



Tabuk City Internal Audit Mandate Among City Government Employees

Cybill Aira S. Gacuya, Divina D. Cariño

College of Advanced Studies, Kalinga State University, Tabuk City, Kalinga, Philippines

Received: 15 May 2025; Received in revised form: 08 Jun 2025; Accepted: 13 Jun 2025; Available online: 20 Jun 2025

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Abstract— This study aimed to determine the level of awareness and understanding among the employees of the City Government of Tabuk regarding the mandate and functions of the City Internal Audit Services Office (CIASO). It also determined the employees' level of awareness on the differences between the functions of the CIASO, the Internal Audit on Financial Transactions Section (IAFS) of the City Accounting Office (CAO), and the Commission on Audit (COA). Additionally, it identified challenges faced by the employees and offices audited by the CIASO. Using a mixed-methods approach, the research employed both qualitative and quantitative methods, with data collected through interview and a structured survey questionnaire analyzed via descriptive and inferential statistics. Findings reveal that employees of the City Government of Tabuk possess adequate awareness of the CIASO's mandate and its distinct functions from the IAFS of the CAO and the COA. Factors such as office affiliation, audit training participation, and job position is significantly associated with awareness levels. Employees in offices with frequent interactions with the CIASO, senior level to chief level employees, as well as those who participated in audit-related training, demonstrated higher levels of awareness. They were more likely to understand its functions, as their work often necessitates collaboration with the internal audit office. Despite improvements in the increased level of awareness, challenges were identified in three key areas: resistance to information disclosure, inability to provide documents, and lack of resources. The study concludes that significant progress has been made in fostering awareness of the CIASO's role and functions, reflecting the success of its initiatives since its establishment in 2020. However, to further enhance effectiveness, the study recommends expanding inclusivity in external and internal audit activities, tailoring engagement initiatives for less-involved offices, and promoting capacity-building programs. Future researchers are encouraged to explore additional factors influencing awareness, such as organizational culture and technological advancements, and conduct comparative analyses with other local government units. This research underscores the critical role of internal audit in promoting transparency, accountability, and efficiency in local governance.



Keywords— Internal Audit, Government Employees, Tabuk City

I. INTRODUCTION

Internal audit in the Philippines has evolved significantly over the years through a series of laws and executive orders aimed at strengthening internal audit functions within the government. The foundation for internal audit was established as early as 1962 with the enactment of Republic Act 3456, also known as the Internal Auditing Act of 1962. This act serves as a key reference, outlining the policies and

legal frameworks governing government internal audit practices. It mandated the establishment, organization, and operation of internal audit services as an independent staff unit within all national government departments, bureaus, and offices. The scope of internal auditing was further expanded with the amendment of R.A. 3456 by Republic Act 4177 on March 26, 1965, to include local government units and government-owned and controlled corporations.

Recognizing the importance of internal auditing, the City Government of Tabuk established the City Internal Audit Services Office (CIASO) during its 2020 reorganization. The growing public demand for enhanced service delivery necessitates continuous improvement in the systems and processes of Local Government Units (LGUs). Therefore, LGUs must focus on advancing their processes and systems. Although the Internal Audit Unit (IAU) does not directly engage in process or system improvements for or assist the operating and support service units within LGUs, it plays a crucial role by conducting root cause analyses (RCA) in cases where controls are weak. The IAU then recommends corrective or preventive actions for the local chief executive (LCE) to implement. This function of the IAU is particularly beneficial to both the LGU and the LCE. LGUs with a well-established and effectively functioning IAU can significantly enhance their internal control system. The primary goal of internal audit is to assist the LCE in evaluating the effectiveness of the ICS, ensuring that controls are well-designed and properly operated. This enables LGUs to better safeguard their assets and ensure operations that are effective, efficient, ethical, and economical. Additionally, these LGUs will have the necessary mechanisms to verify the accuracy and reliability of their accounting data and ensure compliance with laws, rules, regulations, and managerial policies (Internal Audit Manual for LGUs, 2023 edition).

The City Internal Audit Services Office (CIASO) envisions itself as a regionally recognized internal audit service provider and advocate of Quality Management System by 2030. Its mission is to effectively monitor and strengthen the internal control systems of the City Government to achieve the highest quality standards of government service. CIASO's mandate includes performing functions related to the examination and evaluation of the adequacy and effectiveness of internal control and performance quality. This involves advising the City Mayor and the Sangguniang Panlungsod (SP) on management control and operations audit, conducting audits of the City Government's functions, programs, and outputs, and reviewing systems, procedures, and asset management practices. CIASO analyzes management deficiencies, recommends actions, ensures the reliability of financial and operational information, assists in safeguarding assets, and promotes effective controls. Additionally, CIASO evaluates performance quality, recommends corrective actions, and performs duties as prescribed by law or ordinance. (Organizational Structure of the City Government of Tabuk, 2020).

The positions within the CIASO were filled starting in August 2021, and the researcher joined the office in January 2022. This employment allowed the researcher to

gain firsthand insight into the expectations and perceptions by other city government offices regarding the CIASO's mandate. The methodology of the CIASO is risk-based, which involves conducting risk assessments among the 32 offices of the city government. During these assessments with the heads of offices and some of the division and section chiefs, expectations regarding the CIASO's role and functions were gathered. Most offices anticipated that the CIASO would conduct pre-audit of vouchers and handle Audit Observation Memorandums, Notices of Disallowances, and other communications with the Commission on Audit (COA). This revealed a common misconception that the CIASO was an extension of the COA and that the Internal Audit on Financial Transactions under the City Accounting Office was not recognized. Many employees viewed the CIASO as fault-finders and were apprehensive about inquiries, interviews, or audits conducted by the office. This misperception overlooked the CIASO's role as a partner in championing good governance in the city. Although initial efforts were made to correct these misunderstandings through direct communication and during entrance conferences, some employees continued to harbor incorrect expectations about the CIASO.

This gap can be attributed to several factors, including lack of awareness, resistance to change, and pre-existing misconceptions about the functions of internal audit units. For instance, the expectation that the CIASO would function similarly to the COA's external audit functions likely stems from a lack of clear communication and awareness regarding the distinct roles and responsibilities of these entities. In addition, the apprehension and defensive attitudes of some offices towards the CIASO's activities can be seen as a natural reaction to the introduction of a new oversight mechanism. This reaction underscores the importance of change management strategies that involve not only informing but also engaging stakeholders in the process of establishing new internal audit functions. Building a collaborative relationship between the CIASO and other city offices is essential for the office to fulfill its mandate effectively. Negative perceptions and misconceptions about internal audit are not unique to Tabuk but are prevalent in many organizations. These negative perceptions are often caused by several factors such as fear of loss of jobs, lack of knowledge about the functions of audit, and fear of the unknown. Employees may fear that the audit process will uncover errors or inefficiencies that could lead to job losses or other negative consequences (Chambers & Odar, 2015). Moreover, some negative perceptions are driven by individuals who are after personal gain from company resources. They fear that audits will uncover their misconduct and, therefore, attempt to discredit the audit function to protect their interests

(Gramling et al., 2013). Such negative perceptions have a significant impact on the performance of the internal audit function. When employees view auditors with suspicion or fear, it creates an improper environment that can hinder the audit process. It may lead to non-cooperation, concealment of information, or even deliberate attempts to mislead auditors. This undermines the effectiveness of the internal audit function and limits its ability to provide valuable insights and recommendations for improvement.

