the reporting system that is being practiced. One of the main causes of audit delay is inability of the public sector entity to keep its accounts up-to-date. This prevents the auditors from immediately commencing a meaningful audit review as they might have to spend some weeks bringing the accounts up to book.” (Auditor 8, 2020)*

*...”The government reporting format is IFMIS and the IPSAS cash basis should be used by all public sector entities to report their financial statements. However, due to lack of training of the comptroller and accounting staff in some public sector entities, the financial statements are not prepared in line with the IPSAS format. Most times in cases like these, the audit team will work along with the accounting department of the entity or the person*



*responsible to ensure that the statements are properly prepared in line with the IPSAS format which causes serious audit delay because the entire audit time period is drawn before going on the field and as such, the time the audit team will take helping to ensure the financial statements are correctly done will definitely cause audit delay.” (Auditor 10, 2020)*

Another issue is the lack of proper training for staff who use the system to prepare the financial reports. As one of the respondents said:

*....”The lack of proper training and the inability of the users of the system maintained by the public sector entities to effectively and efficiently use the financial reporting system can cause audit delay due to the incorrect report they provide during the audit process. The lack of understanding of the system by the users causes audit delay because the reports prepared might not be correct and in line with the government reporting standard.” (Auditor 5, 2020)*

This study therefore believes that a low-quality financial system and reports is one of the external factors that cause audit delays.

#### **5.1.4 Constant management turnover in public sector entity**

Top management turnover significantly affects the audit timeline as was stated by three of our respondents (Auditors 1,2 & 8). In Liberia, public officers work at the will and pleasure of the President and as such, they can be replaced at any time even during an ongoing audit process. Top management is responsible for responding to audit engagement letters, providing audit documents and responding to audit queries for management letters. When a political appointee is changed and a new person comes in, most times the new appointee comes with their own top leadership team which comprises the comptroller and accountant and these individuals are key players in an audit process. When this is done, it stalls the audit process and creates a delay (Auditor 2). Most of the time, the old management might take along some key documentations that might be needed for the audit and if these documents can't be obtained in time, it delays the audit process. Additionally, when a new management comes in during the audit process, they might need time to review and understand the internal control processes of the entity before providing the response to the auditor. This usually takes time and it results in a delay in the audit process. According to Auditor 1 the

constant turnover of management at the ministries and agencies contribute to some of the external factors that cause audit delay because most time the new management might not have priority in the audit process and the submission of documentations or responding to audit queries. Additionally, they might not understand the issue of accountability and transparency of financial reporting and as such, they could downplay the audit process. We believe that constant management turnover is an external factor that causes audit delay because when there is a change in management especially in African countries, there is a tendency the outgoing management will take some key documents such as receipt, invoices, contracts etc. as a form of cover up for their corrupt or illegal activities done during their tenure at the entity. Furthermore, constant management turnover could leave the entity with a weak management control and internal control systems which also impede the audit process because the audit involves the review of both the entity's system or process and documentations. In the opinion of Auditor 8, the finance person or Human Resource person are very important in an audit process and when they are replaced, it causes serious delay when there is an audit because the new person will have to get an appreciated understanding of the system before he/she can attend to the audit. Below, are excerpts of respondents from the interviews conducted:

*... "Most often, it is noticed that there is constant turnover of management at the ministries and agencies which contributes to some of the external factors that cause audit delay; they have a new minister and new managing director. All of these things create delay in the completion of the audit, because if you are doing an audit, and you have a new minister or a new managing director to come in, sometimes they would want to understand the whole process before, you know, they bow into the audit. And sometimes they don't understand the issue of accountability and transparency of financial reporting. So, if that issue is not a priority to them, their interests in the audit process would be less and might result in audit delay. So, those are some of the external things that can cause an audit to delay when we are conducting an audit." (Auditor 1, 2020)*

*... "In Liberia, we've noticed that if a political appointees change and the new one comes in, quite often they want to come with a team and then sometimes they push away technical people who have actually acquired knowledge for a certain period of time with respect to*

*their areas and then they bring in people they feel comfortable working with. The public sector is a little different; so, you can be a financial manager in the private sector but when it comes to the public sector, you need to have some learning curve coming in there. Thus, the changes can actually lead to audit delay because the people that are coming in bring in their own technical people, sometimes they might not have the knowledge, but it takes time to understand the internal processes, which actually can lead to challenges for the audit in some cases. So, in a case where the head is constantly changed and he/she comes with a new team, we had the issue of audit delay, to the contrary, where the head is replaced, and then he/she comes in and maintains the existing technical team, we have not seen any challenge.” (Auditor 2, 2020)*

*...”Constant turnover of management especially where the finance person or HR is removed, it can result to audit delay because when there is a change an entity’s leadership, the new management might want to review the internal processes of the entity before the continuation of the audit because they could be asked to response to audit findings.” (Auditor 8, 2020)*

### **5.1.5 Delay responding to audit queries and management letters**

Another stage of the audit process is where audit queries or management letters are sent to the audited entity for response and delay by the audited entity in providing response in time result to delay in the audit completion process. Six (6) of our respondents (Auditors 1,2,5,8,9 &10) agreed that delay from the auditee in responding to the audit queries causes audit delay. According to Auditor 8, audits are guided by timeline and timeliness is one of the vital component of every process and where is a delay by the audited entity in responding to an audit query or management letter, it undermines the audit timeline and causes a delay and moreover, it could also affect the quality of the report as compromises could be made in the process (Auditor 8). The refusal of the audited entity in responding to audit queries delays the completion of the audit plan and it results in staff staying longer at that particular entity which also affect the budget for such audit because those extra days might not have been budgeted for (Auditor 1). This finding is supported by Masood and Lodhi (2015) study in which they state that the lack of cooperation from the audited entity in providing timely response to audit query and management letter causes audit delay. Furthermore, AFROSAI-E (2013) mention the audited entity delays in responding to audit queries

or management letter, the auditor should inform his/her supervisor, the audit manager and if required top management because such action might result to delay in the audit and timeliness is very vital in auditing. This study does agree with this finding because the timely response to audit queries by the audited entity enables the audit to be completed in time holding all factor constant. When audit reports are not timely completed and submitted for key decision-making purposes when needed, the report might become of no use and this also undermines the credibility of the supreme audit institution (GAC). Despite the audited entity being given 10 or 15 days as per the GAC Act of 2014 to respond to the audit queries, they delay most often in providing responses and request additional days, something which greatly affects the audit timeline (Auditor 10). Additionally, when the audit fieldwork is completed the audited entity receives a management letter for their response and most times, they intentionally delay in responding which impedes the audit process and causes delay (Auditor 5). This finding is also supported by Cohen and Leventis (2013) finding which states that non-compliance by the auditee in documents submission and responding to audit queries cause audit delay. This study believes the delay by the audited entity in responding to audit queries and management letters is another external factor that causes audit delay as this finding is supported by previous studies as mentioned. Below, are excerpts of respondents from the interviews conducted:

*... "If the auditee is not responding to audit queries, it delays the execution of the audit plan because the staff would stay longer at that particular entity if necessary. In that light, it will delay the completion of the audit plan." (Auditor 1, 2020)*

*... "Under the new law of the GAC relative to audit processes, auditees have up to 10 working days to respond to management letters, and then the law also provides that if you have or you cannot complete your response within the 10 days, you can negotiate with the Auditor General for the extension of time. But most times, people delay in responding to the management letter always in that they exceed the minimally legal required time for them to respond. So, we had instances where an auditee was supposed to respond in 10 days and then the management writes and says the GAC should give them one or two months. That contributed to delay in the timely completion of audit almost always. Auditees ask for extensions that are sometimes unreasonable because some of them will ask for six*

*weeks, if you have 10 days to respond and you ask for six weeks then that's a lot and it causes audit delay.” (Auditor 2, 2020)*

*...”After the audit fieldwork is done the management letter is sent to the auditee for response and most times, they also delay in providing their response which also causes delay in the audit process. The audit process begins from the planning stage and most times it ends when the final report is published. Queries are sent to the auditee for responses based on findings that are uncovered during the course of the audit either for clarity or other reasons. Most times, the auditee intentionally delay in responding to these queries which impede the audit process and cause delay.” (Auditor 5, 2020)*

*...”Every audit has a timeline and therefore, delay in providing the needed responses to the management letter or audit queries can cause audit delay. This also affects the quality of the audit because it might reduce the enthusiasm the audit team had for the audit engagement.” (Auditor 8, 2020)*

*...”The top-bottom approach to decision making in Government influence non-compliance or in most cases inadequate feedback to auditors’ queries. For example, in most government agencies, management comments must be reviewed by the head of the agency before submission to auditors. The quality and timeliness of management comments to auditor queries depends largely on factors such as the technical ability of those charged with governance, the availability and willingness to provide comments to auditors on a timely basis.” (Auditor 9, 2020)*

*...”Delay by the public sector entity to respond to audit queries and management letters causes audit delays. Despite the GAC giving these institutions 10 or 15 days to respond to these queries as per the law, most time they delay in responding and their continuous request for time extension to respond to queries causes audit delay which is done deliberately most if not all the times.” (Auditor 10, 2020)*

#### **5.1.6 Delay in the audited entities commenting on the draft audit report**

When the draft audit report is done, it’s submitted to the audited institution for response which is part of the audit process. According to two of the respondents (8 &10) the delay by the audited

entity in responding to the draft audit report causes audit delay and it is one of the many external factors the GAC faces. According to auditor 8 the draft audit report is submitted to the audited entity for review and comment on the findings raised, but most times, the entity delay in responding which affects the audit timeline. Furthermore, there are instances where the Auditor General had to get involved before the auditee provided their response to the draft audit report. Sometimes, the audited entity even contests audit findings and refuses to respond to the findings. This causes delay in the audit process and undermines the timeliness of the reporting process (Auditor 10). This finding is aligned to Masood and Lodhi (2015) study in which they state that auditee denial of findings or refusal to accept audit finding and provide response in a timely manner causes audit delay. Furthermore, if an audit finding is strong against an auditee, the auditor might be pressured to change the finding or they might reply to the report something which also delays the audit. According to AFROSAI-E (2013) auditor should not accept if the audited entity does not submit comments on the draft report within reasonable time as it delays the audit and undermines the timely reporting process. We do believe that failure by the audited entity to provide response in time to the draft audit report is another external factor that causes audit delay which is supported by other literature mentioned in this report. Below, are excerpts of respondents from the interviews conducted:

*... "After the audit fieldwork is done, the draft report is submitted to the audited institution for review and commenting. Delay from the audited institution in commenting on the draft report or providing source documents to ratify a particular audit finding can cause audit delay." (Auditor 8, 2020)*

*... "When the draft audit report is submitted to the audited entity, they delay in providing responses as per the time given them. The audit team will send several reminders and sometimes the Auditor General might get involved before response is provided to the draft report. This seriously impedes the audit timeline and causes delay in completing and submitting the report." (Auditor 10, 2020)*

## **5.2 Internal Factors**

These are factors that cause delay in the audit process from within the supreme audit institution such as the GAC. These factors can be resolved by the SAI so as to avoid unnecessary delay in the audit process as it has the proclivity to derail the image and integrity of the institution.

### 5.2.1 Inadequate staff training

Being cognizant that auditors are expected to perform assurance services without delays within the constraints imposed by professional codes and ethics (DeAngelo, 1981), there are different perspectives when it comes to the causes of audit being delayed. Individuals responses regarding the causes are attributed to one of the factors (internal) based on their experiences in public sector auditing. Moreover, Payne and Jensen (2002) state that high audit quality, facilitated by the use of superior auditing training, can lead to audit efficiencies that reduce audit delay. To buttress this view, Auditor 1 mentioned that inadequate staff training is one of the internal causes of audit delay which is due to auditors not given the requisite training to execute an audit as stated below:

*...“An internal factor that causes audit delay is due to the staff not being trained enough to handle the audit process. When you are reviewing the work and then you see that the evidence/pieces of evidence do not support the conclusion then you start asking questions for staff to go back and bring additional evidence to support the conclusion they reached in the management letter and this can delay the audit work.” (Auditor 1, 2020)*

