Challenges in Implementing Internal Audit Functions in Local Governments: Evidence from Morocco

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The objective of this paper is to explore the challenges and perspectives related to the implementation of internal auditing within territorial collectivities in developing countries. An interpretivist philosophy and a qualitative approach, including interactive interviews and purposive sampling, were used to collect and analyse empirical data. A comparative approach and document analysis were also employed to enrich the study. This in-depth case study has

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a limited exploratory scope and is based on nine interviews conducted until data saturation was achieved. The findings confirm that internal audit units have not yet been established in the majority of territorial collectivities and that, where such units exist, they are often non-operational, except in certain collectivities such as regions. The study also shows that most territorial collectivities lack the human and financial resources, as well as the favourable internal control environment, necessary for the effective implementation of internal auditing.

Keywords: internal audit, internal control, public administration, territorial collectivities

1. Introduction

One of the main missions of a public administration adopting decentralisation is to promote and modernise management methods within territorial collectivities (in the context of Moroccan legislation, these include regions, prefectural/provincial councils, and communes). Each public administration fulfils this mission according to the needs and specific characteristics of its society (Kuk, 2002), as the proper functioning of these entities has a considerable impact on both the living conditions of the population and the country's macroeconomic environment (Lentner & Hegedűs, 2019).

One of the most striking aspects reinforced by the 2015 organic law relates to modern control mechanisms, particularly financial and administrative control. The organic law stipulates the obligation to subject the budgets of territorial collectivities to annual external financial audits conducted by the General Inspectorate of Finance and/or the General Inspectorate of Territorial Administration, or by an autonomous audit body. In addition, the law provides for the possibility of subjecting the management of territorial collectivities to additional controls at the initiative of the council, the president, or the governor.[1]

The legal provisions of 2015 included, in addition to the obligation to subject the administrative and financial management of territorial collectivi-

[1] Organic Law No. 111–14 relating to the Regions.

ties to audits conducted by external bodies, the requirement to establish internal auditing as a core function within the organisational structure of the collectivity. Although external control mechanisms have evolved over time, the internal audit function has yet to be fully implemented.

The evolution of economic life in recent years has facilitated the emergence and development of accounting professions such as auditing, which have responded to the needs of both the private and public sectors (Groff & Hocevar, 2009). Internal auditing within territorial collectivities first appeared in the United Kingdom in 1868 through the appointment of provincial auditors whose mission was to verify the compliance of the financial operations of territorial collectivities with the legislation in force. This period also marked the emergence of the *ultra vires* theory of excess of power (Giroux, Jones, & Karolak, 2002). The experience of New Zealand is also comparable, as auditing in territorial collectivities began to be discussed in 1986. This experience evolved through three stages, the last of which occurred in 1976 with the introduction of operational auditing in this sector (Colquhoun, 2011).

The significance of this study lies in its contribution to the understanding of the modernisation of territorial administration in developing countries, particularly Morocco, given the very limited number of indexed articles addressing internal control in Moroccan territorial collectivities. Its importance also stems from the value of control systems in public and private organisations and their impact on performance, as well as administrative and financial governance.

The research problem seeks to assess the capacity of Moroccan territorial collectivities to implement the internal audit function by analysing the challenges and perspectives associated with this experience. Accordingly, four research questions were formulated to guide the study:

What is internal audit, and since when has internal auditing been discussed in territorial collectivities?

Have Moroccan territorial collectivities successfully implemented an internal audit function?

What are the challenges and obstacles to the implementation of internal auditing within Moroccan territorial collectivities?

What are the future prospects of the Moroccan experience in light of comparative examples?

2. Theoretical, Legal, and Comparative Framework

2.1. Definition of Internal Auditing in the Context of Territorial Collectivities

Internal audit is an independent and objective assurance and advisory service designed to create value and improve an organisation's operations. It helps organisations achieve their objectives by adopting a systematic and rigorous approach to assessing and improving the effectiveness of governance, risk management, and control processes (IIA, 2024). Auditing is an objective and independent activity aimed at assessing the accuracy and reliability of an organisation's information and ensuring the physical and accounting security of operations. It also seeks to safeguard assets and evaluate the effectiveness of information systems (Renard, 2010).

In the context of territorial collectivities, the internal audit function refers to an independent activity that contributes to the review and evaluation of the internal control system in order to assess its operational effectiveness. It constitutes a fundamental source of assurance and is considered one of the most important measures of good governance. Its purpose is to ensure that risks are identified and managed appropriately (NOAC, 2024).

2.2. Theoretical Foundations of Audit

Auditing finds its theoretical foundations in several theories, notably agency theory and institutional theory.