The misperceptions regarding the CIASO's mandate and functions are also attributed to the confusion of functions between the CIASO, COA, and CAO. A seminal work by the Department of Budget and Management (2003) outlines the fundamental principles and guidelines for internal audit operations in local government units. This manual emphasizes the importance of an internal audit function to safeguard assets, ensure the accuracy of financial records, and promote efficiency, economy, and effectiveness in government operations. The manual also details the establishment of Internal Audit Units and their responsibilities, which include evaluating internal control systems, conducting risk assessments, and recommending corrective actions. External audits in the Philippines are conducted by the Commission on Audit (COA), which is a constitutionally mandated body responsible for auditing all accounts and expenditures of the government. The COA's primary role is to ensure that public funds are used properly and in accordance with laws and regulations. The Government Auditing Code of the Philippines (PD No. 1445) defines the COA's mandate to examine, audit, and settle all accounts pertaining to the revenue and expenditures of government agencies. The COA conducts financial, compliance, and performance audits. Financial audits focus on the accuracy and fairness of the financial statements, compliance audits ensure adherence to laws and regulations, and performance audits evaluate the efficiency, effectiveness, and economy of government operations (Commission on Audit, 2020). Unlike internal auditors, COA auditors operate independently of the entities they audit and report their findings to the legislature and the public. In addition to the internal audit by CIASO and the external audit by COA, there is the City Accounting Office (CAO) which significantly contributes to strengthening financial control and accountability within the City Government of Tabuk. The CAO, specifically its Internal Audit on Financial Transactions Division performs the pre-auditing function. The pre-audit process typically involves several steps, including the review of supporting documents, verification of transaction accuracy, and compliance checks. The City Accounting Office staff examine vouchers, receipts, and other financial documents to ensure they are complete and properly authorized. They

also verify that the transactions are in line with budgetary provisions and that there are no discrepancies between the recorded amounts and the actual expenditures (De Leon, 2016). Within the City Government of Tabuk, the City Internal Audit Services Office (CIASO), the Commission on Audit (COA), and the City Accounting Office's Internal Audit on Financial Transactions Division each play essential, but distinct roles in maintaining financial integrity and governance. The CIASO is tasked with evaluating and enhancing internal control systems within city departments, focusing on improving operational efficiency and mitigating risks. In contrast, the COA conducts external, post-audits to review completed financial transactions and ensure compliance with legal and regulatory standards, thus holding city agencies accountable for lawful fund usage. Meanwhile, the City Accounting Office's Internal Audit on Financial Transactions Division performs pre-audit functions by scrutinizing financial transactions before they are processed, ensuring that they adhere to established policies and prevent errors. Despite their separate functions—internal auditing, external auditing, and pre-auditing—there is often confusion among the public about their distinct roles.

Internal audit assists management by assessing exposure to risk and recommending, where appropriate, practical improvements to the control environment as well as ensuring that management has understood and assumed the risk of not taking action (Zwaan et al 2009). This also includes reviewing timeliness and effectiveness of the implementation and its recommendations. However, it is management's responsibility to ensure that proper consideration is given to Internal Audit reports (Aikins, 2012). Despite this responsibility, some audit recommendations remain unimplemented by auditees. Therefore, this study aims to investigate the challenges employees face concerning internal audit issues and problems. The study will benefit not only the researcher but also the CIASO, the City Government of Tabuk, its employees, future researcher and other institutions with newly created internal audit units or those planning to create one.

1.1 Conceptual Framework

The conceptual framework of this study is structured around three key components: dependent, independent, and moderator variables, each playing a crucial role in understanding how the City Internal Audit Services Office (CIASO) mandate is perceived and practiced among the employees of the City Government of Tabuk. The dependent variable, which is the Tabuk City Internal Audit Mandate among City Government Employees, serves as the primary focus of the study. This variable represents the level of awareness to CIASO's mandate among city

government employees and their agreement to the practice of functions by the three different offices. The independent variables in this study include the awareness of employees regarding CIASO's mandate and functions, the practice of functions as outlined by the CIASO, the Commission on Audit (COA), and the City Accounting Office (CAO), and the challenges encountered by employees in relation to internal audit problems and issues. Awareness is critical, as it determines how well employees understand and align their work with the internal audit standards. The practice of these functions assesses the understanding with which employees perceive the differences between the CIASO, COA and CAO. The challenges encountered highlight the obstacles that may hinder effective internal audit practices. These independent variables directly influence the dependent variable, shaping how the CIASO's mandate is perceived and understood by city employees.

In addition to these, the study incorporates three moderator variables: Office, Position, and Audit Training Attended. These factors may modify the relationship between the independent and dependent variables. These variables provide critical context for analyzing the data and may influence or alter the responses. Training is a crucial variable, as audit-related training significantly enhances employees' knowledge and comprehension of auditing processes. Notably, various training programs are conducted by the Commission on Audit, some of which are attended by city government employees. For instance, the City Government of Tabuk has requested COA to conduct specialized training sessions for its employees. These training sessions are essential for improving employees' grasp of audit functions and responsibilities. The position of respondents is also an important variable. Positions determine the level of involvement in meetings and trainings related to audits, as typically, heads and supervisory-level staff are more likely to participate. For example, CIASO usually calls upon section chiefs, division chiefs, assistant heads, and department heads for entrance conferences, while COA similarly invites representatives from relevant offices. During an executive meeting where CIASO's role was explained, only heads or assistant heads were present, underscoring the importance of considering position due to differences in communication and engagement levels. Furthermore, the office to which respondents belong is a significant variable. The level of awareness about CIASO, COA and CAO functions varies depending on the nature of each office's work. Some offices are more familiar with the roles of the offices because of their direct involvement with audit activities, while others may have less exposure. The differentiation among offices is crucial because it reflects varying degrees of understanding and awareness regarding audit functions,

influenced by whether they have been audited previously or are yet to be audited.

Fig.1. Paradigm of the Study

1.2 Statement of the Objectives and Null Hypothesis

The objectives of the study are as follows:

1. To determine the level of awareness among employees of the City Government Office of Tabuk regarding the mandate and functions of the City Internal Audit Services Office.
 - 1.1 There is a significant association between the level of awareness among employees of the City Government Office of Tabuk regarding the mandate and functions of the City Internal Audit Services Office and the office, position and audit training attended.
 - 1.2 There is no significant association between the level of awareness among employees of the City Government Office of Tabuk regarding the mandate and functions of the City Internal Audit Services Office and the office, position and audit training attended.
2. To determine the level of awareness among employees of the City Government Office of Tabuk regarding the differences between the City Internal Audit Services Office, Commission on Audit and the Internal Audit on Financial Transactions of the City Accounting Office
 - 2.1 There is a significant association between the level of awareness among employees of the City Government Office of Tabuk regarding the differences between the City Internal Audit Services Office, Commission on Audit and the Internal Audit on Financial Transactions of the City Accounting Office and the employees' office, position and audit training attended.
 - 2.2 There is no significant association between the level of awareness among employees of the City Government Office of Tabuk regarding the differences between the City Internal Audit Services Office, Commission on Audit and the Internal Audit on Financial Transactions of the City Accounting Office and the employees' office, position and audit training attended.
3. To identify the challenges encountered by city government employees related to internal audit problems and issues.