As training is an important factor applied to upgrade skills of auditors, new audit techniques need to be learnt to make audit effective (Masood and Lodhi, 2015). Further, to conduct audits of higher quality in time in avoidance of delay, it requires better trained staff as promulgated by Chan et al. (1993). In accordance with the International Standards of Supreme Audit Institutions (ISSAI 10:3; 40:4; 300:32; AFROSAI-E Performance Audit Handbook, 2013:40) requires the SAI to capture training needs in a training plan that is successfully implemented using a variety of methods for capacity building, such as continuous professional education, on-the-job training, in-house training, and coaching. Moreover, AFROSAI-E Performance Audit Handbook, 2013:31 states that a combination of internal and external training can be used to improve personal abilities (such as writing, communication and analysis) as well as technical skills (such as interview techniques, descriptive statistics and using certain IT software). That said, the SAI being member of AFROSAI-E in reality is not fully compliant as there are limited training being conducted which correlates with the concept of decoupling which focuses on how organisation institutionalizes new ideas and structure to fit their organizational practice internally (Alexius and Grossi, 2017) which may change based on the nature and context of the pressure itself (Oliver 1991).

### 5.2.2 Poor performance of auditors as a result of lack of knowledge

Auditor's competence and knowledge of audits in the public sector are key requirements in meeting stakeholders' expectations (Dwiputrianti, 2011) and when lacking, it could lead to the inability of the auditor to detect fraud and corruption and may have an impact on delay and quality of audit based on the years of experience and expertise he/she possesses. To buttress this, the respondents (Auditor 3, Auditor 6 and Auditor 10) concluded that staff poor performance as a result of incompetence at the SAI causes audit delay and may greatly impede the effectiveness and efficiency of audit (Auditor 6) – see excerpts below:

*...“The incompetence of staff on the audit team causes audit delay. For example, the audit field work is distributed among the staff on the engagement and if a particular staff who is assigned to review account receivables or payroll or do bank reconciliation of the entity being audited but he/she does not have the expertise to do such a review, it might cause delay in the audit process because that work would be shifted to another person who already had his portion of the review to do and as such, it would definitely cause delay in the audit.” (Auditor 3, 2020)*

*...“The GAC like any other public sector entity suffers from staff incompetence which greatly impedes the effectiveness and efficiency of audits. Ultimately, the incompetence of staff causes audit delay and negatively impacts the audit quality.” (Auditor 6, 2020)*

*...“The incompetence of staff on the audit team can cause audit delay because the team will not be effective as the staff will need to be brought up to speed with what he/she needs to do in the audit process.” (Auditor 10, 2020)*

Further, one of the key ethical requirements of INTOSAI is competence as stipulated within ISSAI 30. According to this ethic, auditors are required to apply professional standards, follow standards and procedures, exercise due care and continuously update skills (AFROSAI-E Performance Audit Handbook, 2013:40). However, those ethical requirements are well documented by the governing bodies (e.g.: INTOSAI & AFROSAI-E) of the supreme audit institutions (SAIs) in ensuring that they maintain standardized and formal structures but in actuality or practically they are not adhered to (Meyer and Rowan, 1977). Eventually, audits



conducted in the public sector would delay if those standards regarding competence of auditors are not followed.

### **5.2.3 Delay in the review and approval of the draft audit report by top management**

AFROSAI-E acknowledges that many SAIs in the region face difficulties with delays in the production for performance audits (AFROSAI-E Performance Audit Handbook, 2013:39). That said, Auditor 8 clearly stated that those responsible for reviewing audit reports after the audit fieldwork delay in the process; for example, delay in revision process by the audit manager sometimes result in work overload (Auditor 10). Below, are excerpts of the respondents (Auditor 8 and Auditor 10):

*...“Audit process is guided by timeline and as such, if the top-level management who is responsible to review the report when submitted by the field auditors delay in the process, it might result in a delay in the audit report being finalized and submitted to the relevant authority.” (Auditor 8, 2020)*

*...“The draft audits are submitted to the audit manager for review and approval before going to the next stage of the review process and delay in the revision process by the audit manager which sometimes might result in the work overload on the staff responsible to perform the review might cause delay in the completing the audit process.” (Auditor 10, 2020)*

As the INTOSAI Code of Ethics (the Code) intends to provide SAIs and the staff working for them with a set of values and principles on which to base behavior, it has been observed that most of the SAIs including the case institution are not in adherence with the standards (ISSAIs) or being exhibited/practiced internally. Specifically, the code of ethics regarding professional behavior stated in (ISSAI 30) on several occasions are not followed though documented as mentioned by the respondents above. However, you would realize that there are formal documented procedures written by the governing bodies (INTOSAI and AFROSAI-E); for an example: Code of Ethics of the supreme audit institutions (SAIs) but are not applied internally when inquiries are conducted (Meyer and Rowan, 1977).

#### **5.2.4 Management (SAI) inability to provide the needed resources**

According to ISSAI 40, element 3 (AFROSAI-E Performance Audit Handbook, 2013:54), a SAI should ensure that it carries out audits where the SAI is competent to perform the work, and has the capabilities, including time and resources, to do so. Besides, according to Payne and Jensen (2002), quality audit being enabled by the use of superb auditing technologies, can lead to efficient audit that reduces audit delay. That said, Auditor 5 mentioned that instead of the audit software for the conduct of audits, manual auditing system is used; whereas, Auditor 4 stated the unstable infrastructure at the SAI regarding movement of audit documents between the workstation and the audit office also delay the audit. Also, Auditor 10 stated that the audit process requires both the human and material resources such as laptops, vehicles and etc. As such, if the management of the SAI is unable to provide these material resources for the audit engagement, it causes delay of the audit. Besides, inadequate manpower which is human resource related as mentioned by Auditor 7 also hinders the audit process and cause delay. Below, are responses (Auditor 4, Auditor 5, Auditor 7 and Auditor 10) gathered during the interview:

*...“The lack of stable infrastructure for the movement of audit documents between the workstation and the audit office also impede the audit timeliness and causes delay.” (Auditor 4, 2020)*