Agency theory. This theory has been adopted across several disciplines, including law, accounting, economics, sociology, and finance. It provides a basis for analysing the behaviour of managers in both private and public organisations. The theory suggests that actors within an organisation follow the logic of utility maximisation and seek outcomes that are most advantageous to themselves, even when these are not necessarily beneficial to the organisation (Zogning, 2017). Agency theory explain that a loss of value or wealth occurs when one person acts on behalf of another. Historically, this agency relationship between shareholders and managers constitutes the *raison d'ìtre* of auditing, whether internal or external (Colbert & Sahera, 1988).

Institutional theory. Institutional theory explains the process through which a practice becomes institutionalised within an organisation through a structured modification of behaviours. It emphasises the political dimension of institutionalisation (Josh & Karyawati, 2021). This political process is referred to as isomorphism. Three forms of isomorphism are distinguished: mimetic isomorphism (pressure to imitate practices adopted by others), coercive isomorphism (pressure exerted by regulations, individuals, or parties), and normative isomorphism (pressure to adopt certain methods in order to comply with standards and obtain certification) (DiMaggio & Powell, 1991). Neo-institutional theory helps explain internal audit practices, particularly coercive and normative isomorphism (Josh & Karyawati, 2021).

2.3. The Historical Aspect of Internal Auditing in Moroccan Local Collectivities

Internal auditing within territorial collectivities in Morocco was introduced with a programme launched by the Ministry of the Interior in 2007. This programme, known as the Local Governance Programme (PGL), was supported by the international organisation USAID. Its objective was to strengthen the capacities of territorial collectivities at several levels, particularly with regard to participatory democracy and institutional capacity building in consultation and governance mechanisms. This project enabled certain communities to receive support for the establishment of internal audit services. The communes of Salé, El Jadida, and Safi were pilot collectivities for this programme and established internal audit units in 2010.[2] With regard to internal auditing in territorial collectivities and the aforementioned theories, it is worth noting the similarity between the foundations of agency theory and the nature of territorial collectivities. The central idea of agency theory, which concerns the relationship between shareholders and managers, is similar to the relationship between citizens and elected officials at the local level.

2.4. The Legal and Institutional Framework of Internal Auditing

Internal auditing is one of the new management tools in territorial collectivities. While external auditing has been discussed in this sector for years,

[2] Official website of the General Directorate of Territorial Collectivities (Moroccan Ministry of the Interior), https://collectivites-territoriales.gov.ma.

internal auditing is considered to be in its first decade of development. It was only in 2015 that the legislature referred to this new tool in the organic law governing the matter. According to Art. 246 of Organic Law No. 111–14 , the region, as a territorial collectivity, must, under the supervision of its president, evaluate its action, implement internal control mechanisms, resort to auditing, and present a management report. In light of these elements, it appears that the legal provisions relating to internal auditing in Morocco are relatively recent, indicating that this is still a developing experience.

The implementing decrees specify that the government authority responsible for internal affairs supports territorial collectivities in setting up internal control systems, creating internal audit functions, and establishing external evaluation mechanisms, particularly through the development and publication of guidelines clarifying the fundamental principles, as well as through continuing training programmes.[3] In practice, the Ministry of the Interior has published an internal audit charter defining the key aspects of managing this function, including the conduct of audit missions within communal administration services in accordance with current international standards, the identification and assessment of risks, and the provision of practical and objective recommendations aimed at improving management. The audit service also seeks to ensure the effectiveness of internal control. This support provided by the Ministry of the Interior to territorial collectivities indirectly suggests that these entities may lack the capacity to establish internal audit units independently, which may represent one of the first indications of the challenges and difficulties in implementing the function in this sector.

2.5. Approach to the Implementation of Internal Audit at the International Level

Internal auditing has existed in territorial collectivities for more than two decades, and many countries have encouraged the establishment of this function. This is the case in the United States, where the prevalence of audit committees within local governments exceeded 36% in 2007 (Matkin, 2010). This proportion reaches 58% in cities with populations of more than 100,000 inhabitants (Fitzgerald & Giroux, 2014). These figures sug-

[3] Decree No. 2.17.306 of 3 July 2017.

gest that, even in developed countries, the development of internal auditing in this field is relatively recent.

In the Netherlands, the legislator mandated the establishment of internal audit services within territorial collectivities in 2006. At that time, large collectivities already had this function in place, with their main task being the conduct of performance audit missions and the preparation of reports accessible to citizens (Tillema & Henk, 2010). In Finland, communal auditing dates back to 1997, in accordance with Art. 71–73 of the 1995 law, which established two main elements: the audit committee and performance auditing. This system is mandatory for all collectivities. A similar situation exists in Norway, where, by 2000, more than 100 civil servants had been assigned to communal audit services (Johnsen et al., 2004). We observe that the implementation of internal auditing in European countries is comparable to that in the United States, both in terms of the period during which the function emerged and the coverage rates achieved.