The **headings** and **subheadings**, starting with "1. Introduction", appear in upper and lower case letters and should be **set in bold and aligned flush left**. All headings from the Introduction to Acknowledgements are numbered sequentially using 1, 2, 3, etc. Subheadings are numbered 1.1, 1.2, etc. If a subsection must be further divided, the numbers 1.1.1, 1.1.2, etc.

The font size for **heading is 11 points bold face** and **subsections with 10 points and not bold**. Do not underline any of the headings, or add dashes, colons, etc.

1.3 Definition of Terms

The following terms are defined in accordance with their contextual use in the study, with the goals of enhancing a better understanding of the study and clarifying its findings.

CAO – City Accounting Office. An office of the City Government of Tabuk which takes charge of both the accounting and internal financial audit services of the City Government and share fiscal responsibility and authority over the financial affairs, transactions, and operations of the City Government (Organizational Structure of the City Government of Tabuk, 2020)

CIASO – City Internal Audit Services Office. An office of the City Government of Tabuk which performs functions with primary responsibilities encompassing the examination and evaluation of the adequacy and effectiveness of internal control and quality of performance (Organizational Structure of the City Government of Tabuk, 2020).

COA - Commission on Audit. an independent constitutional commission established by the Constitution of the Philippines. It has the primary function to examine, audit and settle all accounts and expenditures of the funds and properties of the Philippine government (Constitution of the Republic of the Philippines, 1987).

Descriptive statistics - statistics that summarize or describe features of a data set, such as its central tendency or dispersion (Investopedia, n.d.).

Internal audit – the evaluation of management controls and operations performance, and the determination of the degree of compliance of internal control with laws, regulations, managerial policies, accountability measures, ethical standards, and contractual obligations (Department of Budget and Management, 2023).

Internal control – the plan of an organization or agency and all the coordinated methods and measures adopted within an organization to safeguard its assets, check the accuracy and reliability of its accounting data, and encourage adherence to prescribed managerial policies (Department of Budget and Management, 2023).

Risk assessment – the overall process of risk identification, risk analysis, and risk evaluation.

Root cause analysis – a systematic process that is used to address a deficiency to determine the “root cause” of a particular event of interest or focus event. It is used to correct or eliminate the cause and prevent the problem from recurring

1.4 Importance of the Study

This study holds significant value for various stakeholders. The insights it provides can benefit the following individuals or institutions:

City Internal Audit Services Office. The study will determine how well the CIASO's roles and functions are understood across various city government offices. This understanding is essential for fostering effective collaboration and support from these offices. Additionally, the study will gather valuable feedback from various stakeholders, aiding the CIASO in developing strategies to enhance the dissemination of information about its actual roles and functions. Clarifying the CIASO's mandate is vital for supporting its mission of promoting good governance. When city government offices clearly understand the CIASO's role, they are more likely to collaborate effectively, resulting in better governance practices and more efficient use of public resources. By understanding the expectations and perceptions of various offices, the CIASO can address any lingering misconceptions and reinforce its role as a partner in championing good governance.

Local Government Units. Since few local government units in the Philippines have internal audit offices, the findings of this study, can serve as a valuable basis for other local government units wishing to establish internal audit offices. The insights gained can guide these units in implementing effective actions to disseminate information about the role and functions of their newly created internal audit offices as a preventive mechanism for the different offices to avoid misperceptions and better understand its mandate.

Employees of the City Government of Tabuk. The study is of great significance to the 32 different offices of the city government, as it aims to develop an action plan for effectively disseminating information to enhance employees' awareness and understanding of the CIASO's mandate and functions. By identifying gaps in knowledge and addressing misconceptions, the study will ensure that employees across these offices are well-informed about the CIASO's roles and how they contribute to promoting good governance. This heightened awareness will lead to improved cooperation and collaboration with the CIASO during audits, fostering a more transparent and efficient audit process. Ultimately, the action plan derived from the

study will empower the offices to better comply with internal controls and standards, enhancing their operational effectiveness and supporting the broader goal of accountability and transparency within the city government.

Other institutions. The study holds significant value for institutions with newly created internal audit units or those planning to create one, serving as a critical resource for understanding how to effectively integrate and communicate the functions of these units within their organizational structures. By examining the experiences and strategies of the CIASO in enhancing awareness and understanding of its mandate and functions, the study provides a blueprint for other institutions to follow. This can help newly established internal audit units overcome common challenges related to role clarification and stakeholder engagement.

Researcher. This study benefited the researcher as an employee of the CIASO by providing a deeper understanding of how various city government offices perceived and engaged with the functions of internal audit. This enhanced knowledge enabled the researcher to contribute more effectively to the CIASO's mission of promoting good governance, improving internal processes, and fostering stronger collaboration across the city government. Additionally, the experience from conducting the study enhanced the researcher's skills in data analysis.

Future Researchers. The findings of this study will serve as a foundation for future researchers interested in the field of internal audit, public administration, or governance. Future researchers can build on this study by exploring related areas such as the effectiveness of internal audit offices in other local government units, the impact of audit training on employees' performance, or comparative studies between local government units with and without internal audit offices. This study will contribute valuable data and insights to the growing body of literature on internal audit practices in the public sector, helping future researchers to expand and refine their investigations into this critical area of governance.

II. REVIEW OF RELATED LITERATURE

This chapter provides a comprehensive review of the relevant literature and studies, carefully selected after an extensive and in-depth exploration by the researcher. The materials included in this chapter offer valuable insights and knowledge that directly contribute to a deeper understanding of the present study. By examining these sources, the researcher ensures that the topic at hand is informed by existing study, highlighting the significance of previous research and its relevance to this study.

Myths can offer significant insight into how people perceive the world around them. While some myths may contain elements of truth, they often lead to misconceptions. The persistence of certain myths, even if largely untrue, suggests that auditors should pay close attention to how they are perceived within their organizations. Some of the myths are that internal auditors are accountants by training, auditors are nit pickers and fault finders, it is best not to tell auditors anything unless they specifically ask and internal audit is the corporate policeman (Chambers, 2012). The researcher concurs with Chambers (2012), who observes that these myths are deeply ingrained in the minds of auditees, yet many of them are not accurate representations of auditors. In some cases, these myths can be so influential that a company might even consider changing its auditor simply because it received a qualified audit opinion.

Several studies have identified key factors influencing these myths or perceptions on the internal audit function. Management support is a significant determinant of internal audit effectiveness (Badara and Saidin, 2014). Their findings suggest that positive perceptions of internal auditing correlate with strong management backing and engagement. Conversely, negative perceptions often arise from a lack of communication and understanding of the internal audit's role, particularly in risk management contexts. Many negative perceptions arise from a lack of understanding of the internal audit function. Employees and management may not fully grasp the purpose and benefits of internal audits, leading to misconceptions that audits are merely fault-finding missions (Ahmad & Taylor, 2009). The fear of the unknown also contributes to negative perceptions. Employees who are unfamiliar with the audit process may feel anxious about what to expect and the possible outcomes (Arena & Jeppesen, 2010).