*...“Another internal factor is the use of manual auditing systems instead of using audit software. The lack of automatic audit software causes audit delay.” (Auditor 5, 2020)*

*“Insufficient manpower resources during the peak period of audit causes audit delay.” (Auditor 7, 2020)*

*...“Every audit process requires both human and material resources such as laptops, vehicles, papers, ink etc. The inability of the management to provide these material resources for an audit engagement can cause audit delay. Most audits are conducted in other countries which are several miles away from the capital and the lack of mobility to take staff to these audit workstations causes serious delay in the audit process.” (Auditor 10, 2020)*

### **5.2.5 Inadequately monitoring the progress of the audit**

It is of importance that top management supports the auditor to conduct audit honestly and fairly (Masood and Lodhi, 2015). Accordingly, all audit work performed should be subject to review as a means of contributing to quality and promoting learning and personnel development which include review of the draft audit plan, working papers and the work of the team, supervision and review of the audit file and regular monitoring of progress of the audit by appropriate levels of management (AFROSAI-E Performance Audit Handbook, 2013:ISSAI 54:49). That mentioned, Auditors (1 and 8) provided contrary views as Auditor 1 stated that management’s failure to follow-up the audit process while it is being carried might result to staff not performing work of high audit which causes audit delay; whereas, Auditor 8 stated that in ensuring that the audit process does not delay, the monitoring of the audit team by those in the hierarchy of the SAI is relevant. The Auditors (1 and 8) concluded that the standard regarding monitoring of auditors are insufficient and not followed effectively – see excerpts:

*... “The inability of management to do follow-up to review the working process as the audit is being performed might result in staff doing work that are not of high quality which would cause the audit to be delayed. Sometimes, staff are sent back on the field to collect relevant evidence.” (Auditor 1, 2020)*

*... “Monitoring of the audit team by top management or audit supervisor during the audit engagement is very vital in ensuring that the audit process does not delay. When the audit team is left all alone with no frequent monitoring mechanism, there is a possibility that the audit will delay.” (Auditor 8, 2020)*

### **5.2.6 Poor working relations among auditors or lack of coordination**

Auditors need to understand the impact of their actions on the SAI’s credibility and to consider how their behavior, both within and outside the working environment, may be perceived by colleagues, family and friends, auditees, the media and others. While expectations of what constitutes acceptable professional behavior may differ depending on whether one is inside or outside the workplace, staff need to consider stakeholders’ expectations along with the SAI’s mandate when determining a course of action (ISSAI 30\_INTOSAI\_Code of Ethics:17). In addition, as required by the INTOSAI Code of Ethics, auditors need to cooperate by sharing

relevant knowledge and information within the organization. However, contrary to this ethic (professional behavior), Auditor 8 mentioned that there is a lack of organization among auditors assigned to audit engagement which is an internal factor that causes delay of the audit process and affects the quality of the audit. Below, are responses obtained from Auditor 8:

*...“If there is no coordination between the audit team members during an audit engagement, there is a likelihood that the audit will delay and this is an internal factor which is not the fault of the public sector entity that is being audited.” (Auditor 8, 2020)*

Moreover, high standard of professional behavior should be maintained throughout the audit process (AFROSAI-E Performance Audit Handbook, 2013:44) which is lacking as mentioned by Auditor 8; therefore, the credibility and behavior of the auditors would not be congruent with those ethics and standards that govern them as may be perceived by the auditees and other external parties (World Bank, IMF, SIDA and etc.) when inquires of such are done (Meyer and Rowan, 1977).

## **6. Discussion**

The purpose of this study is to explore both external and internal factors that are affecting audit delay and the aftermath they have on public sector audit quality. We observed from our data gathered that both the external and internal factors that cause audit delay can be viewed from the concepts of both isomorphism and decoupling which are the theoretical basis of this research. The GAC being the supreme audit institution of Liberia that is mandated by law to conduct audits of all institutions that received government funding, set up a timeline for the purpose of effective and efficient reporting process to the PAC. The GAC as a public sector institution fights to maintain its legitimacy not just with the citizens or public but also with international bodies (INTOSAI, AFROSAI-E) who are also interested in the reports the entity produces. One of the means by which this legitimacy is maintained by the GAC is through the timeliness and quality of the reports that are done. This legitimacy comes to question when there are delays in audit reports retention process to the PAC something which has the proclivity to affect the quality of the reports. The findings of this study reveal that external factors that result to audit delays are caused by either the audited entity or other external parties and not the SAI (GAC); however, it's the responsibility of the SAI to work with the entity involved to ensure those factors do not impede the audit process to the extent it cannot be completed. On the contrary, internal factors which range from inadequate staff training, delay in the review and approval of the draft audit report by top management to the poor performance of auditors as a result of lack of knowledge cause audit delays and the SAI is solely responsible for ensuring that they are resolved or minimized so as not to affect the timeliness of the reporting process. The two research questions of this study which are, what are the external factors that cause audit delay and their impacts on public sector audit quality and what are the internal factors that cause audit delay and their impacts on public sector audit quality are answered in this chapter. Additionally, a connection will be drawn between the findings and the concept of isomorphism and decoupling and an alignment will be made with regards to the introduction section specifically, what motivated this study (problematization).

As was discussed in some detail in the introduction to this paper, as far as auditing is concerned, auditors are expected to perform assurance services without delays, within the controls imposed by professional codes and ethics (DeAngelo, 1981). According to Cohen and Leventis (2013) government incur significant costs in conducting public audits and publishing financial results using various media exposure and therefore, the lack of resources could be one of the reasons that impede public sector audit and cause delay. This statement supports one of the study findings,

external factors (Inadequate approved budgetary allocation by the National Government) that cause audit delay and affect public sector audit quality. Audit quality is an outcome of an audit conditional on the presence of certain attributes of auditors such as independence and expertise and most importantly the timely submission of the report (Knechel et al., 2013). As highlighted in this report, audit delay has an adverse effect on public sector audit quality.

