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**ASSESSING THE ROLE OF AUDITING IN PUBLIC
SECTOR OF MYANMAR**

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ASSESSING THE ROLE OF AUDITING IN PUBLIC SECTOR OF MYANMAR

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ABSTRACT

This study examines the role of public sector auditing in enhancing good governance and public financial management in Myanmar. This study aims to analyze the role of auditing in enhancing accountability and transparency in the Myanmar Public Sector and to assess how to promote public financial management system. The research applies a Multiple Linear Regression (MLR) model to analyze the impact of four key variables, such as Accountability and Transparency, Laws and Regulations, Audit Efficiency, and Effectiveness of Audit on financial management practices. The sample size of 367 auditors represents 5 percent of the total population of 4523 auditors. However, due to the earthquake on March 28, responses are received from only 326 auditors. Additionally, secondary data from national audit reports and survey results were reviewed to support the analysis. The findings reveal that Audit Efficiency and Effectiveness of Audit are the most significant predictors of improved public financial management, while Laws and Regulations also contribute moderately. Accountability and Transparency, although positively associated, do not show a statistically significant impact. The results underscore the importance of strengthening audit operations and institutional effectiveness to improve financial governance in the public sector of Myanmar.

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LIST OF ABBREVIATIONS

ASOSAI	Asian Organization of Supreme Audit Institutions
ASEANSAI	ASEAN Supreme Audit Institutions
AFA	ASEAN Federation of Accountants
ACPA	ASEAN Chartered Professional Accountant
ANOVA	Analysis of Variance
ADB	Asian Development Bank
AG	Accountant General
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
CPA	Certified Public Accountant
CGU	The Office of the Comptroller General
CMA	Controller of Military Accounts
CPTA	Controller of Post and Telecommunications Accounts
CAATs	Computer Assisted Audit Techniques
CIA	Certified Internal Auditor
DA	Diploma in Accountancy
ELFA	Examiner of Local Funds Accounts
GAAP	Generally Accepted Accounting Principles
IPSAS	International Public Sector Accounting Standards
INTOSAI	International Organization of Supreme Audit Institutions
IMF	International Monetary Fund
IFRS	International Financial Reporting Standards
ISSAI	International Standards of Supreme Audit Institutions
IFAC	International Federation of Accountants
ISA	International Standards on Auditing
IT	Information Technology
MLR	Multiple Linear Regression
MAC	Myanmar Accountancy Council
MICPA	Myanmar Institute of Certified Public Accountants
NAO	National Audit Office
OECD	Organization for Economic Co-operation and Development
OAG	Office of the Auditor General of the Union

PFM	Public Financial Management
PEM	Public Expenditure Management
PEFA	Public Expenditure and Financial Accountability
SAI	Supreme Audit Institutions
SPSS	Statistical Package for Social Sciences
UAGO	Union Auditor General Office
UNDP	United Nations Development Programme

CHAPTER 1

INTRODUCTION

Public financial resources are vital instruments for advancing national development. In every nation, the planning, allocation, and use of public funds reflect both the government's priorities and its ability to provide effective public services. In this context, public spending represents the tangible result of the larger system of public administration, which includes the structures and processes that carry out public policy. The success of these efforts greatly depends on the mechanisms established to ensure accountability, transparency, and efficiency in resource management. One of these mechanisms is auditing within the public sector, which is essential for monitoring the management of public funds and strengthening the trust relationship between governments and their citizens (INTOSAI, 2019).

The move toward democracy and a market economy in Myanmar has intensified the demand for public institutions to enhance their transparency and accountability. Nonetheless, the public sector in the country still faces major challenges such as ineffective spending, inadequate budget discipline, weak institutional capacity, and restricted implementation of financial controls (PFM Reform Program Strategy, 2018). The public administration system is crucial for providing public goods and services, but it often suffers from a lack of resources, autonomy, and appropriate oversight mechanisms needed to operate effectively. Here, auditing is fundamental to enhancing governance and guaranteeing that public resources are utilized in ways that correspond with national development objectives.

With the rise in demands for infrastructure, healthcare, education, and social protection leading to greater public expenditure volume and complexity, the necessity for efficient audit mechanisms becomes increasingly vital. According to the OECD (2019), auditing offers an impartial assessment of whether expenditures align with legal standards, correspond to budgetary intent, and yield value for money. In addition, it acts preventively by discouraging corruption and wasteful practices through the establishment of regular oversight. In Myanmar, where fiscal transparency and budget credibility are still developing, an effective audit system can significantly enhance public financial management.

In addition, a key element of effective governance is the creation of strong accountability and transparency mechanisms, especially concerning the management

of public resources. Among the different mechanisms that uphold these principles, auditing is crucial. Auditing goes beyond being just a means for financial oversight; it is essential for guaranteeing that public funds are utilized efficiently, ethically, and in compliance with established laws and regulations (INTOSAI, 2019). In this regard, auditing of the public sector serves as an essential tool for governments to foster public confidence, reduce corruption, and improve the efficiency of public administration overall (OECD, 2019).

Similar to numerous developing nations, Myanmar encounters various difficulties regarding the governance of its public sector. Problems like inadequate institutional capacity, lack of transparency, and inefficiencies in public financial management are still obstructing the country's development (World Bank, 2020). The public sector in Myanmar continues to face challenges related to effective implementation and enforcement, despite various reforms such as the introduction of new financial regulations and oversight frameworks. In such a context, auditing takes on an even greater importance. Auditing can enhance institutional accountability, optimize public service delivery, and support the prudent use of financial resources (Asian Development Bank, 2019).