Additionally, organizational culture plays a pivotal role in shaping perceptions of the internal audit function. Studies suggest that a culture valuing transparency and accountability enhances the perceived effectiveness of internal auditing. In contrast, organizations with a more secretive or siloed approach may foster skepticism regarding the contributions of internal audits (Yeboah, 2020). The literature reveals a complex interplay between perceptions of internal audit functions and their effectiveness. Key factors such as management support, communication, and organizational culture significantly influence these perceptions. As internal auditing continues to evolve, understanding these dynamics will be essential for enhancing the function's role in governance and risk management.

Historically, internal auditing focused mainly on financial controls. However, recent literature emphasizes a

broader role within organizations. Internal auditors are now viewed as essential to corporate governance, acting as vital resources for management to ensure operational activities are effectively controlled and assessed (Al-Twaijry, Brierley, and Gwilliam, 2003). This evolution necessitates a reevaluation of how the effectiveness of internal audits is perceived and measured. However, in the case of CIASO, most of its auditees still expected the office as primarily conducting audits that focus on financial controls. This is based on the conducted risk assessment of the 32 different offices, where their expectations were gathered. This perception lacks awareness of the function of both CIASO and the Internal Audit on Financial Transactions division under the City Accounting Office. Some equate accounting with internal auditing. Accounting and internal auditing, while closely related, serve distinct roles within an organization. Understanding these differences is crucial for effective governance and organizational performance. The scope of accounting is primarily limited to financial data and compliance with regulatory requirements (Whittington & Pany, 2019). Accountants focus on preparing financial statements, managing budgets, and ensuring compliance with tax laws and accounting standards. Internal auditing, on the other hand, has a broader scope that includes operational, financial, compliance, and information system audits (Sawyer, 2016). Internal auditors not only review financial data but also examine the efficiency and effectiveness of operations, the reliability of reporting, and the safeguarding of assets. This broader scope helps organizations identify areas of improvement and enhance overall performance.

Accounting is not the only function often confused with internal auditing; external auditing, performed by the Commission on Audit, is also commonly misunderstood as serving a similar role. The research conducted by Pramukti emphasizes the distinct yet interconnected functions of internal and external audits within the framework of organizational governance and risk management. Internal audit is characterized as a proactive function that offers independent and objective assurance to management (Pramukti, 2024). Its scope is extensive, focusing on the evaluation and enhancement of risk management, control, and governance processes. In contrast, external audit acts as a protective measure for external stakeholders, ensuring that financial statements are fair and reliable, in compliance with established auditing standards and regulations. Together, internal and external audits play vital roles in governance and risk management, each contributing uniquely to the integrity and reliability of financial reporting and operational processes. Internal audit, as a proactive entity, fulfills a multifaceted role by providing independent and objective assurance to management.

Internal audit is a crucial element of corporate governance, acting as a trusted advisor to management in identifying, assessing, and mitigating risks (Janvrin et al., 2019). The broad scope of internal audit includes various activities aimed at evaluating and enhancing the effectiveness of risk management and governance processes. One viewpoint on internal audit highlights its role as a strategic partner to management, aiding in the achievement of organizational goals and improving operational efficiency. This aligns with the notion that internal audit contributes to value creation by offering insights and recommendations for process enhancements and risk mitigation strategies (Zhang et al., 2023). Conversely, external audit serves as a safeguard for external stakeholders by providing assurance regarding the fairness and reliability of financial statements, adhering to auditing standards and regulations. As an independent and objective assurance mechanism, external audit enhances public confidence and promotes transparency in financial reporting. Research supports the idea that external audit plays a crucial role in mitigating information asymmetry between management and external stakeholders, thereby facilitating the efficient allocation of capital and contributing to market stability and growth (Lennox, 2019).

Building on the studies related to awareness of the internal audit function, and the practices of accounting, internal auditing, and external auditing, this study also seeks to identify the challenges faced by city government employees concerning internal audit issues and problems. This study reviewed literature available and relevant to the challenges faced by auditees regarding the implementation of audit recommendations. It was found that audit recommendations are not implemented as a result of financial constraints, staffing issues, complex issues, non-feasible recommendations made by auditors as well as management's ignorance as to how their organizations can be affected as result of non-implementation of audit recommendations (Wadesango et al., 2017).

III. RESEARCH DESIGN AND METHODOLOGY

This chapter clearly defines the research methods used to conduct the study. The researcher explains how the necessary data and information were collected, presented, and analyzed to address the research objectives and questions. The reasons and justifications for the research design, research instruments, data sources, data collection techniques, data presentation techniques, and analytical techniques used are also provided

3.1 Research Design

The study employed a mixed methods research design incorporating both quantitative and qualitative

methodologies. Mixed methods research is an approach to inquiry that combines or associates both qualitative and quantitative forms. It involves philosophical assumptions, the use of qualitative and quantitative approaches, and the mixing of both approaches in a study. Thus, it is more than simply collecting and analyzing both kinds of data; it also involves the use of both approaches in tandem so that the overall strength of a study is greater than either qualitative or quantitative research (Creswell & Plano Clark, 2007).

The quantitative aspect of the study was conducted using a survey methodology. A structured questionnaire was administered to a representative sample of employees across various offices of the City Government of Tabuk. The survey consisted of closed-ended questions designed to meet the first and second objectives of the study, which are: to determine the level of awareness among employees of the City Government of Tabuk regarding the mandate and functions of the City Internal Audit Services Office, and to determine the practice of functions by the City Internal Audit Services Office, the City Accounting Office, and the Commission on Audit among the employees of the City Government of Tabuk. The quantitative approach is crucial in providing measurable and generalizable data about the study's objectives. The data gathered was analyzed using statistical software, ensuring reliability and validity in findings.

To meet the third objective which is to identify the challenges encountered by city government employees related to internal audit problems and issues, the qualitative method was used through semi-structured interviews. This qualitative approach provides richer,

contextual insights into the attitudes and beliefs of the employees that cannot be captured by quantitative data alone (Creswell & Plano Clark, 2007). The qualitative data will be analyzed thematically to identify common themes and patterns that emerge from the interviews.

3.2 Research Locale and Population

The study was conducted at the City Government of Tabuk, specifically located in Dagupan Centro, Tabuk City, Kalinga. The city government complex houses a total of 33 offices, each serving distinct functions within the local administration. This locale provides a centralized and accessible setting for gathering data.