In Eastern Europe, most countries have established the internal audit function within territorial collectivities, although each country defines the targeted authorities differently. In Armenia, for example, all territorial collectivities are required to establish an internal audit service, whereas in Croatia the legislation targets only those with a population exceeding 35,000 or a staff of more than 50 employees. In Romania, the obligation is limited to collectivities with a budget exceeding 100,000 euros, while in other countries, such as Russia and Ukraine, the internal control function falls within the responsibilities of hierarchical entities of the Ministry of Finance (Davey, 2009). These data clearly show that the approaches adopted by different countries for the implementation of internal auditing vary considerably: some rely on demographic criteria, while others use financial thresholds. However, they have one thing in common, namely a gradual approach to implementation. Compared with the Moroccan experience, implementation in Morocco appears to have been somewhat delayed by almost a decade in practical terms and by more than two decades in terms of the regulatory framework.

2.6. Impact of Internal Audit on Administrative and Financial Management: Rationale for Its Existence

The implementation of internal auditing in local collectivities is not optional; it serves a specific purpose. Its primary objective is to address a crucial need, namely improving efficiency and accountability. Internal auditing is one of the main instruments contributing to the enhancement of accountability and the efficiency of the financial operations of territorial collectivities. In addition, internal auditing promotes transparency in the management of public and territorial finances; therefore, any decentralisation strategy should take into consideration the integration of such tools (Baltaci & Yilmaz, 2006). Indeed, both theoretical and empirical studies show that there is a close relationship between the quality of internal auditing and sound financial management within territorial collectivities. In particular, the higher the quality of internal auditing, the stronger the sense of responsibility and accountability, which in turn has a positive and significant impact on good governance in this sector (Nurdiono & Gamayuni, 2018).

It is widely acknowledged that auditing is among the principal modern tools contributing to the promotion of the principles of transparency and accountability within the framework of financial management, thereby positively influencing decision-making (Elvira, 2018). Empirical studies indicate that the presence of audit committees (internal audit) within territorial collectivities contributes to strengthening the internal control system and reducing errors and deficiencies in financial reporting (Rich & Zhang, 2014). Other studies show that financial directors and auditors agree on the effectiveness of internal audit committees in monitoring audit plans, assessing risks, and reviewing financial information and progress reports (Crawford, Cooke, & Mitchell, 2008).

Moreover, the positive impact of auditing on the sound management of territorial collectivities is well documented. For example, a study carried out in China showed that reforms aimed at strengthening the independence of auditors reduced the over-indebtedness of territorial collectivities by 28.7% (Lin, Liu, & Zhang, 2022). Based on these findings, it is evident that the role of internal auditing in highly important in every organisation. This highlights the importance of implementing internal audit within the public sector, and justifies the focus of the present research.

3. Methodology

3.1. Sampling Justification

In order to address the research problem, we adopted a scientific methodology based on a qualitative approach to the collection and analysis of empirical data. We used a purposive sampling technique based on the selective choice of sample units to ensure the collection of relevant data. In selecting the sample, we took into account the structure of territorial collectivities in Morocco. Morocco has 1,503 territorial collectivities, including 1,282 rural communes and 221 urban communes. Most rural ones do not have the human and financial resources necessary to implement internal auditing (this observation is based on our experience in the field of local government as civil servants for more than 13 years). For this reason, they were excluded from the sample. Instead, we selected urban communes, which are expected to have modern and well-structured administrations and are therefore more likely to have an audit function. The objective was to achieve what is referred to as "sample saturation".

3.2. Field of Empirical Research

The empirical setting of the study was the Fez-Meknes Region. The selection of this sample was justified by the aim of including one collectivity from each level of decentralisation in Morocco, namely the region, the prefectures and provinces, and the communes. Accordingly, the study included the Fez-Meknes Region, the Prefecture of Fez, the Province of Moulay Yacoub, and the Commune of Fez. The objective was also to select entities with sufficiently strong financial resources, for which the existence of an internal audit function was considered highly likely.[4]

The Fez-Meknes Region is one of the regions located in the centre of the kingdom, covering an area of 40,075 km³, and representing 5.7% of the national territory. It comprises two prefectures, seven provinces, and 194 collectivities. The population amounts to 4.46 million inhabitants, representing 12.13% of the national population. Economically, the region contributes more than 9.3% to the national GDP, ranking fourth in the country.[5]

The Prefecture of Fez is a territorial collectivity in the Fez-Meknes Region, with a population of more than 1.25 million inhabitants, covering an area of 424 km³, and comprising four communes: the Commune of Fez, the Commune of Sidi Harazem, the Commune of Oulad Tayeb, and the Commune of Aðn Bida.[6]

[4] This field study was carried out in July 2024.

[5] Official website of the Region, https://www.region-fes-meknes.ma.

[6] Official website of the High Commission for Planning, https://www.hcp.ma.