In recent years, the Government of Myanmar has made efforts to enhance its audit functions, which include reorganizing the Office of the Auditor General (OAG) and ensuring that audit practices are in line with international standards like those established by the International Organization of Supreme Audit Institutions (INTOSAI, 2019). Nonetheless, a significant gap persists between policy and practice, especially regarding audit independence, follow-up on audit findings, and public awareness of audit reports (Transparency International, 2020). Consequently, it is both timely and essential to comprehensively assess the role of auditing in Myanmar's public sector.

The aim of this study is to investigate and examine how auditing contributes to greater transparency and accountability in Myanmar's public institutions. Additionally, it aims to evaluate the ways in which enhanced auditing practices can aid in creating a more efficient public financial management system. The study intends to provide insights that are academically relevant and practically useful for policymakers, auditors, and other stakeholders involved in public sector governance by concentrating on these objectives.

1.1 Rationale of the Study

Every government spend a lot of expenditure for their people to develop socio economics. The government's revenue primarily comes from taxes, and its activities play a vital role in various sectors such as health, education, social welfare, and sports. Ensuring accountability and transparency in how the government spends its revenue is essential. The public sector operates using funds sourced from taxpayers and other public contributions, necessitating a robust system to ensure transparency, efficiency, and adherence to legal and ethical standards. Public sector entities increasingly operate in a globalized environment, requiring their accounting and auditing practices to be comparable with international standards.

Public expenditure goes beyond mere financial transactions; it embodies the government's priorities, policy commitments, and institutional effectiveness. Without proper oversight, even well-meaning expenditures can result in inefficiencies, misallocations, or misuse of funds. Public auditing offers the essential assurance that expenditures are legal, economical, and directed toward the intended beneficiaries (Asian Development Bank, 2019).

In Myanmar, ineffective public financial management (PFM) systems have been recognized for a long time as a significant barrier to sustainable development and institutional reform. While attempts have been made to establish fiscal rules, performance budgeting, and medium-term expenditure frameworks, the implementation has frequently been inconsistent. Budget deviations, procurement irregularities, and lack of transparency in reporting practices are still prevalent (UNDP, 2021). As the driving force behind service delivery, the public administration system is missing strong internal controls and monitoring mechanisms vital for maintaining fiscal discipline. This is where audit institutions, particularly the Office of the Auditor General of the Union (OAG), play a crucial role.

Within public administration, auditing serves various purposes. Initially, it serves as a protective measure against corruption and financial mismanagement by guaranteeing adherence to laws and regulations. Secondly, it enhances performance and outcomes by pinpointing systemic shortcomings in how the program is carried out. Third, it provides decision-makers and stakeholders—within both civil society and government—with dependable, impartial evaluations of public resource utilization (INTOSAI, 2019). To put it differently, auditing cannot be seen in isolation; rather, it is a vital part of an effective public administration system.

Moreover, effective utilization of audit findings is vital for enhancing public expenditure management. The quality of governance improves when audit reports result in corrective actions, such as sanctions, reforms, or reallocating funds. In Myanmar, however, audit findings are not consistently acted upon and enforcement mechanisms are weak (Transparency International, 2020). This weakens the trustworthiness of auditing entities and diminishes citizens' faith in governmental activities. Hence, it is crucial to investigate ways to enhance the integration of audit functions within the overall PFM cycle, encompassing planning, budgeting, implementation, and review.

The Supreme Audit Institution is crucial for enhancing fiscal oversight; however, its effectiveness is compromised by various institutional challenges, including inadequate follow-up on audit recommendations, lack of autonomy, and capacity limitations (INTOSAI, 2010 & OECD, 2016). With the growing complexity of public expenditure—especially in areas such as infrastructure, health, and education—the need for transparent, accountable, and efficient public financial systems intensifies (IMF, 2014 & PEFA Secretariat, 2016). In addition, developing countries persistent challenges such as limited transparency, weak accountability mechanisms, inefficient audit processes, and inconsistent compliance with financial regulations continue to undermine the integrity of public resource management (Asian Development Bank, 2022; World Bank, 2020). Nevertheless, a significant gap persists in evaluating the role of auditing practices in bolstering accountability and transparency, as well as in determining how these practices can be utilized to enhance the overall PFM system in countries. Therefore, this study aims to explore how auditing contributes to enhancing accountability and transparency in the Myanmar public sector and to assess how audit practices can promote a more effective and accountable public financial management system.

1.2 The Objectives of the Study

The objectives of the study are as follows:

- (a) to analyze the role of auditing in enhancing accountability and transparency in the Myanmar Public Sector and
- (b) to analyze how to promote public financial management system

1.3 Method of the Study

This study adopts a mixed-methods approach combining both quantitative and qualitative data collection techniques to analyze the role of auditing in strengthening governance and public financial management (PFM) in Myanmar. The quantitative part is based on a structured survey tool sent through Google Forms to more than 300 respondents, including auditors at all levels. A Multiple Linear Regression (MLR) model is used to analyze the relationship between the variables, enabling an evaluation of the strength and direction of associations between predictors and governance outcomes (Creswell & Creswell, 2018).

The total population of this study consists of 4,523 staff members involved in public sector auditing and financial oversight at the Office of the Auditor General of Union (OAG) and the sample size are 326 staff, which are calculated using Slovin's Formula. Nevertheless, following the earthquake on March 28 in Naypyidaw, Mandalay, Sagaing in Myanmar, which impacted accessibility and operations in multiple areas, conducting a comprehensive survey of the entire population was not practical. Consequently, sampling was used to choose 326 respondents deemed knowledgeable and experienced in areas pertinent to the study's objectives. The survey participants are chosen from three essential sites engaged in public sector auditing from Head Office and Local Audit Office respectively.