The population of the study comprises 905 regular employees within the City Government of Tabuk as of June 2024. To determine the appropriate sample size, Slovin's formula was used:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n = sample size

N = population size (905)

e = margin of error (set at 0.05 for this study)

Applying Slovin's formula with a margin of error of 0.05:

$$n = \frac{905}{1 + 905(0.05)^2} = \frac{905}{1 + 2.2625} = \frac{905}{3.2625} = 278$$

Thus, a total of approximately 278 employees was surveyed, which represents approximately 30% of the total population.

| Office | Number of Respondents | Percentage |
|---|-----------------------|------------|
| 1. City Accounting Office | 7 | 2.52% |
| 2. City Administrator's Office | 6 | 2.09% |
| 3. City Assessor's Office | 7 | 2.53% |
| 4. City Barangay Affairs and Community Relations Office | 4 | 1.54% |
| 5. City Budget Office | 5 | 1.65% |
| 6. City Buildings and Architecture Office | 6 | 1.98% |
| 7. City Business Permits and Licensing Office | 4 | 1.32% |
| 8. City Civil Registry Office | 4 | 1.43% |
| 9. City Cooperative and Enterprise Development Office | 5 | 1.65% |
| 10. City Disaster Risk Reduction and Management Office | 7 | 2.42% |
| 11. City Engineering Office | 11 | 3.96% |
| 12. City Environment and Natural Resources Office | 24 | 8.70% |
| 13. City General Services Office | 10 | 3.74% |

| | | |
|---|------------|-------------|
| 14. City Health Services Office | 32 | 11.34% |
| 15. City Human Resource Management Office | 4 | 1.54% |
| 16. City Information and Communications Technology Office | 3 | 1.21% |
| 17. City Internal Audit Services Office | 4 | 1.54% |
| 18. City Legal Services Office | 4 | 1.43% |
| 19. City Mayor's Office | 8 | 2.86% |
| 20. City Motor and Equipment Pool Office | 10 | 3.74% |
| 21. City Planning and Development Office | 6 | 2.20% |
| 22. City Population Development Office | 5 | 1.76% |
| 23. City Public Employment Services Office | 3 | 1.21% |
| 24. City Public Information Office | 5 | 1.76% |
| 25. City Public Order and Safety Office | 19 | 6.71% |
| 26. City Social Welfare and Development Office | 10 | 3.52% |
| 27. City Special Concerns and Coordinating Office | 6 | 2.20% |
| 28. City Treasury Office | 14 | 5.17% |
| 29. City Veterinary Services Office | 5 | 1.76% |
| 30. Office For City Agricultural Services | 14 | 5.17% |
| 31. Office of the City Tourism and Cultural Affairs | 3 | 0.99% |
| 32. Sangguniang Panlungsod Office | 20 | 7.26% |
| 33. Secretary to the Sangguniang Panlungsod Office | 3 | 1.10% |
| Total | 278 | 100% |

Table.1: Profile of respondents per office

The table presents the number of respondents per office. The selection of participants was proportionate to the number of regular employees in each office, ensuring representation across the 33 offices within the city government. This approach aimed to gather insights from a diverse sample that reflects the distribution of employees across various offices

| Training | Number of Respondents |
|------------------------|-----------------------|
| With Audit Training | 27 |
| Without Audit Training | 251 |
| Total | 278 |

Table .2: Profile of respondents per audit training

Table presents the profile of respondents based on their audit training background. Out of the 278 total respondents, only 27 individuals (9.71%) have attended audit training, while the majority, 251 respondents (90.29%), have not received any formal audit training.

| Class | Number of Respondents |
|------------------------------|-----------------------|
| Chief Level (Level V) | 16 |
| Supervising Level (Level IV) | 24 |
| Senior Level (Level III) | 49 |
| Journeyman (Level II) | 36 |
| Entrance Level (Level I) | 153 |
| Total | 278 |

Table .3: Profile of respondents per position

The table presents the distribution of respondents according to their job classification levels. Among the 278 total respondents, the majority, 153 individuals (55.04%), belong to the Entrance Level (Level I), indicating that most employees are in the early stages of their careers. The Journeyman Level (Level II) comprises 36 respondents (12.95%), while the Senior Level (Level III) includes 49 respondents (17.63%), representing employees with more

experience and responsibilities. The Supervising Level (Level IV) consists of 24 respondents (8.63%), reflecting mid-level managerial roles, and the Chief Level (Level V) has the fewest respondents, with only 16 individuals (5.76%). This distribution shows that the workforce is predominantly composed of entry-level employees, with fewer individuals holding supervisory and leadership positions.

3.3 Scope and Delimitation

This study focuses on understanding the City Internal Audit Services Office (CIASO) among the 33 offices of the City Government of Tabuk which are part of its current organizational structure.

The delimitation of this study includes its concentration on the City Government of Tabuk, specifically excluding other local government units in the Philippines. The study will not cover the detailed operational processes of the CIASO or its specific audit findings as it considers the confidentiality of information. Additionally, the study will be limited to the data gathered. External factors influencing governance practices outside the direct interaction with the CIASO will not be considered in this study.

3.4 Data Gathering Instrument

A structured questionnaire and semi-structured interview guide were utilized to gather data from 278 respondents. The structured questionnaire allowed for a quantitative analysis of awareness levels. The semi-structured interviews provided qualitative insights from previously audited offices, revealing practical challenges and issues related to internal audit.

3.5 Data Gathering Instrument

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3.6 Validity and Reliability of Instrument

As included in the questionnaire, the functions of the CIASO and the City Accounting Office were based on the Organizational Structure 2020 Second Edition and the principal duties of the Commission on Audit were based on Article IX-D of the 1987 Philippine Constitution. This ensures that the research instrument is

reliable, as the questions directly align with the actual mandates and responsibilities of the offices involved. By grounding the questionnaire and in these well-established sources, the study minimizes bias and enhances the accuracy of the data collected. The reliability of the instrument is further reinforced by the fact that it reflects the standardized duties and functions outlined in official documents, ensuring consistency in measuring respondents' awareness and perceptions of audit functions within the City Government of Tabuk. Data Gathering Tool

The data for this study was gathered using two primary methods: a structured questionnaire and a semi-structured interview guide. These instruments were employed to collect both quantitative and qualitative data, ensuring a comprehensive understanding of the research objectives

3.7 Data Gathering Procedure

The data collection process for this study began with the submission of a formal letter of request to the city mayor, seeking approval for the administration of the survey. Upon receiving the mayor's approval, the researcher distributed the questionnaire to the designated offices. Coordination and planning were undertaken to schedule the distribution in a manner that minimized disruption to the offices' busy schedules, activities, programs, and fieldwork days. This careful timing helped ensure that respondents could complete the questionnaire accurately and without feeling rushed. After each distribution in every office, the researcher reviewed the collected questionnaires for completeness and consistency. Any incomplete or inconsistent responses were promptly addressed to maintain the integrity of the data. The researcher prepared a checklist detailing the target number of questionnaires to be distributed in each office to ensure the correct quantity of questionnaires was received. This methodical approach facilitated thorough and accurate data collection.

3.8 Data Analysis

3.8.1 Treatment of Data

To determine the respondents' level of awareness of the functions of the different offices, a 5-point Likert scale was employed. Respondents were asked to rate their awareness on a scale ranging from "1" to "5," with each point corresponding to a specific qualitative description, as indicated in the table below.

| Scale | Interval | Descriptive Rating | Qualitative Description |
|-------|-------------|--------------------|---|
| 5 | 4.21 – 5.00 | Very Much Aware | Possesses proficiency and knowledge on the mandate of CIASO |

| | | | |
|---|-------------|------------------|--|
| 4 | 3.41 – 4.20 | Much Aware | Can adequately understand the mandate of CIASO |
| 3 | 2.61 – 3.40 | Moderately Aware | Can understand some aspects of the mandate of CIASO |
| 2 | 1.81 – 2.60 | Less Aware | Can understand the mandate of CIASO only with the guidance of the experts |
| 1 | 1.00 – 1.80 | Not Aware | Can hardly understand the mandate of CIASO even with guidance from experts |