The Province of Moulay Yacoub is a territorial collectivity in the Fez-Meknes Region, with a population of 216,954 inhabitants, covering an area of 1,700 km³, and comprising 11 rural communes. The province's resources are derived mainly from state subsidies, particularly its share of VAT revenues.[7]

The Commune of Fez is the territorial collectivity of the capital of the Fez-Meknes region, with a population of 1.25 million inhabitants, covering an area of 312 km³. It is the economically strongest collectivity in the region, with resources exceeding 1.45 billion MAD in 2022.[8]

3.3. Interview Structure

Given the novelty of auditing within territorial collectivities and the specific nature of the qualitative approach, interviews were used as the primary data collection method. We carefully selected nine informants, including two internal auditors, three human resources division managers, and four budget division managers. Interactive interviews were conducted using both closed-ended (yes/no) and open-ended questions in order to collect as much qualitative data as possible. An interview guide was used, containing questions relating to the context and circumstances surrounding the establishment of this function (Appendix 1).

We opted for interactive interviews in order to elicit and utilise as much information as possible. Regarding the individuals targeted within each administration, we focused on officials in the audit department and, where such a department did not exist, on heads of human resources and officials responsible for financial management. Consequently, we conducted nine interviews, beginning with the largest administration, namely the region. The discussions included questions relating to auditing in local collectivities in general. After completing the interviews with the region, we observed that the responses were systematically repeated in all subsequent interviews, which enabled us to identify the point of data saturation.

[7] Retrieved from https://www.hcp.ma.

[8] Official website of the Commune of Fez, https://fes.ma.

4. Results

In light of the data obtained from the cases studied, the results will be presented by collectivity as follows.

Fez-Meknes Region: The establishment of the internal audit department within the administration of the Fez-Meknes Region dates back to 2017, the year in which the new administrative organisation chart entered into force. The department comprises two managers, one holding a degree in audit and management control and the other a degree in engineering. Since its establishment, the audit unit has prepared an annual audit plan including an average of three to four assignments, each lasting between three and four months.

The plan is prepared by the departments at the beginning of each year and then submitted to the chairman for approval. The department concerned is then informed of the date of the audit in order to prepare the necessary documents. The audit is conducted on site, and the Audit Committee may obtain any information, documents, and evidence it deems necessary. At the end of the audit, a detailed report is prepared and sent through the chain of command to the department concerned in order to provide the necessary clarifications, while respecting the right of reply.

After receiving the clarifications, the audit department prepares a final report containing the conclusions and recommendations necessary to remedy any shortcomings and risks related to administrative and financial management. A copy of this report is sent to the department concerned, the Chairman of the Board, and the Director General of Services. In addition, the implementation of the recommendations is monitored in the months following the audit.

Among the difficulties encountered by the audit unit was the lack of an audit culture among certain officials, which was evident from their reactions towards members of the audit committee, hindering the achievement of the objectives of the audit missions.

Prefecture of Fez. The administrative organisational chart of the Fez Prefecture Council includes an Audit Department, established in 2020 and headed by two civil servants with different academic backgrounds. Similar to the Fez Commune, the Prefecture Council has not yet been able to implement this function, as there is neither annual planning nor regular audit activity. At present, the department's role remains largely formal, its establishment having been requested by the Ministry of the Interior, possibly to avoid scrutiny by external audit bodies.

Province of Moulay Yacoub. According to the results of the survey, the administration of the Moulay Yacoub Council does not have an internal audit department. The collectivity has not yet established such a department due to a shortage of civil servants specialising in auditing, as well as a lack of awareness among the collectivity's political elite and human resources personnel regarding the importance of this function.

Commune of Fez. The Fez Commune was one of the first territorial collectivities to establish an internal audit department. Established in 2012, the department is staffed by two managers, one of whom is trained in management control. Although the department was created more than ten years ago, its operationalisation remains stalled. We noted the absence of annual audit planning, and, consequently, the department remains largely inactive to date, performing no tasks regularly. The effective implementation of this function therefore requires a firm commitment from the President of the Commune, especially given that the collectivity is considered one of the largest in Morocco, with substantial financial resources.

The following table summarises the results of the field study:

Table 1: *Summary of the field study on internal auditing in Moroccan territorial collectivities*

	Fez-Meknes Region	Prefecture of Fez	Commune of Fez	Province Of Moulay Yacoub
Date of implementation	2017	2020	2012	---
Number of staff	2	2	2	---
Audit training (degree) %	50%	0%	50%	---
Internal audit charter (yes/no)	Yes	No	No	---
Compliance with international standards	Yes	No	No	---
Annual internal audit plan (yes/no)	Yes	No	No	---
Frequency and distribution of reports (number)	4	0	0	---
Annual average number of missions	4	0	0	---

Follow-up of recommendations (yes/no)	Yes	No	No	---
Risk mapping (yes/no)	No	No	No	---
Integrated information system (yes/no)	No	No	No	---
Ongoing training plan (yes/no)	Yes	No	No	---
Measures taken following audit missions (number)	0	0	0	---

Source: Authors.