Additionally, secondary data are included to complement the findings from primary sources. This encompassed survey data gathered by the OAG in the 2023–2024 fiscal year, assessing various ministries' satisfaction with audit services. The primary findings were benchmarked and the consistency of perceptions across various stakeholder groups was assessed using these data. The study offers a thorough assessment of auditing's role in governance and public financial management in Myanmar by integrating primary survey data, and secondary sources, thus enhancing the reliability and depth of the research findings.

1.4 Scope and Limitations of the Study

There are two types of audits; internal audit and external audit. Internal audit is the independent review of an organization's processes, systems, and procedures. It is a consulting activity that provides objective assurance and advice to help improve the organization's operations. Internal auditors are the staffs of the organization and the external auditors are the third party. That is why the external auditors are more

independence than internal auditors. This paper is only emphasized on the external audit.

This study's total population comprises 4,523 staffs engaged in public sector auditing and financial oversight within the Office of the Auditor General of Union (OAG). This population is categorized into three primary groups: 1,173 are official personnel engaged in government auditing and oversight roles, 2,517 are non-official auditors which may comprise external or independent auditors aiding public sector accountability, and 833 are non-official staffs who do not serve as auditors but are indirectly involved in audit-related functions or processes of public financial management. This research covers the answers of questionnaires from the official and non-official auditing staff.

1.5 Organization of the Study

The paper proceeds in section 2 with a reviewing of the literature concerning the role of auditing. This review presents an overview of the definition of public administration, public financial management, and public sector, and then describe the main facts of the relationship between public administration and auditing. Additionally, it reviews previous studies and conceptual framework of the study. Section 3 describe a brief background of the public sector auditing in Myanmar and current auditing practices in Myanmar public sector. Section 4 outlines the survey analysis including detailed methodology of the study, the analysis of data, overviewing the secondary data survey and interview responses. It provides an in-depth discussion to better understand the role of auditing in Myanmar's public sector. Section 5 presents finding, conclusion, recommendation and future perspectives for research and practice.

CHAPTER 2

LITERATURE REVIEW

This chapter provides an overview of the concept of public sector, public administration, public financial management and then describe the main facts of the relationship between public administration and auditing. Additionally, the role of auditing, review on previous literatures, and conceptual framework of the study is divided into separate sections in this chapter.

2.1 Public Sector, Public Administration and Public Financial Management

The public sector is crucial for providing fundamental services and executing government policies aimed at national development. Public administration that is effective guarantees the fulfillment of these duties with transparency and accountability, while also being responsive to citizens' needs. In this context, effective public financial management is crucial for ensuring that public resources are used efficiently and for maintaining public trust. The clear definition and concept of the topics describes in the following part of this section.

2.1.1 Public Sector

The public sector encompasses the segment of the economy that is governed, managed, or funded by government authorities. It comprises all governmental entities, institutions, and services across national, regional, and local levels. It includes essential functions like public administration, defense, law enforcement, public health, education, infrastructure, and social welfare. These functions are mainly directed at serving the public interest rather than making a profit (OECD, 2015). Organizations in the public sector are usually financed by taxes and hold accountability to citizens via democratic and legal systems. They play a vital role in fostering social equity, ensuring economic stability, and providing essential public goods and services (Flynn, 2007).

Practices for managing public spending range greatly across the globe, reflecting variations in institutional capabilities, governance frameworks, and economic circumstances. According to the International Monetary Fund (IMF, 2018), integrating performance-based budgeting, creating strong budgetary frameworks, and guaranteeing public involvement in fiscal decision-making are all examples of best practices in public expenditure management. Because of its emphasis on openness and budgetary restraint, nations like Sweden and New Zealand are frequently mentioned as examples of successful public expenditure management.

2.1.2 Public Administration

Many authors describe the definition of the public administration variously. The field of public administration is fundamental to the management of public resources, the execution of government policy and procedures, and the protection of citizens' welfare. Frederickson (2005) highlights the significance of public administration in managing public resources and guaranteeing policy implementation, characterizing it as a "dynamic field" that changes in response to social demands. It facilitates the accomplishment of governmental objectives by functioning at the nexus of political and administrative systems.

Globalization, technology, and expectations from society present a variety of complex difficulties for public administration today. Accountability in governance is also a major concern. Despite being necessary, transparency procedures can occasionally restrict administrative efficiency, as examined by Bovens, Goodin, and Schillemans (2014). In public administration, accountability ensures that the public and other stakeholders can hold governmental entities accountable for their activities. According to Bovens (2007), accountability is a social system in which an actor is evaluated and asked to justify their conduct. Public institutions must maintain their effectiveness and transparency through the use of procedures like audits, performance reviews, and public feedback loops. Corruption and inefficiencies can threaten governance in a lack of accountability (Hood, 2010).

The foundation of efficient public administration is good governance. According to the World Bank (1992), it is the process of making sound decisions that include responsiveness, equity, inclusivity, participation, and the rule of law. By establishing processes that are efficient, responsible, and egalitarian, good governance fosters sustainable development. It is frequently assessed using frameworks like the Worldwide Governance Indicators, which measure aspects including government effectiveness, regulatory quality, and corruption control.

The literature surrounding public administration is extensive, encompassing topics like good governance, accountability, transparency, policy-making, organizational behavior, and public sector ethics. This review adds some challenges and emerging trends. Nowadays, the digitalization of public services is a new trend. Meijer (2015) indicated that research describes big data analytics and artificial intelligence have the ability to completely transform administrative procedures, albeit with caution due to ethical and privacy issues.