Coercive isomorphism takes place when organizations such as the GAC are succumbed to external pressures, formal or informal, originating from governments or other organizations of which they are dependent or owing to the cultural expectations of the society in which the organization is inserted (Meyer and Rowan, 1977). Therefore, owing to the fact that the GAC depends on the government of Liberia for budgetary allotment, the second external factor; Inadequate approved budgetary allocation by the National Government creates a coercive pressure on the GAC in carrying out its responsibilities. Furthermore, the government(legislature) could tie the allocation of adequate funding to the GAC to certain demands such as providing unqualified opinion on certain audits or changing some audit paragraphs things which could affect the credibility and legitimacy of the institution with the public and other international auditing bodies such as (INTOSAI, AFROSAI-E etc.). Government auditors should have full independence to operate without undue pressures. In this way they can bring accountability and transparency in the public sector auditing. Result of our study shows that GAC has full operational independence, but they lack financial independence because its budget is allotted by Parliament which causes coercive pressure using the lens of isomorphism. These perspectives are amplified by DiMaggio and Powell's (1983:154) reflection that organizations might succumb to organizations on which they depend for resources. Given that the GAC is dependent on the government for budgetary allocation or funding, and that the government is itself a major user of the audit reports, the implication is that the GAC will seek to succumb to its practices and wishes. The audits performed by General Auditing Commission (GAC) are of essence for a wide range of stakeholders and they are to meet societal needs as auditors identified and report on how resources allocated to public sector entities are being properly managed and accounted for.

Additionally, the GAC is a part of several professional auditing bodies like the INTOSAI, AFROSAI-E and etc. The GAC uses the International Standards of Supreme Audit Institutions (ISSAI) which is proffered by INTOSAI to perform its audit. In order to maintain its legitimacy, the GAC is obliged to abide by these standards and guidelines proffered by these institutions. For example, AFROSAI-E reviews the quality of the reports that are done by the GAC and on this

basis, a comprehensive country rating is done something which increases or decreases the credibility and legitimacy of the GAC. Therefore, low quality financial reporting system and reports prepared by the public sector entity exposes the GAC to normative pressure because there are international standards that the GAC should follow when performing audits in order to maintain a high quality of report and when the quality of report prepared by the audited entity is low there is a possibility that the audit report might be of low quality. Additionally, the issue of timeliness in submitting an audit report is of importance as mentioned by both AFROSAI-E and Crain and Bean (1998) financial statement users make informed and real time decisions when audit reports are submitted in time. Henceforth, delay in the audited entity commenting on the draft audit report which is one of the external factors that cause audit delay highlighted in this report puts pressure on the GAC relative to the audit reporting timeline and the guideline maintained by those international auditing bodies. When there is a delay by the audited entity in providing responses to audit findings, there could exist a possible where something findings could be comprised something which could impede the credibility and legitimacy of the GAC with the public and both national and international bodies such as the, Liberia Anti-Corruption Commission(LACC), Internal Audit Agency (IAA) International Monetary Fund(IMF), World Bank and other major embassies who are major partners of the GAC and users of the reports.

Decoupling as one of the concepts of institutional theory is applicable to this study. That mentioned, the SAI (GAC) in its strive to maintain legitimacy and formal structure would accept and adopt to standards (e.g.: Code of Ethics) as required by the international regulatory bodies (e.g.: INTOSAI, AFROSAI and etc.) but may change in practiced or in actuality (Boxenbaum & Jonsson, 2017:2) because of pressure in terms of adherence to these procedures amongst other SAIs. The adoption of new rules is done due to pressure from the regulating bodies to accept procedures which could result in the SAI (GAC) to concord as a way of achieving its competing objectives among other SAIs (Oliver, 1991). To buttress the SAI's adherence to these procedures, it is realized that there are standards (International Standards of Supreme Audit Institutions) proffer by the regulators are not or partially followed; for an example, the inculcation of training and coaching among staff of the SAI. In addition, as Payne and Jensen, 2002:10 mentioned that auditors with increased industry knowledge and experience should be able to complete a public sector entity's audit in less time holding all factor constant. Besides, Dwiputrianti, 2011 mentions that the competencies and knowledge of public auditors should meet the stakeholders' (World Bank, International Monetary Fund and etc.) expectations and that the lack of experience and

expertise of auditors in auditing public sector agencies could result in their lack of ability to detect fraud and corruption. That said, we observed that the supreme audit institution (GAC) internal practice relating to adequate staff training is not followed as enshrined in the standards and as such it would result to the audit being delayed as well as questioning the quality of the audit due to limited knowledge and skills the auditors have as a result of inadequate training ultimately resulting to outcomes of the audits being noncompliant with the required documented standards.

The SAI's inability to provide the requisites resources consisting of human and materials for the audit of public entities which includes ministries and agencies of government may result in the ineffectiveness and inefficiency of the audit and the auditors respective. This weakness is noticed within the SAI and contravene one of its standards (ISSAI 40, element 3) as required by the regulating bodies (INTOSAI and AFROSAI-E) as such it may delay the audit and negatively affect the quality of the audit due to auditors being incapacitated of the resources needed to obtain the desirable outcomes. Therefore, the inner operations of the SAI in terms of providing both materials and human resources though required by the standards varied in practice which ultimately correlates with the concept of decoupling promulgated by Meyer and Rowan, 1977 as well as Oliver, 1991.

To answer this study first research question, we believe that the following factors: delay in providing documents for audit review, inadequate approved budgetary allocation by the National Government, low-quality financial reporting system and reports prepared by public sector entities, constant management turnover in public sector entity, delay responding to audit queries and management letters and delay in the audited entities commenting on the draft audit report are external factors that cause audit delay. However, these external factors are caused by the audited entities or other external parties such as the national government, international auditing bodies etc. and not the GAC. Despite they are caused by external parties, the GAC is responsible to work with the entity or institution ensuring that these factors do not impede the audit timeline and the reporting period. These external factors also have an adverse effect on public sector audit quality. Delay in submitting documentation could reduce the auditor enthusiasm for the audit and as such, a detailed review might not be done or a significant sample size might not be reviewed which could result in a low-quality audit report. Furthermore, delay in responding to a draft audit report could result in compromise between the auditor and the audited entity as critical audit findings could be rephrased or removed and auditor might not exercise due-diligence and professionalism in the conduct of the audit due to inadequate financial resources or budgetary allocation. These



factors which cause audit delays as they have been mentioned in this paper will negatively affect the quality of the report.