Given the nature of the research and the data collected, interpretive coding was applied as follows:

Table 2: *Coding of empirical data*

Indicator	Observed value	Interpretive code
Internal audit charter	Yes	Formalisation of the system
Internal audit charter	No	Lack of a formal framework
Compliance with standards	Yes	Normative alignment
Compliance with standards	No	Non-alignment with standards
Annual audit plan	Yes	Structured planning
Annual audit plan	No	*Ad hoc* management
Reports ≥ 1	Yes	Regular activity
Reports = 0	Yes	Absence of reporting
Missions ≥ 1	Yes	Operational capability
Missions = 0	Yes	Low implementation capacity
Follow-up of recommendations	Yes	Monitoring mechanism
Follow-up of recommendations	No	Implementation gap
Risk mapping	No	Lack of a risk-based approach
Integrated IS	No	Low technological maturity
Training plan	Yes	Skills development
Post-audit measures = 0	Yes	Lack of operational impact

Source: Authors.

Although an effort was made to frame the subject in time and space, this research is subject to certain limitations. First, the sample of four territorial collectivities may be insufficient to fully reflect the reality of territorial management. Another limitation was the difficulty in obtaining sufficient data from the officials interviewed, as most respondents preferred to provide yes/no answers, which was not entirely compatible with the nature of the study.

5. Discussion

In light of these data, the analysis reveals a significant disparity between the samples, particularly between the region on the one hand, and the other local collectivities comprising the sample on the other. In the case of the Fes-Meknes region, the findings indicate the existence of an internal audit charter, an annual audit plan, and follow-up of recommendations. Furthermore, there is regular production of reports (4) and audit missions conducted (4). However, the analysis also highlights the absence of risk mapping, an integrated information system, and concrete post-audit measures. Consequently, the interpretation of the data suggests that the internal audit system demonstrates an intermediate level of maturity. Governance and planning are formalised, but the absence of a risk-based approach and limited operational impact constrain overall effectiveness.

Regarding the Fes Prefectural Council and the Fes Municipality, the findings reveal the absence of an internal audit charter, an annual plan, and compliance with standards. No audit missions or reports are produced, and recommendations are not followed up. For these reasons, the internal audit system is weakly institutionalised. Auditing appears to function more as a nominal administrative requirement than as an effective governance mechanism. The system is characterised by structural immaturity. Certain resources exist, but in the absence of a formal framework, processes, or measurable outcomes.

The results of this empirical study indicate that the internal audit function is not yet widely established within local collectivities. With the exception of certain entities, particularly the 12 regions, most local collectivities have not yet implemented this new function due to several factors, including limited financial resources, the absence of an audit culture, a shortage of specialised human resources, and insufficient political will.

These findings provide a realistic representation of the state of the internal audit function within territorial collectivities. Indeed, the issue is not confined to small communities or specifically to those in the Fez-Meknes region; rather, it concerns the majority of these entities, especially when considering the resources and capacities available to the 1,282 rural communities. Although many territorial collectivities have established internal audit units over the past decade, the challenge of ensuring their effective implementation persists.

According to an assessment of public finance management carried out by AECOM in collaboration with the World Bank within the Commune of Agadir, the latter was among the first collectivities to initiate the establishment of an internal audit unit. However, at the time of the assessment conducted in January 2015, the unit was not yet operational; consequently, no annual audit plan or audit reports had been produced. (AECOM International Development Europe, 2015). A similar situation was observed in the Commune of Casablanca, based on the findings of the evaluation mission carried out in August 2015 (ACE International Consultants, 2016). These two reports clearly corroborate the findings of the empirical study and the conclusion drawn regarding saturation.

5.1. The Moroccan Experience in light of the Experiences of European Countries

To compare these data with those of developed countries, we will take the typical example of Ireland, where the creation of the internal audit function is widespread across all territorial collectivities, with an outsourcing rate of 38.7% (i.e., managed by an external entity). This contrasts sharply with the Moroccan case, where the widespread implementation of internal auditing remains nearly impossible. Regarding the national average of staff per collectivity, it stands at 2.76 managers per service, which is similar to the average observed in our research sample. In addition, all collectivities have established an annual audit plan, almost all (97%) have adopted an audit charter, and more than 70% have implemented a system to ensure independence and objectivity. Regarding the volume of activities carried out by the internal audit service, in 2021 and 2022 the average was 13.61 per collectivity, which is not the case for most Moroccan collectivities (NOAC, 2024).