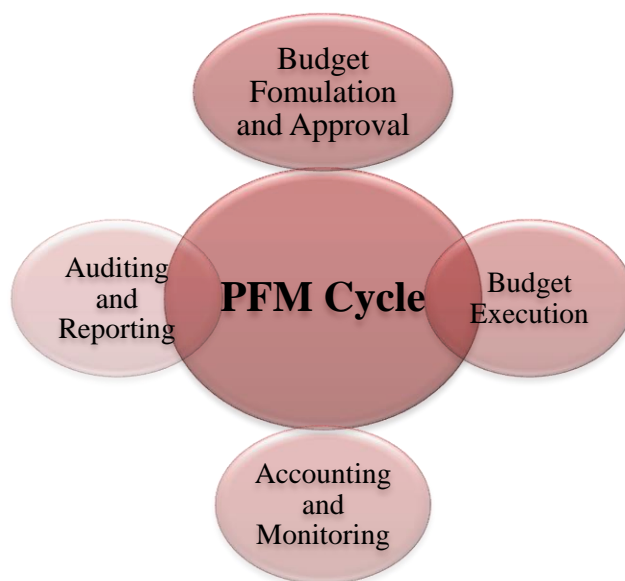
Furthermore, in response to complicated societal issues, the concept of collaborative governance has gained favor. In order to accomplish goals, this concept places a strong emphasis on collaborations between the public, private, and nonprofit sectors (Emerson, Nabatchi, & Balogh, 2012).

A crucial aspect of public administration, public expenditure management (PEM) is concerned with the effective and efficient allocation, utilization, and monitoring of public funds. The public expenditure management seeks to provide value for money in public expenditure, achieve fiscal discipline, and align resource allocation with strategic priorities (Allen & Tommasi, 2001). According to Schick (1998) emphasizes that in order to avoid inefficiencies and corruption, a strong institutional structure, accountability, and openness are necessary for an effective public expenditure system. Governments' ability to connect spending to quantifiable results has been further improved by the adoption of performance-based budgeting, which has increased accountability and public trust.

2.1.3 Public Financial Management (PFM)

The term Public Financial Management (PFM) encompasses the laws, processes, and institutions that regulate the collection, allocation, expenditure, and accounting of public resources. As stated by the World Bank in 2013, it is an essential element of governance that has a direct effect on fiscal discipline, strategic resource allocation, and the efficiency and effectiveness of public service delivery.

Figure (2.1) Public Financial Management Cycle



Source: World Bank (2011)

Within the PFM system, auditing serves a vital function by guaranteeing that financial transactions adhere to legal and regulatory standards, and by holding public officials accountable for their management of public resources. According to INTOSAI (2010), auditing contributes to the enhancement of transparency and credibility within public financial systems, which in turn strengthens, public trust in government institutions.

The Public Financial Management (PFM) Cycle serves as a fundamental framework detailing the process by which governments manage public resources, encompassing planning, execution, oversight, and feedback stages. It is essential for attaining fiscal discipline, strategic resource allocation, and efficient service delivery (World Bank, 2011 & Andrews, 2010). The above figure (1) show the PFM cycle based on the literatures.

At the outset, the government estimates income and allocates spending in accordance with developmental objectives and policy priorities. For macroeconomic stability and the effective utilization of public funds, a well-organized budget formulation process is essential. According to Schick (2010), audit institutions can aid this phase by integrating findings from earlier audits to guarantee improved planning and realistic revenue projections. The legislature receives the proposed budget, reviews and debates it, and ultimately authorizes the final version. This phase guarantees that financial decisions made in the public interest are democratically examined and align with national priorities. Legislative oversight, bolstered by contributions from audit reports, enhances transparency and accountability (OECD, 2011).

The legislature is presented with the proposed budget, examines and discusses it, and ultimately approves the final version. This phase ensures that financial decisions made in the public interest are democratically reviewed and consistent with national priorities. Legislative oversight, supported by input from audit reports, improves transparency and accountability (OECD, 2011).

While executing the budget, it is the duty of governmental bodies to systematically document financial transactions and ensure that their records are precise. Public funds are tracked transparently and promptly, thanks to effective accounting practices. At the same time, internal monitoring mechanisms are essential for supervising financial performance and identifying irregularities. By confirming that financial data is accurate and complete, auditors make a considerable contribution to the integrity of public finance operations (PEFA Secretariat, 2011).

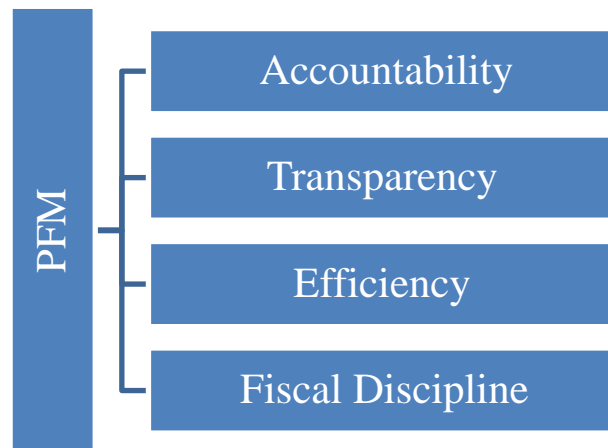
Institutions like Supreme Audit Institutions are tasked with evaluating the legality, efficiency, and effectiveness of government financial activities. Audits conclude with comprehensive reports that outline findings and provide actionable recommendations. These reports, submitted to legislative and oversight bodies like Parliament, strengthen accountability in the public sector and help improve policies and operations. Transparent audit reporting increases the credibility of public financial management and contributes to the restoration of public trust (INTOSAI, 2010 & PEFA Secretariat, 2011).