Further, we are also certain that second research question has been answered as internal factors that cause delay of audit in the public sector have been obtained from respondents based on analysis performed on responses attained; namely: inadequate staff training, poor performance of auditors as a result of lack of knowledge, delay in the review and approval of the draft audit report by top management, management (SAI) inability to provide the needed resource, inadequately monitoring the progress of the audit, and poor working etiquettes among auditors or lack of coordination. These internal factors arise as the result top management and other staff of the Supreme Audit Institution (GAC) not or partially applying the standards as promulgated by the regulating bodies (INTOSAI and AFROSAI-E) as such the breach of standards; for example: professional behavior and due diligence and etc., would eventually have an adverse effect on the quality of the audit and somehow questioned the credibility and validity of the audit report issued by the SAI.

The study's theoretical model is supported by the findings which reveal that both external and internal factors cause audit delay. Furthermore, delay in audit adversely affects public sector audit quality. Additionally, both these factors also affect the credibility and legitimacy of the GAC regarding audit reports retention. From the lens of normative isomorphism, pressure from INTOSAI and AFROSAI-E to abide by new standards and guidelines could result in audit delay because it could require training and the use of new audit technology. Additionally, pressure from the government based on the fact that the GAC is not financially independent could result in coercive pressure that could force the GAC to abide by certain mandates of the government despite they are constitutionally authorized to operate independently.

This study has revealed the existence of decoupling between the structure for action by the GAC and the action of the GAC in practice for reality. We found out that the GAC maintained rigorous recruitment policy or procedure and by decoupling, legitimacy is being obtained or conferred upon the GAC but however, one of our findings (lack of knowledge by staff) reveals that audits are been delayed as a result of lack of knowledge by staff about the audit processes or procedures which is an internal factor. This clearly speaks to the fact that there exists a gap which is considered decoupling between the policy and practice of the GAC. However, our findings reveal that lack of knowledge is one of the cardinal factors that cause audit delay. This also implies

that some staff might not be knowledgeable of the auditing standards and as such, audits are not being conducted in line with those standards.

## **7. Conclusions**

Finally, we present the conclusions in this section of the paper. This section would provide a summary overview of the research in entirety encompassing the theoretical implications, practical contributions, limitations and critical reflections, future research considerations and recommendation.

### **7.1 Conclusion**

This research provides an understanding of the causes of audit delay in connection to audit conducted within the public sector specifically the Supreme Audit Institution of Liberia and the effect on the quality of the audit. To grasp an insight as to how the SAI (GAC) as an institution is responsive to both internal and external pressures, the institutional theory was applicable and based upon this, a theoretical model was developed. The model explains that audit delay has an adverse effect on both public sector audit quality and the decision-making ability of the stakeholders (i.e. World Bank, IMF, ADF, and SIDA) who are the direct users of the audit reports.

From the research done, it is established that the following factors: delay in providing documents for audit review, inadequate approved budgetary allocation by the National Government, low-quality financial reporting system and reports prepared by public sector entities, constant management turnover in public sector entity, delay responding to audit queries and management letters and delay in the audited entities commenting on the draft audit report , inadequate staff training, poor performance of auditors as a result of lack of knowledge, delay in the review and approval of the draft audit report by top management, management (SAI) inability to provide the needed resource, inadequately monitoring the progress of the audit, and poor working etiquettes among auditors or lack of coordination are both internal and external factors that cause audit delay and negatively impact the quality of audit report. Though the external factors are caused by the audited entities or other external parties such as the national government, international auditing bodies etc. while the internal factors arise from within the GAC, it's the sole responsibility of the to ensure that these factors are curtailed so as to not affect the audit process.

In the opinion of one of the auditors, the fundamental reason for audit delay is the submission of documentations which are in the sample size of the auditor and this could be attributed to the challenge most public sector entities face when it comes to archiving and retrieving documentation. While according to Auditor 2, one of the major challenges the GAC encounters with public sector entities is the submission of documentation in a timely manner for their review. There exist similarities in their opinion relative to how the delay in submitting documentation by

the audited entity causes audit delay. As mention AFROSAI-E (2013) when such issue of delay in the submission of documentation occurs, the auditor should quickly inform his/her supervisor, the audit manager and if necessary top management because such delay might result to the waste of time and resource which are scarce as there is always the possibility to contact the audited entities on a higher level to try to get the requested information or meeting. Using the concept of isomorphism, we believe that the GAC is exposed to external coercive pressure in meeting audit deadlines when the audited entity delays in providing the requested documentations.

Moreover, according to Auditor 5, the lack of logistical support, which is an external factor that is created by low budgetary support by the executive causes audit delay because audit is evidence based and as such, if there is no logistic such as; papers, ink and other basic things that are needed during the field work, this could cause audit delay. This finding is aligned to Cohen and Leventis (2013) study in which they mention that the lack of adequate resources is one of the reasons that hinder public sector audit and cause delay. Additionally, the finding is also supported with Masood and Lodhi (2015) study in which they stated that adequate resources are very vital in the conduct of public sector audit and failure by the government to provide sufficient funding to the supreme audit institution could result in audit delay.

One of the auditors mentioned that inadequate staff training is one of the internal causes of audit delay which is due to auditors not given the requisite training to execute an audit. This finding is supported by (Masood and Lodhi, 2015) study in which they mention that training is a significant factor which increases staff productivity and helps reduce audit delay. In addition, Chan et al. (1993) state that to conduct audits of higher quality in time in avoidance of delay, it requires better trained staff. From the findings gathered and the analysis done, it can be stated that there exists a negative relationship between the factors mentioned in this study and audit delay as any of those factors causes delay in the audit process, something which has the proclivity to adversely impact the outcome of the report.