Table 4. 5 Point Likert Scale

To evaluate the awareness on the differences between the City Internal Audit Services Office, Commission on Audit and Internal Audit on Financial Transactions Division of the City Accounting Office and among the respondents, another 5-point Likert scale was

also utilized. This scale was similarly structured to capture the extent to which the respondents agree. The qualitative descriptions corresponding to each point on the scale are presented in the table below:

| Scale | Interval | Descriptive Rating | Qualitative Description |
|-------|-------------|--------------------|---|
| 5 | 4.21 – 5.00 | Very Much Aware | Possesses proficiency and knowledge on the differences between the functions of CIASO, CAO and COA |
| 4 | 3.41 – 4.20 | Much Aware | Can adequately understand the differences between the functions of CIASO, CAO and COA |
| 3 | 2.61 – 3.40 | Moderately Aware | Can understand some aspects of the differences between the functions of CIASO, CAO and COA |
| 2 | 1.81 – 2.60 | Less Aware | Can understand the differences between the functions of CIASO, CAO and COA only with the guidance of the experts |
| 1 | 1.00 – 1.80 | Not Aware | Can hardly understand the differences between the functions of CIASO, CAO and COA even with guidance from experts |

Table 5. Likert Scale on the Level of Awareness on the Functions of CIASO, CAO (IAFS) and COA

For the qualitative portion, the data gathered from interviews was systematically organized and analyzed to explore challenges encountered in audit-related problems and issues. The responses were reviewed, and similar answers was combined to identify recurring insights.

The findings from both the quantitative and qualitative analyses was integrated to provide a comprehensive understanding of the research problem. The integration of these approaches aims to offer a balanced perspective on the level of awareness and the challenges encountered in implementing them.

3.8.2 Statistical Tools Used

Chi-square Test. The chi-square test is used to examine the relationships between the categorical variables of interest. The chi-square test allowed the study to determine whether there were significant relationships between the variables, providing insight into how the employees' roles and experiences impacted their response. The chi-square value

is computed using the formula,

$$\chi^2 = \frac{\sum (O - E)^2}{E} + \dots$$

Where: χ^2 = calculated chi-square value

O = observed values

E = expected values

2. **Percentage.** Percentage distributions were used to show the proportion of respondents across different levels of the Likert scale, providing a clear picture of how the employees rated their awareness and practice.

$$\% = \left(\frac{f \times 100}{n} \right)$$

Where: % = computed percentage

f = frequency of the response

n = number of responses

3. Rank. This is used to identify which areas of awareness were highest and lowest among the employees.

4. Weighted Mean. The weighted mean was calculated to assess the average level of awareness and practice of functions, giving weight to the varying importance of each response.

$$\bar{x} = \sum x / n$$

where: \bar{x} = mean

$\sum x$ = sum of values

n = number of values

IV. RESULT AND DISCUSSION

This chapter presents the data gathered and the statistical treatment applied to them. The presentation is geared to the research questions and the research hypotheses. Data is presented according to the sequence of the statement of the problem. Descriptive data is presented first before inferential data.

4.1 Awareness on CIASO's Functions

| CIASO Mandate and Functions | Total Respondents (%) | Mean |
|--|--------------------------|------|
| 1. The CIASO's mandate is to perform functions with primary responsibilities encompassing the examination and evaluation of the adequacy and effectiveness of internal control and quality of performance. | 278 (100.0) | 3.67 |
| 2. The CIASO conducts management and operations audit of the City Government's functions, programs, projects, activities, and outputs and determine the degree of compliance with their mandate, policies, government regulations, established objectives, systems and procedures/processes and contractual obligations. | 278 (100.0) | 3.68 |
| 3. The CIASO reviews and appraises systems and procedures, organizational structures, asset management practices, financial and management records, reports, and performance standards of the City Government. | 278 (100.0) | 3.72 |
| 4. The CIASO analyzes and evaluates management deficiencies and assist top management by recommending realistic courses of action. | 278 (100.0) | 3.56 |
| 5. The CIASO ascertains the reliability and integrity of financial and operational information and means used to identify measures, classify, and report such information. | 278 (100.0) | 3.51 |
| 6. The CIASO assists the management in ensuring that City Government's assets and other resources are accounted for and used consistent with laws, regulations and policies and are safeguarded against loss, wastage, and misuse. | 278 (100.0) | 3.62 |
| 7. The CIASO reviews and evaluates the soundness, adequacy and application of accounting, financial and other operating controls and promoting the most effective control at reasonable cost. | 278 (100.0) | 3.57 |
| 8. The CIASO reviews operations or programs to ascertain whether results are consistent with established objectives and goals and if such programs are being carried out as planned. | 278 (100.0) | 3.65 |
| 9. The CIASO evaluates the quality of performance of offices and employees in carrying out their assigned | | |

| | | |
|---|----------------|-------------|
| responsibilities. | 278 (100.0) | 3.57 |
| 10. The CIASO recommends corrective actions on operational deficiencies observed. | 278 (100.0) | 3.64 |
| Mean | | 3.62 |

Table 6. Level of Awareness on CIASO Functions

Figure 6 presents the number of respondents among the different level of awareness for every function of the City Internal Audit Services Office. It indicates that most employees of the City Government of Tabuk are aware of the City Internal Audit Services Office (CIASO) functions, with the majority falling under "Much Aware" and "Very Much Aware" categories. A mean score of 3.62 indicates that the employees of the City Government of Tabuk have an adequate understanding of CIASO's mandate. As compared to the stakeholder expectations gathered by the office in 2022, this demonstrates a notable improvement in their level of awareness, underscoring the effectiveness of CIASO's strategies to enhance employee understanding.

Among the functions of the City Internal Audit Services Office (CIASO), employees of the City Government of Tabuk are least aware that the CIASO

ascertains the reliability and integrity of financial and operational information, as well as the means used to identify, measure, classify, and report such information, with a mean rating of 3.51. This indicates a lower level of recognition of CIASO's role in ensuring the accuracy and dependability of financial and operational data. On the other hand, employees are most aware that the CIASO reviews and appraises systems and procedures, organizational structures, asset management practices, financial and management records, reports, and performance standards of the City Government, as evidenced by the highest mean rating of 3.72. This suggests that employees have a better understanding of CIASO's evaluative and oversight functions compared to its role in financial and operational information integrity.

| Association | Chi-Square Computed Value (χ^2) | Tabulated Value (Critical Value) | Decision Rule |
|---|--|-------------------------------------|---------------|
| 1. Association Between Office and the Employees' Level of Awareness on CIASO's Mandate and Functions | 208.08 | 113.14 | Reject |
| 2. Association Between Attendance to Audit Trainings and Employees' Level of Awareness on CIASO's Mandate and Functions | 44.25 | 9.48 | Reject Ho |
| 3. Association Between Position and the Employees' Level of Awareness on CIASO's Mandate and Functions | 89.54 | 26.29 | Reject Ho |

Table 7. Association of Office, Audit Training and Position to Employees' Level of Awareness

The table above illustrates the results of the chi-square analysis, shedding light on the relationship between an employee's office, audit training, and position with their level of awareness regarding the mandate and functions of the City Internal Audit Services Office.

A closer look at the association between an employee's office and their awareness of CIASO's functions reveals a significant association. With a computed

chi-square value of 208.08 surpassing the critical value, the null hypothesis is rejected. This finding suggests that the office where an employee is assigned plays a crucial role in shaping their understanding of CIASO's responsibilities within the City Government of Tabuk.