PFM plays a crucial role in promoting accountability in the public sector. It offers mechanisms for holding governments accountable for their financial choices. Instruments such as audits, financial reporting, and parliamentary scrutiny allow oversight bodies and citizens to evaluate the efficiency and legality of public funds usage (Andrews, 2010 & PEFA, 2016).

Transparency indicates the openness of public financial activities, which encompasses the publishing of budgets, expenditure reports, and audit results. When PFM systems are transparent, stakeholders can comprehend the allocation and use of public funds. The International Monetary Fund (IMF, 2014) states that fiscal transparency is fundamental to effective public governance and acts as a deterrent to corruption.

In PFM, responsibility relates to public officials' duty to manage public resources wisely and in line with legal and ethical standards. This encompasses responsible budgeting, procurement, and execution of programs. According to the OECD (2018), effective PFM systems promote unambiguous accountability for government agencies, leading to a decrease in financial mismanagement. The following figure (2.2) show the major dividers of PFM systems.

Figure (2.2) Major Dividers of Public Financial Management Systems



Source: Researcher's own based on OECD (2018) & PEFA (2016)

2.2 Role of Auditing, Relation between Public Administration and Auditing

Auditing serves as a key mechanism to ensure accountability and transparency in the management of public resources. In the sphere of public administration, it provides independent oversight that strengthens institutional integrity and performance. The close relationship between auditing and public administration is essential for promoting good governance and enhancing public trust. The next part of this section presents role of auditing, and also the relation between public administration and auditing.

2.2.1 Role of Auditing

A vital component of financial and organizational accountability, auditing makes sure that organizations follow rules and guidelines. According to Arnes et al. (2017), the main goal of auditing is to provide an objective and independent assessment of financial statements, internal controls, and operational effectiveness. Auditing has several uses both private and public sector. It protects the interests of creditors, investors, and other stakeholders in the financial sector by ensuring the fairness and truth of financial reporting (Hayes et al., 2014). Nevertheless, performance auditing evaluates the economy, effectiveness, and efficiency of organizational activities, assisting organizations in making the best use of their resources (Power, 1997).

Auditing is essential in public administration because it promotes openness, accountability, and good governance. The International Organization of Supreme Audit Institutions (INTOSAI) highlights that public sector auditing promotes fiscal discipline and assures proper use of public funds (INTOSAI, 2019). Auditors help to improve service delivery by analyzing government policies and expenditures. According to a

study, Appah E., Onowu J.U., Adamu A.J. (2021), they define that public sector auditing is the systematic process of gathering and evaluating relevant and reliable evidence to evaluate if information or actual conditions meet the standards. The purpose is to provide information and objective evaluations of government policies, programs, and operations to legislators, oversight bodies, government officials, and those charged with governance.

In today's ever-changing world, auditing faces a number of obstacles. These include the growing complexity of financial instruments, regulatory changes, and the rapid adoption of technological advances. Alles (2015) points out that auditors must adapt to the changing scenario by incorporating data analytics and artificial intelligence into their procedures. Furthermore, preserving auditor independence and objectivity is crucial, since any compromise might impair the audit process's credibility (Knechel & Salterio, 2016).

In addition, the auditing function is crucial to fostering transparency, accountability, and sound governance in the management of public sector entities. Its main role is to offer an independent and objective assessment of the responsible management of public funds in alignment with laws, policies, and intended purposes (INTOSAI, 2010). Worldwide, effective auditing systems have been linked to greater fiscal discipline, diminished corruption, and better service delivery results.

The Organization for Economic Co-operation and Development (OECD, 2016) states that the responsibilities of Supreme Audit Institutions (SAIs) go beyond conventional financial audits to encompass performance, compliance, and environmental audits. These various audit modalities assist stakeholders in comprehending the extent to which public resources are being used, considering both legality and efficiency and effectiveness. In nations such as the UK and Sweden, Supreme Audit Institutions (SAIs) conduct performance audits to evaluate the cost-effectiveness of public expenditures and provide policy recommendations grounded in evidence (OECD, 2016).

The International Monetary Fund (IMF, 2014) further emphasizes that public sector auditing plays a role in promoting fiscal transparency and confidence in government. When audit reports are made public, they offer stakeholders—such as citizens, civil society organizations, and oversight bodies—dependable data to examine government actions. For instance, the United Kingdom's National Audit Office (NAO)

publishes its audit findings on the internet, which facilitates wider public involvement and parliamentary supervision (NAO, 2021).

In developing countries, auditing takes on greater importance because of the elevated risk of misallocation of resources and the presence of fragile institutional structures. The research conducted by Campos and Pradhan (2007) regarding anti-corruption initiatives highlights those independent audits rank among the most effective means of uncovering public fund misappropriation and fostering corrective measures. For example, in Brazil, the random audits of municipal governments conducted by the Office of the Comptroller General (CGU) led to a significant decrease in corruption and enhancements in education and health outcomes (Ferraz & Finan, 2011).

Moreover, auditing serves both a preventive and corrective function within public financial management (PFM). Public sector audits, as highlighted by Appah, Onowu, and Adamu (2021), offer assurance regarding the integrity of financial information while also revealing systemic inefficiencies and facilitating ongoing enhancement. Their research into audit practices in Nigeria shows that regular audits have enhanced public sector accountability, particularly when legislative and executive bodies treat findings with due seriousness.

The role of auditing is being reshaped by technology as well. With the rise of digital platforms and data analytics, audit institutions are incorporating tools to enhance the precision and efficiency of audit processes. According to the World Bank (2020), e-auditing and real-time data use can improve anomaly detection, thus making audit findings more relevant and timelier.

Even with these favorable developments, the efficacy of auditing is frequently limited by political meddling, inadequate implementation of audit recommendations, and restricted institutional capacity. According to Santiso (2009), the influence of auditing is determined not just by its technical quality but also by the political and institutional context in which it functions. Thus, in order for auditing to fulfill its complete purpose, it is essential for governments to guarantee that audit institutions are independent and create systems to track the implementation of audit recommendations.