## **7.2 Theoretical Contributions**

The paper contributions are pertaining to its exploration and application of existing theory to a new research area which has not been examined so far, i.e. external and internal factors that are affecting audit delay and the aftermath they have on public sector audit quality with the Supreme Audit Institution of Liberia (GAC) as a case study. This study contributes to the literature in many ways by combining the concept of isomorphism and decoupling to explain what external and internal factors that can cause audit delay. To our knowledge, no previous studies have integrated

DiMaggio and Powell (1983) institutional theory using the concept of isomorphism and decoupling to analyze the factors that cause audit delay and their impact on public sector audit quality to differentiate itself from other studies within the research area in developing countries. Therefore, by using the concept of isomorphism and decoupling, the findings of this study provide a basis for the extension of prior understandings of the factors that cause audit delay from the GAC standpoint. Based on the fact that there exists a scarcity of relevant studies on the audit delay in the public sector in developing countries especially in Africa, this study is one of the few works that examines audit delay in Liberia. Therefore, this study makes significant contribution to the existing literature on public sector auditing on the factors that cause audit delay and the aftermath on public sector audit quality in the Liberian context. Moreover, the analysis in this study will provide a broad base for other researchers, in developing countries and especially Liberia, to build their studies upon. The evidence presented in this study on the factors that cause audit delay and their impact on public sector audit quality may help the GAC and other regulators to take some urgent actions to avoid audit delay; for example, the GAC can conduct training sessions in order to upgrade staff audit skills, ensure regular monitoring of the progress of audit by management, in substance as well as in terms of costs and timing (Masood and Lodhi, 2015). This includes regular reporting and involvement of top management; this may lead to corrective actions, and when needed, revision of the work plan and that top management gives priority to the reviews of pre-studies and draft reports and not delayed. Furthermore, the GAC should institute control measures to curtail the external factors highlighted in this report to avoid audit delay. The majority of the interviewees have the positions as senior auditors; therefore, this study thus extends current knowledge when it comes to factors that cause audit delay and their effect on public sector audit quality.

### **7.3 Practical contributions**

The findings suggest that external and internal factors that cause audit delay can adversely affect the quality of public sector audit. Owing to the fact that the GAC depends on the government of Liberia for budgetary allotment, the second external factor (inadequate approved budgetary allocation by the National Government) creates a coercive pressure on the GAC in carrying out its responsibilities. Result of our study shows that GAC has full operational independence, but they lack financial independence because its budget is allotted by parliament (i.e. legislature) which causes coercive pressure using the lens of isomorphism. This study has filled a knowledge gap by gaining insights from the auditors at GAC in understanding how external and internal factors cause

audit delay. Therefore, this study provides the GAC, auditors, lecturers, students with valuable insights of those factors that cause audit delay and how they affect public sector audit quality

#### **7.4 Limitations and critical reflections**

In conducting this study, it was understood that there has been limited research relative to factors that cause audit delay in the public sector in developing countries especially in Africa, something which motivated the researchers. Based on this, we decided to base our research on the Liberian context and as such, we knew this was challenging and it would contribute immensely to the existing literature on public sector auditing for both developed and developing countries.

Firstly, the interview guide used for this study included relevant follow up questions that do not always fully harmonize to the exact concepts in the literature review. However, this was a conscious choice given the abductive approach and the explorative nature of this study where the purpose is to gain a deeper understanding of the external and internal factors that cause audit delay and their impact on public sector audit quality.

Secondly, this study has only focused on the GAC being the supreme audit institution of Liberia. Based on the qualitative research methodology used, observation would have provided the researchers first-hand information on factors that cause audit delay because they would have been with the team during the audit field work. This would have helped in getting more rich empirical data; however, based on the fact that the researchers were in Sweden and the research context is Liberia, this could not have been done.

Thirdly, all the audio recordings obtained during the interview were manually transcribed. Thus, the researchers listen to the recording on several occasions during and after transcribing; there is a possibility that key information that could have been more useful to this study was not captured and as such, this research views that as another limitation.

The researchers chose to limit the sample selection to only staff of the GAC. However, this can be justified by the fact that GAC is the only public sector entity that is mandated by law to conduct audits of all public sector entities that receive government funding to run their activities. Moreover, the aim of this research was to explore factors that cause audit delay and as such, this could only be known from the GAC and not the audited entities.

The interviews were conducted in English which is the native language of Liberia and both the researchers and the interviewees speak it fluently. This was a boost to the research as risk of misinterpretations of the findings was significantly low. Furthermore, after the analysis was done, we sent it to the interviewees for their review and input relative to phrases or quotes that they felt

might be traceable to them despite we did not disclose any of our respondents' names in the report. This was done in fulfillment of the promises we made to them during the interviews and to increase the trustworthiness and validity of this report.

What remains unclear is what makes an audit of quality as there exist many different opinions on this issue. Some researchers associate audit quality with audit institution's attributes like the firm size, firm reputation, firm identity etc. In public sector auditing, audit quality could be attributed to the credibility of the supreme audit institution, the auditor's experience and expertise, the number of findings reported, the sample size reviewed and etc. This is something that remains undefined, we believe that audit delay has an adverse effect on the quality of the audit report.

### **7.5 Future research**

Bearing in mind the limitations of this study, there are numerous opportunities for future research. Future research may consider observations as a method of data collection in order to identify/highlight those external and internal factors that cause audit delay and the aftereffect they have on public sector audit quality.

The GAC conducts audits on public sector entities and as such, future research can interview staff from some public sector entities to get their opinion on factors they believe cause delay in GAC audits. Furthermore, it would be of interest if future research dig deeper by using the agency theory and the concept of isomorphism and decoupling to understand how the perceived agency problem is curtailed between the citizen and the parliament (legislature) on one hand and the parliament (legislature) and the GAC on the other hand.

Lastly, considering that this study is limited to the supreme audit institution of Liberia, the GAC, it could be interesting to conduct comparative studies with other African countries in order to find similarities and differences with the Liberian context.

### **7.6 Recommendations**

The objective of this part of the study is to suggest remedial measures to improve audit effectiveness to avoid audit delay at the GAC. Several recommendations are suggested by the researchers to both the national government and the GAC. Audit effectiveness can be increased and audit delay decreased or avoided through paying keen consideration to preventive forces.

1. Government auditors face different problems due to lack of financial resources. They heavily rely on auditee for stationeries, transportation, photocopiers and other needs which creates a negative perception about government auditors and impedes their independence in most instances. Therefore, it is very important that appropriate budgetary allocation be made for the GAC by the

national government and it should be disbursed in time to eliminate such reliance and avoid audit delay.