Similarly, audit training emerges as a key factor in awareness levels. At a 0.05 significance level and 4 degrees of freedom, the computed chi-square value of 44.25 far

exceeds the tabular value of 9.488, leading to the rejection of the null hypothesis. This confirms that employees who have undergone audit training exhibit a higher level of awareness regarding CIASO's mandate and functions compared to those who have not.

The analysis further highlights the influence of an employee's position in determining their familiarity with CIASO's role. With a computed chi-square value of 89.54 exceeding the tabular value of 26.29 at 16 degrees of

freedom, the null hypothesis is again rejected. This suggests that employees in higher or specialized positions tend to have a greater awareness of CIASO's functions within the city government framework.

These findings underscore the interconnectedness of organizational roles, professional training, and hierarchical position in shaping employees' awareness of internal audit functions.

| CAO (IAFS) Functions | Total Respondents (%) | Mean |
|--|-----------------------|-------------|
| 1. The City Accounting Office take charge of both the accounting and internal financial audit services of the City Government and share fiscal responsibility and authority over the financial affairs, transactions, and operations of the City Government. | 278 (100.0) | 3.89 |
| 2. The City Accounting Office installs and maintains an effective internal audit system on financial transactions in the City Government. | 278 | 3.80 |
| 3. The Internal Audit on Financial Transactions of the City Accounting Office receives and records vouchers and other documents relative to financial transactions. | 278 (100.0) | 4.03 |
| 4. The Internal Audit on Financial Transactions of the City Accounting Office pre-audits supporting documents to determine completeness of all disbursements. | 278 (100.0) | 3.89 |
| 5. The Internal Audit on Financial Transactions of the City Accounting Office inspects and verifies goods, supplies and infrastructure projects. | 278 (100.0) | 3.87 |
| Mean | | 3.90 |
| COA Principal Duties | Total Respondents (%) | Mean |
| 6. The Commission on Audit examines, audit and settle all accounts pertaining to the revenue and receipts of, and expenditures or uses of funds and property owned or held in trust by, or pertaining to, the government. | 278 (100.0) | 3.91 |
| 7. The Commission on Audit promulgates accounting and auditing rules and regulations including those for the prevention and disallowance of irregular, unnecessary, excessive, extravagant or unconscionable expenditures, or uses of government funds and properties. | 278 (100.0) | 3.85 |
| 8. The Commission on Audit recommends measures to improve the efficiency and effectiveness of government operations. | 278 (100.0) | 3.82 |
| 9. The Commission on Audit submits annual reports to the President and the Congress on the financial condition and operation of the government. | 278 (100.0) | 3.63 |
| 10. The Commission on Audit keep the general accounts of government and preserve the vouchers and supporting papers pertaining thereto. | 278 (100.0) | 3.78 |

| | | |
|-------------|--|-------------|
| Mean | | 3.80 |
|-------------|--|-------------|

Table 8. Level of Awareness on the Differences Between the Three Offices

Figure 8 shows the level of awareness among employees regarding the differences in the functions of the CAO and COA. The mean awareness score for CIASO is 3.62, for CAO (IAFS) 3.90, and for COA 3.80. Among the three offices, employees are most aware of the functions of the City Accounting Office and least aware of the functions of CIASO. Overall, the level of awareness across the three offices is 3.73. This result suggests that employees possess an adequate understanding of the differences in the functions of the City Internal Audit Services Office (CIASO), City Accounting Office (CAO), and Commission on Audit (COA). A mean value of 3.73, which falls above the midpoint of the Likert scale, indicates that most respondents demonstrate a satisfactory level of awareness. This finding implies that employees are generally capable of distinguishing between the roles and responsibilities of these offices. Such awareness is crucial in minimizing role confusion, enhancing collaboration, and ensuring the efficient implementation of their respective mandates within the City Government of Tabuk.

Among all the functions of the three offices, employees of the City Government of Tabuk are most aware that the Internal Audit on Financial Transactions of the City Accounting Office is responsible for receiving and recording vouchers and other documents related to financial transactions, as reflected by the highest mean rating of 4.03. This suggests that employees have a clear understanding of the City Accounting Office's role in processing financial documents. Conversely, employees are least aware that the City Internal Audit Services Office (CIASO) ascertains the reliability and integrity of financial and operational information, as well as the methods used to identify, measure, classify, and report such information, with the lowest mean rating of 3.51. This indicates a gap in awareness regarding CIASO's function in ensuring the accuracy and dependability of financial and operational data compared to the more widely recognized responsibilities of the City Accounting Office.

| | Chi-Square Computed Value (χ^2) | Tabulated Value (Critical Value) | Decision Rule |
|--|--|---|----------------------|
| Association Between Office and the Employees' Level of Awareness on CIASO's Mandate and Functions | 223.88 | 113.14 | Reject |
| Association Between Attendance to Audit Trainings and Employees' Level of Awareness on CIASO's Mandate and Functions | 44.25 | 9.48 | Reject Ho |
| Association Between Position and the Employees' Level of Awareness on CIASO's Mandate and Functions | 89.54 | 26.29 | Reject Ho |

Table 9. Association of Office and Level of Awareness on the Different Offices

To address Objective 2, the chi-square test was employed to examine the association between the moderator variables and the level of awareness regarding the distinctions among the three offices. The test resulted to a chi-square value of 223.88. Furthermore, at a 0.05 significance level with degrees of freedom of 128, the critical Chi-Square value is 113.14. Since the calculated Chi-Square value of 223.58 exceeds the tabular value of 113.14, the null hypothesis is rejected. This indicates a significant association between the office and the level of awareness among employees of the City Government Office of Tabuk regarding the differences between the City

Internal Audit Services Office, Commission on Audit and the Internal Audit on Financial Transactions of the City Accounting Office.

The same method was utilized to evaluate the relationship between audit training and employees' level of awareness on the distinctions of the different offices. As a preliminary step, the degrees of freedom was calculated to determine the corresponding chi-square critical value. At a significance level of 0.05 and degrees of freedom of 4, the critical Chi-Square value is 9.48. Since the computed chi-square value of 39.20 is greater than the tabular value of 9.48, the null hypothesis is rejected. Therefore, there is a

significant association between audit training and the level of awareness among employees of the City Government Office of Tabuk regarding the differences between the City Internal Audit Services Office, Commission on Audit and the Internal Audit on Financial Transactions of the City Accounting Office. At a significance level of 0.05 and 16 degrees of freedom, the critical chi-Square value is 26.29. Since the computed chi-square value of 71.92 is greater than the tabular value of 26.29, the null hypothesis is rejected. Therefore, there is a significant association between position and the level of awareness among employees of the City Government Office of Tabuk regarding the differences between the City Internal Audit Services Office, Commission on Audit and the Internal Audit on Financial Transactions of the City Accounting Office.

Overall, the results indicate that employees' awareness of the differences among the City Internal Audit Services Office, the Commission on Audit, and the Internal Audit on Financial Transactions of the City Accounting Office is significantly influenced by their office affiliation, audit training, and job position.