The public sector's auditing function is complex—it guarantees financial regularity, enhances policy effectiveness, and fosters confidence in governmental entities. Through ensuring transparent management of public funds and alignment with development goals, effective auditing bolsters governance.

2.2.2 Relation between Public Administration and Auditing

The fields of public administration and auditing are related, having similar objectives and supporting one another in the pursuit of good governance. Accountability, transparency, and efficiency are values that both public administration and auditing seek to preserve. Jensen & Meckling (1976) described that public administration seeks to ensure responsible governance, while auditing verifies that actions and resources align with established standards. According to the International Organization of Supreme Audit Institutions (2019), it mentioned public administration procedure inspections increase transparency and maintain stakeholder trust in government operations. Also, it stated performance audits are frequently used by public administration to assess whether government programs accomplish the intended objectives. (INTOSAI, 2019). By finding differences in the developing and execution of policies, auditing provides public administrators to overcome weaknesses (Khan & Chowdhury, 2016). Therefore, public administration and auditing are interdependent. While public administration focuses on managing resources and delivering services, auditing ensures these efforts are conducted transparently and effectively. When combined, they improve governance quality, promote accountability, and establish trust.

Public administration and auditing are fundamentally connected within the governance framework of every nation. Public administration is concerned with developing and executing government policies and providing public services, while auditing serves a vital oversight function that guarantees these tasks are carried out efficiently, accountably, and with integrity (Rosenbloom, Kravchuk, & Clerkin, 2014). The two-way relationship boosts institutional performance at all tiers of government and enhances public trust.

Countries that have established robust audit systems on an institutional level have seen enhancements in public sector governance on a global scale. As an example, the Board of Audit and Inspection in South Korea has been instrumental in revealing inefficiencies in public service delivery and fostering ethical conduct within administrative bodies (Kim, 2018). The Board conducts regular performance audits to help ensure that ministries adhere to financial regulations and policy objectives, thus bolstering transparency in public administration.

In nations such as Sweden and Canada, audit institutions play a vital role in upholding democratic accountability. For instance, Sweden's National Audit Office is

an autonomous organization that has direct reporting lines to the Parliament. Its results regarding financial compliance and operational effectiveness affect legislative oversight and administrative reforms (OECD, 2016). In a similar manner, the Office of the Auditor General of Canada offers unbiased assessments of public fund management, aiding in the enhancement of public program design and delivery through evidence-based recommendations (Auditor General of Canada, 2020).

Through auditing, it is also ensured that public administration stays in accordance with the tenets of budgetary discipline and financial stewardship. For example, in Tanzania, the National Audit Office has played a crucial role in pinpointing deficiencies in procurement practices and financial management, leading to reforms that improve service delivery efficiency (World Bank, 2018). As noted by Andrews (2010), when audit findings are incorporated into policymaking, it establishes an ongoing feedback loop between oversight and administration that fosters a learning-oriented public sector.

In numerous developed economies, the auditing of public administration has progressed from conventional compliance audits to encompass performance and environmental audits, placing greater emphasis on results and policy outcomes. For instance, the National Audit Office (NAO) of the United Kingdom performs value-for-money audits to evaluate how effective and efficient public expenditure is across different departments. Its function has broadened beyond the mere detection of mismanagement to include proactive recommendations for enhancements in the implementation of public policy (NAO, 2021).

Moreover, auditing institutions are crucial in bolstering transparency by publicly disclosing audit outcomes. Making audit reports publicly accessible increases citizen involvement, ensures civil servants and elected officials are accountable, and fosters a culture of transparency in governance (IMF, 2014). The Commission on Audit in the Philippines posts its findings online, which allows civil society and the media to monitor government performance and highlight governance issues (ADB, 2017).

To successfully implement audit recommendations, it is crucial for auditors to work together with public administrators. This relationship, however, needs to be managed carefully in order to maintain the independence of audit institutions and at the same time guarantee that their recommendations can be implemented and are realistic. The OECD (2016) points out that successful auditing frameworks rely on a mix of

professional independence, well-defined legal mandates, and effective collaboration between agencies.

The connection between auditing and public administration is foundational to modern in the public sector management. Auditing gives assurance of compliance with legal and financial regulations while also promoting performance enhancement and organizational learning. Countries like Canada, Sweden, South Korea, and the UK that have successfully integrated auditing with public administration serve as global models demonstrating how oversight mechanisms can enhance governance, guarantee responsible public expenditure, and maintain democratic accountability.

2.3 Review on Previous Study

According to Karabayev et al. (2021), external public audit plays a crucial role in fostering financial stability within the budgets of developing countries. The authors contend, based on practices from developed countries, that external audit plays a crucial role in independent oversight, which allows for a more rational and efficient utilization of public resources. The study assesses how audits can evaluate the sustainability of public spending without increasing public debt, using conventional financial analysis methods like absolute and relative indicators. The study uncovers structural and systemic problems in the budgetary systems of developing countries and puts forth strategic recommendations aimed at improving fiscal discipline and administrative efficiency. The authors ultimately conclude that a strong external audit system bolsters budgetary stability, strategic planning, and public governance (Karabayev et al., 2021).

The Institute of Internal Auditors (IIA, 2012) underscores auditing's vital role in improving governance within the public sector, noting its contribution to government accountability, integrity, and transparency. The guidance details the role of public sector auditors in fostering effective governance through independent evaluations of government activities, identification of inefficiencies, and suggestions for enhancements to risk management and internal controls. It emphasizes that audit institutions must uphold their independence, competence, and credibility in order to effectively serve stakeholders such as citizens and legislative bodies. According to the IIA (2012), the document acts as a strategic framework for positioning audit functions in public organizations, ensuring alignment with governance objectives and fostering public trust.