2. The top management of the GAC should ensure regular monitoring of the progress of audits, in substance as well as in terms of costs and timing. This includes regular reporting and involvement of top management; this may lead to corrective actions, and when needed, revision of the work plan. This will help avoid delay in the conduct of audits.

3. The top-level management review of draft reports is done in time and is given priority and not delayed so as to avoid audit delay.

4. The GAC should institute control measures to curtail the external factors highlighted in this report to avoid audit delay. Furthermore, the staff of the GAC conducting audits should not accept if staff of the audited entities do not submit requested information in a timely manner. This should be brought to the attention of the audit supervisor, the audit manager and if required top management. There is always the possibility to contact top level staff of the audited entities to ensure that the requested information or documentation are received to avoid audit delay.

5. The GAC should not accept if audited entities do not submit comments on draft reports within reasonable time as determined by the GAC. Furthermore, if they refuse to reply, the Auditor-General may be in a position to inform audited entities that have not responded within the requisite time provided, that once they do not respond within a set deadline, the report will be published inclusive of the information they refused to provide response to as requested which might result to scope limitation and negatively affect the audit opinion.



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## 9. Appendixes

### 9.1 Appendix 1\_Interview Guide

#### Demographic Data

Age:

Gender:

Nationality:

Native language:

Occupation:

Place of work:

Position:

Years of professional experience

Relational status: (e.g., single, in a relationship)

Type of employee: (e.g., Permanent, Consultant etc.)

Educational level (e.g., BBA/BSc, MBA/MSc, PhD, CPA, CFE, CIA and etc.)

#### Introductory questions:

- Tell us about yourself. (name, profession, place of work, experience, education).
- Describe briefly how you as an auditor see your role and your responsibilities (independence aspects, stakeholder focus, societal needs).
- Describe briefly the types of external audits conducted by the GAC (financial, performance, and compliance audits). Are they conducted regularly or in accordance with the audit plan/statutory mandate?
- Who are those audited by the GAC? and who does the GAC report to?
- How can you define audit quality and what are some attributes that make an audit of quality?
- Who are considered as stakeholders to GAC? a) What information do the stakeholders need?
- What are the auditing standards used by the GAC and what are those international auditing bodies the GAC is a member of?

**Research question 1:** External factors that cause audit delay and their impacts on public sector audit quality

1. Do state regulations regarding the audit procurement process increase audit delay?
2. Does non-compliance (e.g. auditees' delay responding to auditors' queries and etc.) by public sector entities cause audit delay?
3. Does the size of a public sector entity increase or result in audit delay? Please explain
4. Does the presence of low-quality financial reporting systems in public sector entities cause audit delays?
5. Does politicians' influence (e.g. inadequate budgetary allocation and connection with entities being audited by the GAC) result in audit delay? Please explain.



**Research question 2:** Internal factors that cause audit delay and their impacts on the quality of audit in the public sector

1. How long have you been auditing in the public sector specifically GAC?
2. What are the requisite requirements for supervising/managing an audit or being a member of the audit team?
3. Are you eligible based on those requirements? If yes, please tell us how many audits have partook and what were the outcomes?
4. How is the audit team for a particular engagement selected? Does the lack of diversity in the auditors' expertise on the audit team result in the audit delay?
5. Have you supervised an audit engagement? If yes, could you elaborate on the challenges encountered in relations to audit being delayed specifically external factors (e.g.: political, government, and citizens) related.

## 9.2 Appendix 2 \_ CONSENT FORM FOR INTERVIEW

### Title of Research Project

The purpose of this study is to explore the effects of both external and internal factors on audit delay and the aftermath they have on public sector audit quality. A case study of the General Auditing Commission of Liberia (GAC)

### Details of Project

This Master project is an explorative study into the underlying effects of both external and internal factors on audit delay and the aftermath they have on public sector audit quality. The study aims to find out how does delay in conducting an audit in the public sector affect the quality of the audit.

### Contact Details

For further information about the research or your interview data, please contact: Richard Baros Fully (+46 733943644; [richardb1989@yahoo.com](mailto:richardb1989@yahoo.com)) and Kortu Duke David (+46733943721; [kortulahgwator@gmail.com](mailto:kortulahgwator@gmail.com))

If you have concerns/questions about the research you would like to discuss with someone else at the University, please contact our supervisor in person of:

- Giuseppe Grossi ([giuseppe.grossi@hkr.se](mailto:giuseppe.grossi@hkr.se)) (the research will be conducted in English)

### Data storage

All interview transcripts will be stored in confidence and in accordance with the Data Protection Act as well as the university's general data protection guidelines. If you request it, you will be supplied with a copy of your interview transcript.

### Anonymity

Any data that the researchers' extracts from this project for use in reports or published findings will not, under any circumstance, contain names or reveal your identity.

### Consent

I willingly agree to partake and to the use of the interview data for the purposes specified above. I have read and understood the illustrative information. I understand that I have the right to withdraw from the interview at any time. I have the right not to answer any questions asked should I feel uncomfortable at any time during the interview.

**SIGNATURE:** .....      **DATE**.....

**SIGNATURE:** .....      **DATE**.....

*Note: Your contact particulars are retained discretely from your interview data*

Name of interviewee: .....

Email/phone: .....

*Signatures of researchers*.....

**2 copies to be signed by both interviewee and researchers, one kept by each**

### **9.3 Appendix 3 \_ Email Request for Consent to Record**

Dear XXX,

Hope this email meets you well. This is just a follow up regarding our planned interview at XXX. In accordance with ethical considerations in research, it is required that the interviewee's consent regarding the recording of interviews is obtained. Therefore, we seek your permission in order for us to record the interview.

As stated in the consent form, we sent you which was duly signed, the data from the interview will be exclusively used for this study and it will be handled confidentially. In this study, we have planned to call our respondents; Auditor 1,2, 3, etc. which clearly indicates that your identity will not be disclosed or determined by anyone.

Thanks, as we await your feedback.

Regards,

Richard & Kortu