Comparative data reveal a significant difference in the maturity of internal audit systems between Morocco and Ireland. In Ireland, there is a high level of institutionalisation and compliance with international standards. The significant use of outsourcing also illustrates a pragmatic approach aimed at strengthening the effectiveness of the system. Conversely, the Moroccan situation is characterised by limited dissemination and weak implementation of internal audit. The similarity in average staffing levels in both countries suggests that this weakness stems less from a shortage of human resources and more from insufficient formalisation, planning, and autonomy within internal audit departments. The low volume of activity further reinforces the idea of a system that is still not fully operational, highlighting the need for reforms focused on standardised structuring and strengthening the governance of internal audit.

5.2. The Moroccan Experience in light of the Experiences of African Countries

From another perspective, it may be more useful to compare the Moroccan case regarding the implementation of internal audit with those of developing countries. For this comparison, we will consider the examples of two African countries, namely Nigeria and Ghana.

In Ghana, the institutionalisation of internal auditing in the public sector emerged in 2003 through the promulgation of Law No. 658, which established the Internal Audit Agency to implement this function in public administrations, including local governments. These provisions were further reinforced by Law No. 936 in 2016 (Aikins & Mensah, 2023). In practice, Ghanaian local governments have succeeded in establishing internal audit units staffed by civil servants qualified in auditing and supervised by an oversight body, the Internal Audit Agency. The fundamental conditions are therefore in place, particularly the establishment of internal audit charters, annual planning, and periodic audit missions (Quampah, Agyenim-Boateng, & Osei, 2021). However, the Ghanaian experience also faces several challenges, including the absence of disciplinary measures and sanctions against offenders (Aikins, Asare, & Mensah, 2022).

In fact, the experience of the country of Ghana shows that the establishment of internal audit has not had a positive impact on management performance. This is reflected in the persistence of irregularities resulting from the non-implementation of internal audit recommendations, as well as from political interference. The concept of political interference refers to the intervention of political actors or political-administrative authorities in the work of internal auditors in order to influence, limit, or hinder their independence, the implementation of their recommendations, and the monitoring of identified irregularities (Aikins & Mensah, 2023).

Other research indicates that these shortcomings are also linked to the insufficient proficiency of internal auditors, particularly the inadequacy of their professional, technical, and practical skills, which limits their ability to effectively perform their functions related to control, operational monitoring, and improvement of institutional performance (Aikins, Asare, & Mensah, 2022), especially in the field of information technology (Quampah, Agyenim-Boateng, & Osei, 2021).

The Ghanaian experience highlights a relatively advanced level of institutionalisation of internal audit in the public sector compared to the Moroccan case. The early adoption of a specific legal framework enabled the creation of an Internal Audit Agency, which contributed to establishing the fundamental conditions for internal auditing, including the existence of an audit charter, annual planning, and the conduct of periodic missions. However, empirical studies show that internal auditing has not significantly improved management performance. The Ghanaian experience demonstrates that, although a robust legal and institutional framework constitutes a necessary condition, it remains insufficient to ensure the effectiveness of internal auditing. The actual impact of this function continues to depend on strengthening professional capacities, ensuring effective monitoring of recommendations, and guaranteeing independence, all of which are challenges also observed in the Moroccan context.

Internal auditing in local governments in Nigeria emerged in 1998 with the implementation of the territorial administration reform. This reform was reinforced through the amendment of the financial regulations in 2009 (Ch. 17), after which local governments became obliged to establish internal audit units. Initially, these units were headed by qualified accountants and supervised by the auditor general. Consequently, municipal auditors were expected to report to these officials on a monthly basis. Moreover, according to certain studies, the generalisation of internal auditing in Nigerian local governments had reached 100% by 2012 (Badara, 2012; Modibbo, 2015). However, studies also indicate that the majority of civil servants perceive internal auditors as lacking the necessary professional skills (80% of the sample), as insufficiently independent (86%), and that there is a shortage of internal audit staff (100%) (Badara, 2012).

Consequently, the Nigerian experience is notable for the early and widespread institutionalisation of internal auditing (1998), reinforced by the 2009 amendment to the financial regulations mandating the creation of internal audit units within local collectivities. This reflects a desire for structuring and hierarchical control of the function. Furthermore, the high rate of implementation (100% by 2012) demonstrates a strong institutional commitment. However, a significant gap exists between the formal existence of the system and its actual effectiveness. These observations suggest that the legal and institutional framework in Nigeria continues to face major challenges related to professionalisation, functional autonomy, and human resources. Similar to the Moroccan and Ghanaian cases, the Nigerian experience confirms that the widespread implementation of internal auditing does not necessarily guarantee its effectiveness in terms of governance and performance.