Saeed et al. (2020) investigates how internal and external auditing affect public sector governance in the Kurdistan Regional Government. The authors utilize survey data from treasury employees and ordinary least squares regression to determine that the audit's functions of compliance, internal control, and risk management significantly improve governance outcomes. Key audit activities—including offering assurance on risk management, reviewing systems and processes, monitoring performance, and ensuring adherence to the budget—were all positively associated with enhanced governance. Their results highlight the necessity of bolstering audit practices to promote transparency, accountability, and institutional performance in public administration.

Ojima's (2025) research examines how external auditing affects the performance of certain public institutions in Rivers State, Nigeria. The study utilized a correlational research design to gather quantitative data from the chosen public institutions in order to investigate the link between external audit practices and performance in the public sector. To evaluate the impact of compliance with audit procedures on financial accountability and governance outcomes, statistical correlation analysis was utilized. The results show a robust compliance with audit procedures and financial accountability frameworks, which aid in enhancing governance and sustainable development. It is reported in the study that timely audit interventions have led to a decrease in financial irregularities. It suggests bolstering financial transparency, fostering audit independence, and guaranteeing regular training for public sector personnel to improve service delivery and accountability.

Joseph and Onyeonu (2023) investigate how public sector auditing can help close the trust gap between citizens and elected officials in Nigeria's North Central states. The study, which concentrates on performance and financial audits, aims to evaluate the impact of these auditing functions on accountability and transparency in Benue, Kogi, Kwara, Nassarawa, Niger, Plateau, and the Federal Capital Territory. With the help of Spearman regression analysis, the authors determine that both categories of audits serve as statistically significant predictors for enhanced accountability and transparency in governmental operations. In conclusion, the study recommends that state governments enhance their auditing systems in order to bolster public confidence and foster ethical governance.

The research conducted by Ahmad and Alrabba (2017) explores how external auditing contributes to the reinforcement of governance mechanisms aimed at

managing banking risks in Jordan's banking sector. The research utilizes hypothesis testing through sample t-tests, employing both structured and unstructured questionnaires distributed to internal auditors from 11 banks. The results show that external auditing is vital for improving governance practices, necessitating enhancements in financial oversight and risk mitigation by bank management. About 70% of the banks surveyed recognized that external audits play a beneficial role in activating governance functions. In order to lower financial risk exposure and enhance the quality of decision-making in Jordanian financial institutions, the authors suggest that international accounting standards be adopted and that there be investment in accounting information technology.

Mattei et al., (2021) conducted a thorough literature review that outlines the development of research on public sector auditing from 1991 to 2020. This review demonstrates how academic investigation has broadened in response to changes in public governance paradigms. The study reveals an increasing diversification of auditing themes by conducting a structured review of articles published in journals focused on accounting and public management. This diversification aligns with the shift from traditional public administration to new public management and, more recently, to new public governance. The authors emphasize a shift in audit practices: moving from fundamental financial and compliance audits to more intricate performance and comprehensive audits. They argue that this is indicative of wider institutional changes in the public sector and propose various areas for future investigation that have not been thoroughly examined, including the audit implications of digital transformation and sustainability reporting.

The impact of public financial audits on the financial performance of county governments in Kenya's coastal region was studied by Salim and Olouch (2018). The main aim was to evaluate the impact of audit queries closure, audit recommendations, attitudes toward audit reports, and enforcement capacity on financial outcomes in counties like Mombasa, Kilifi, Lamu, Kwale, and Tana River. Using a descriptive research design and census sampling technique, structured questionnaires were employed to gather data from 60 officials in finance-related roles. The analysis carried out with SPSS Version 22 showed that the four independent variables accounted for 71.4% of the variation in financial performance, and all had statistically significant positive effects ($p < 0.05$). The study concluded that to enhance financial performance in local governments, improve service delivery, and reduce fiscal leakages, it is

essential to properly implement audit recommendations, proactively close audit queries, and robustly enforce audit findings.

The adoption and enforcement of recommendations from audit reports improve internal controls and compliance, thereby enhancing financial integrity (Salim & Olouch, 2018). Positive perceptions and constructive engagement with audit reports among public officials foster accountability and responsiveness to audit findings (Salim & Olouch, 2018). The ability of institutions to enforce audit outcomes ensures corrective actions are taken, thereby strengthening governance and reducing fraud risks (Salim & Olouch, 2018). Effective auditing is associated with controlling and reducing financial fraud, which protects public resources (Edheku et al., 2022). Auditing contributes to the enhancement of internal controls, which are essential mechanisms for safeguarding assets and ensuring accurate financial reporting (Edheku et al., 2022). The reliability and credibility of financial reports improve due to auditing, enabling better decision-making and increased public trust (Edheku et al., 2022). This encompasses improved financial management, transparency, service delivery effectiveness, and overall governance outcomes resulting from robust auditing practices.