4.2 Challenges encountered related to Internal Audit Problems and Issues

Offices previously audited were interviewed to provide feedback on the challenges they encountered related to internal audit issues. Specifically, 3 offices were audited in 2022, 5 in 2023, and 2 in 2024, prior to the conduct of this study. In total, 10 offices were included within the study's interview scope. A series of questions were posed, and the researcher observed that the feedback from auditees was consistent across offices. The issues and challenges identified can be summarized into three key areas:

1. Resistance on the disclosure of information verbally or through the issuance of documents

Employees tend to describe ideal conditions rather than the actual current state of the office. Additionally, another office explained that they resisted disclosing information, citing that the information involved client data and, therefore, invoked the Data Privacy Act to avoid providing documents to the auditors.

Others viewed the internal auditors as "police dogs" leading to challenges in the disclosure of information

2. Inability to provide documents

Some offices lacked adequate controls over records management, which resulted in their inability to provide the required documents. Additionally, some documents had been damaged due to natural calamities, transitions in management, lack of awareness about the importance of maintaining records, and the failure to properly file office documents.

3. Lack of resources

The previous auditees expressed willingness to implement the audit recommendations provided. However, they faced significant challenges in fully executing these recommendations. One major obstacle was the need for additional manpower, which many offices lacked due to staffing limitations. Furthermore, budget constraints posed another significant hurdle, as the financial resources allocated to their offices were insufficient.

V. FINDINGS, CONCLUSIONS, RECOMMENDATIONS

This chapter presents the summary of findings, conclusions drawn and recommendations based on the objectives of the study.

5.1 Summary of Findings

A mean of 3.62 reveals that the employees of the City Government of Tabuk have an adequate understanding of the mandate and functions of the City Internal Audit Services Office (CIASO). Employees' office, audit training, and position are significantly associated with their level of awareness of CIASO's functions.

They are also sufficiently aware of the distinctions between the functions of CIASO, the Internal Audit on Financial Transactions Section (IAFS) of the City Accounting Office (CAO), and the Commission on Audit (COA), as indicated by a mean of 3.73. Employees' office, audit training, and position are significantly associated with their level of awareness regarding the differences between CIASO, IAFS of CAO, and COA.

Furthermore, based on the interviews conducted, employees encountered three main challenges related to internal audit: resistance to disclosing information, whether verbally or in writing; inability to provide documents; and lack of resources. Among these challenges, the provision of documents was identified as the most difficult by the different offices.

5.2 Conclusion

The following conclusions are drawn based on the summary of findings:

1. The study effectively determined the level of awareness among the employees of the City Government of Tabuk regarding the mandate and functions of the City Internal Audit Services Office (CIASO). Two years after the CIASO began its operations, a notable improvement in employee awareness was observed, indicating that the office's initiatives to promote its role and responsibilities within the local government have been successful.

Employees now have a clearer understanding of the CIASO's purpose, which includes its role in enhancing transparency, accountability, and efficiency across various departments.

Furthermore, the study highlighted that several factors influence employees' awareness levels. These factors include the specific office or department to which they belong, their participation in audit-related training, and their job positions within the local government. Employees who attended audit training programs were found to exhibit a higher level of awareness, demonstrating the positive impact of capacity-building initiatives on understanding the CIASO's mandate. Similarly, employees holding supervisory, senior and chief roles showed greater awareness compared to employees in lower levels, suggesting that job responsibilities play a significant role in shaping familiarity with audit functions.

2. The analysis of the information gathered revealed a significant improvement in the employees' understanding of the distinct functions performed by three key offices within the City Government of Tabuk: the City Internal Audit Services Office (CIASO), the Internal Audit on Financial Transactions Division of the City Accounting Office (CAO), and the Commission on Audit (COA). Unlike the initial stages of the CIASO's operations, where confusion was prevalent and employees often expected the CIASO to perform the duties of the CAO or COA, the study showed that employees now have an adequate grasp of the unique roles and responsibilities of each office. The findings further emphasize that the office to which employees belong plays a crucial role in shaping their level of awareness. Employees in departments with frequent interactions with the CIASO were more likely to understand its functions, as their work often necessitates collaboration with the internal audit office. Additionally, attendance at audit-related training emerged as a critical factor influencing awareness. Employees who participated in such training programs demonstrated a deeper understanding of the CIASO's mandate and its distinctions from the CAO and COA. The study also identified a correlation between job positions and awareness levels. Employees in supervisory to chief level roles exhibited a higher level of understanding. This is due to the nature of their responsibilities, which often involve a broader view of organizational processes and greater interaction with audit functions.
3. The findings of the study highlight issues and challenges encountered by offices audited by the CIASO in recent years. The study identified three key challenges faced

by offices audited by the City Internal Audit Services Office (CIASO) from 2022 to 2024: resistance to information disclosure, inability to provide documents, and lack of resources. Misconceptions about internal auditors led to reluctance in sharing information. Poor records management, document loss, and limited awareness of proper filing practices further hindered the audit process. Additionally, staffing shortages and budget constraints made it difficult for offices to implement audit recommendations despite their willingness.

Overall, the study underscored the progress made in fostering awareness and understanding of the mandate and functions of the City Internal Audit Services Office (CIASO) among employees of the City Government of Tabuk. It also highlights the critical factors influencing awareness levels, such as office affiliation, audit-related training, and job positions. However, challenges persist, including resistance to information disclosure, poor records management, and resource constraints, which hinder the effective implementation of audit recommendations. By addressing these challenges and continuing to invest in education, training, and resource allocation, the CIASO can further solidify its role as a cornerstone of transparency, accountability, and efficiency in the local government.

5.3 Recommendations

Based on the summary of findings and conclusions drawn from the study, the following are recommended:

1. The City Internal Audit Services Office should continue implementing information dissemination activities to increase the level of awareness of employees regarding its mandate especially on its role in ascertaining the reliability and integrity of financial and operational information and means used to identify measures, classify, and report such information. To address the study's findings—where employees in lower-ranking positions exhibited less awareness of CIASO's mandate—it is recommended that all employees, regardless of rank or position, be actively involved in key audit-related activities. One such opportunity lies in the entrance conferences conducted at the start of audits for each office. Typically attended by senior-level staff to department heads, these conferences can be expanded to include personnel across all levels. This inclusive approach allows lower-ranking employees to gain direct exposure to the objectives, processes, and importance of CIASO's functions.
2. Employees of the City Government of Tabuk who are assigned or responsible for engaging in activities related to the City Internal Audit Services Office, the

City Accounting Office, and the Commission on Audit should consistently and actively participate in these activities. Their regular involvement ensures that they remain well-informed about the distinct mandates, functions, and processes of each office, thereby enhancing their ability to collaborate effectively.

3. To address the most challenging concern relevant to internal audit, the City Government of Tabuk should provide training on records retention policies and best practices to ensure that all offices maintain necessary documentation for audit purposes and develop a contingency plan, including digital backup solutions, to safeguard important financial and operational records from potential damage.
4. Future researchers are encouraged to expand on this study by exploring additional variables that may influence employees' awareness and understanding of the mandate and functions of the City Internal Audit Services Office, the City Accounting Office, and the Commission on Audit. Factors such as organizational culture, frequency of audits, or the impact of technological advancements on audit practices could provide deeper insights into the effectiveness of internal audit functions. Additionally, future studies could adopt a broader scope by including comparative analyses with other local government units to identify best practices and areas for improvement.

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