According to these data from neighbouring (African) countries, Moroccan territorial collectivities appear to be lagging behind in the implementation of internal auditing. This delay is notable not only in comparison with developed countries such as Ireland, but also with developing countries such as Nigeria and Ghana. These African countries began implementing this function more than two decades ago, achieving full implementation across all territorial collectivities. The data from these experiences nevertheless reveal persistent gaps related to the role of these units within the administration, issues concerning their independence from political actors, and their impact on administrative and financial performance. However, this still represents progress at both the democratic and managerial levels, given its impact, even symbolic, on transparency and on the modernisation of public administration.

Based on this comparison, it appears that the implementation of management tools depends on several factors, as the adoption of a legal text alone remains insufficient to ensure the effective operationalisation of the tool in practice. It also appears that the broader environment plays a very important role, particularly the political and socio-economic context. Each society possesses specific psychological and social characteristics, which are reflected in all components of the social system, including public administrations. This largely explains the differences in the implementation of internal audit regulations between a developed country such as Ireland and developing countries, including most African nations.

In the case of Morocco, it is evident that the political and socio-economic environment has not encouraged the implementation of control instruments such as internal auditing. It is also apparent that Moroccan local collectivities were not predisposed to adopt these new management tools. In the same vein, the legislation has not provided sufficient scope for the internal audit function and has failed to specify the procedures for implementing this function. Moreover, the current situation of territorial collectivities demonstrates that a large number do not possess the financial, human, and technical resources necessary to establish an internal audit function (Court of Accounts, 2019). The Regional Audit Council has considered the creation of an internal audit department by collectivities lacking the necessary human resources to constitute a management failure (Court of Accounts, 2018).

For the effective implementation of internal auditing in this sector, the role of political actors and civil servants is crucial. Consequently, additional efforts are needed to raise awareness among these key actors. In addition, a suitable environment is necessary for the establishment of the audit function; this requires the development of procedural guides, a robust financial information system, and the introduction of dashboards and evaluation indicators, which are still absent in most territorial collectivities. The independence of the audit unit also constitutes an essential factor. In this regard, the independence of the audit unit from other divisions, as well as its neutrality with respect to political convictions and orientations, must be ensured. It is equally necessary for auditing officials to possess sufficient experience in the management of collectivities and an understanding of their specific characteristics.

6. Conclusion

In light of the results of this research, it appears premature to discuss internal auditing in territorial collectivities, given that the necessary conditions for its effective implementation are not yet in place. Achieving these conditions requires substantial efforts from the key actors involved, including the government, elected officials, and civil servants. The formal implementation of internal auditing within local authorities, without genuine operationalisation, exhibits characteristics of the “decoupling” phenomenon. For the vast majority of rural communities, the establishment of an internal audit department remains difficult, if not impossible, given the human and financial resources available.

6.1. Recommendations

For the effective implementation of internal auditing in local collectivities, a set of measures should be introduced, including: establishing the foundations of an internal control system within local collectivities, notably through the creation of an information system covering the entire administrative structure and the implementation of a risk management system; mandating the establishment of an internal audit unit for local collectivities possessing sufficient human and financial resources; providing technical support to a large number of local collectivities and assisting them in the process of establishing an internal audit unit; developing a fraud and corruption alert plan drawing on the experiences of developed countries such as Ireland; developing multi-year internal audit plans; conducting compliance tests for internal audit missions; preparing an annual internal audit report summarising all departmental activities carried out during the year; establishing continuing professional education programmes in internal auditing for officials within these units; and raising awareness among elected officials and civil servants regarding the importance of the internal audit function and its role as a mechanism for supporting policymakers.

6.2. Directions for Future Research

In any case, this research may constitute an initial attempt to highlight the implementation of internal auditing within these administrations. It may provide a general basis for future research to explore this subject more thoroughly using different samples or perspectives, and potentially to investigate other aspects of the management of territorial collectivities. We recommend conducting further research using samples limited to regional administrations, given that most of them possess an internal audit unit, which would help to clarify the characteristics of this function within this specific context.

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Appendix 1

Interview guide

Questions
When was the internal audit department established?
What is the number of officials assigned to the internal audit department?
What is the basic training (initial training) for officials in the internal audit department?
Is there an internal audit charter for the collectivity?
Does the internal audit charter comply with international standards?
Is there an annual internal audit plan?
What is the average number of missions carried out by the internal audit unit per year?
What is the average number of reports produced by the internal audit unit each year?
Is there a follow-up of the recommendations?
Is there a risk map?
Does the collectivity have an integrated information system?
Do you have an ongoing training programme in internal auditing?
What are the main difficulties in implementing internal auditing?

Does the change in elected officials impact the functioning of the internal audit service?
How do you perceive the difference between internal auditing in private companies and in territorial collectivities?
How do you assess the independence of the internal audit department from other departments?
Has the President taken any preventive or disciplinary measures following the audit missions?
Do you think that territorial collectivities have the necessary conditions for implementing internal audits?
Do you think that territorial collectivity officials are aware of the importance of internal auditing?
Do you think that territorial collectivity managers are aware of the importance of internal auditing?
Do you have any suggestions for overcoming the difficulties and obstacles associated with implementing this function?

CHALLENGES IN IMPLEMENTING INTERNAL AUDIT FUNCTIONS IN LOCAL GOVERNMENTS: EVIDENCE FROM MOROCCO

Summary

This article examines internal auditing within territorial collectivities in Morocco. The main objective of the research is to assess the rate of implementation of internal audit units within territorial collectivities, given that the legal establishment of this function only occurred in 2015. The study also seeks to highlight the challenges and prospects associated with this experience. The study adopts an interpretivist philosophy and a qualitative approach, using interactive interviews and purposive sampling to collect and analyse empirical data. A comparative approach was also employed to enrich the analysis. This research constitutes an in-depth case study with a limited exploratory scope, based on nine interviews conducted through a selective sampling method in order to achieve sample saturation. Additional data were collected through documentary research. The field of research is limited to the Fez-Meknes Region and includes four territorial entities representing the three levels of decentralisation. The results of this empirical study indicate that the internal audit function is not yet widely established within territorial collectivities. With the exception of certain entities, notably the 12 regions, most territorial collectivities have not implemented this new function due to several factors, including limited financial resources, the absence of an audit culture, a lack of specialised human resources, and insufficient political will. The importance of this study lies in its contribution to knowledge concerning the modernisation of territorial collectivities in developing countries, particularly Morocco, where the number of indexed articles addressing internal control within territorial administrations remains very limited. Its significance also stems from the importance of control systems within public and private organisations and their impact on performance, as well as on administrative and financial governance. In any case, this research may constitute an initial attempt to highlight the implementation of internal auditing in these administrations. It may provide future researchers with a general basis for exploring this subject from different perspectives using other samples, and potentially for investigating other aspects of territorial collectivity management.

Keywords: *internal audit, internal control, public administration, territorial collectivities*

IZAZOVI U USPOSTAVI FUNKCIJE UNUTARNJE REVIZIJE U JEDINICAMA LOKALNE SAMOUPRAVE: ISKUSTVA IZ MAROKA

Sažetak

U ovom se radu analizira unutarnja revizija u teritorijalnim jedinicama u Maroku. Glavni je cilj istraživanja procijeniti stupanj implementacije koju provode jedinice za unutarnju reviziju u teritorijalnim jedinicama, imajući u vidu da je pravna osnova za uspostavu te funkcije uvedena tek 2015. godine. Istraživanjem se također nastoje istaknuti izazovi i perspektive povezani s tim iskustvom. Studija polazi od interpretativne paradigme i primjenjuje kvalitativni pristup, pri čemu se za prikupljanje i analizu empirijskih podataka koriste intervjui provedeni na temelju namjernog uzorkovanja. Radi kvalitetnije analize primijenjen je i komparativni pristup. Istraživanje predstavlja dubinsku studiju slučaja ograničenoga eksplorativnog dosega, utemeljenu na devet intervjua provedenih primjenom selektivnog uzorkovanja radi postizanja zasićenosti uzorka. Dodatni podaci prikupljeni su analizom dokumenata. Prostorni obuhvat istraživanja ograničen je na regiju Fez-Meknes te uključuje četiri teritorijalne jedinice koje predstavljaju tri razine decentralizacije. Rezultati ovoga empirijskog istraživanja pokazuju da funkcija unutarnje revizije još nije široko uspostavljena u teritorijalnim jedinicama. Uz iznimku određenih jedinica, osobito 12 regija, većina teritorijalnih jedinica nije uspostavila ovu novu funkciju zbog više čimbenika, među kojima su ograničeni financijski resursi, nepostojanje revizijske kulture, nedostatak specijaliziranih ljudskih resursa i nedostatna politička volja. Važnost ove studije ogleda se u njezinu doprinosu spoznajama o modernizaciji teritorijalnih jedinica u zemljama u razvoju, osobito u Maroku, gdje je broj indeksiranih radova koji se bave unutarnjom revizijom u teritorijalnim jedinicama i dalje vrlo ograničen. Njezino značenje proizlazi i iz važnosti nadzornih sustava u javnim i privatnim organizacijama te njihova utjecaja na izvedbu, kao i na upravno i financijsko upravljanje. U svakom slučaju, ovo istraživanje predstavlja inicijalni pokušaj pojašnjenja unutarnje revizije u teritorijalnim upravnim strukturama. Budućim istraživačima može pružiti opću osnovu za proučavanje ove teme iz različitih perspektiva i na drugim uzorcima, kao i za potencijalno istraživanje drugih aspekata upravljanja teritorijalnim jedinicama.

Ključne riječi: *unutarnja revizija, unutarnja kontrola, javna uprava, teritorijalne jedinice*