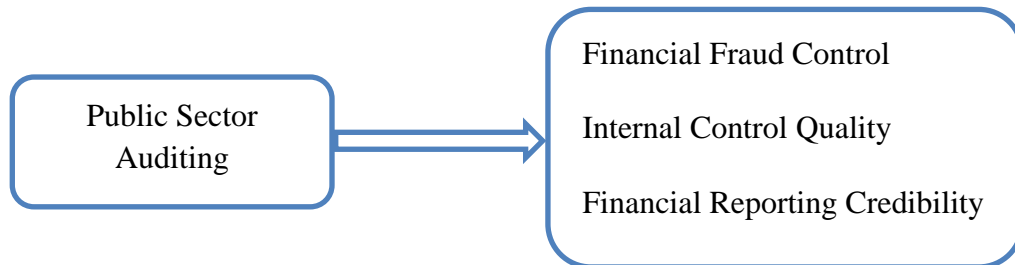
2.4 Conceptual Framework of the Study

In the public sector, auditing plays a vital role in improving financial management, accountability, and transparency, all of which contribute to better organizational performance and service delivery. This study conceptualizes the relationship between auditing processes and public sector performance through key auditing components and their effects on financial outcomes, based on the findings of Salim and Olouch (2018) and Edheku, Obembe, and Sigah (2022).

The study by Edheku et al., 2022 examined how public sector auditing contributes to improved public financial management in Nigeria. The investigation centered on three main aspects: the control of financial fraud, the quality of internal controls, and the reliability of financial reporting. The objective of the study was to investigate how public sector audit practices relate to these aspects of financial governance. The researchers employed a quantitative method, distributing 200 questionnaires and obtaining 162 valid responses that were analyzed with the chi-square statistical test. The results showed that there are statistically significant links between public sector auditing and the reduction of financial fraud, enhancements to internal control systems, and increases in the credibility of financial reporting. The authors

stressed that ongoing training for public sector accountants is crucial for enhancing their comprehension and application of audit practices, which in turn aids in more effective management of public finances.

Figure (2.3) Conceptual Framework of the Study



Source: Edheku et al., (2022)

The authors describe from the above articles, independent variables are audit queries closure, audit recommendations implementation, audit reports, enforcement capacity, fraud and internal control, and financial reporting credibility. Dependent variable is public sector financial performance and accountability. The timely and effective resolution of audit queries ensures that discrepancies are addressed, minimizing financial leakages and promoting sound financial management (Salim & Olouch, 2018).

The role of auditing in improving accountability, transparency, and internal control within public sector agencies in The Gambia was examined by Saidy and Jobe (2023). This study aimed to investigate the impact of auditing on public institutions, as seen by both agency managers and auditors. The researchers used a qualitative methodology to carry out semi-structured interviews via Zoom with twelve participants, consisting of six auditors and six agency managers. The data were subjected to thematic analysis, and codes were created to pinpoint recurring patterns. The study found that auditing plays a significant role in bolstering internal control systems and enhancing the operational value of public agencies. In addition, the study underscored the importance of agency theory, with managers recognizing that audit functions assist in alleviating agency issues between principals and agents. However, worries were expressed regarding the independence and technical proficiency of auditors such as factors that could affect both the objectivity and quality of audit reports.

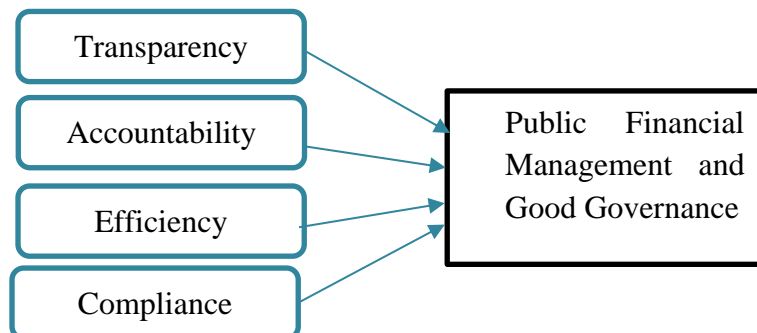
Figure (2.4) Conceptual Framework of the Study



Source: Saily and Jobe (2023)

This study derives the following framework by taking into account possible and suitable independent variable as transparency, accountability, compliance and efficiency in Myanmar, based on the aforementioned literature. The following figure demonstrate conceptual framework of the study of this research.

Figure (2.5) Conceptual Framework of the Study



Sources: Adopted from Saily and Jobe (2023); Edheku et al., (2022)

CHAPTER 3

BACKGROUND OF THE STUDY

This chapter presents the background of the public sector auditing in Myanmar, and auditing practices in the Myanmar Public Sector, and also describes capacity building and professional development of Myanmar's accountancy profession, international engagement and relations, to deeply understandable Myanmar's auditing practices and its role. Moreover, this study uses the survey of the Office of the Auditor General of the Union as secondary data.

3.1 Background of Myanmar Public Sector Auditing

In Myanmar, the Office of the Auditor General of the Union (OAG) plays a central role in promoting transparency, accountability, and good governance through public sector auditing. The OAG has adopted strategic policies related to human resource management, auditing standards, and professional training, all of which govern both internal and external audits. A significant milestone in its reform journey was the adoption of the International Standards of Supreme Audit Institutions (ISSAIs) in 2018. This transition marked a transformative step toward aligning Myanmar's audit practices with global norms and enhancing the credibility of its audit reports.

Despite this progress, Myanmar continues to face several institutional and systemic challenges that undermine the effectiveness of public sector auditing. Aung and McGuire (2020) highlight persistent issues such as inadequate institutional frameworks, inefficient resource distribution, and a lack of transparency in public expenditure management. Even with the implementation of medium-term fiscal frameworks, problems related to corruption and unfair resource allocation remain significant hurdles.

The role of auditing in Myanmar has become increasingly crucial, especially in the context of ongoing economic reforms and the push to improve public service delivery. According to the World Bank (2017), a robust auditing system is vital for fostering foreign investment, enhancing public financial management, and ensuring legal compliance in the use of public funds. Auditing is thus a core mechanism in Myanmar's public administration, ensuring that public resources are used efficiently and according to established legal and regulatory frameworks.

The Asian Development Bank (2019) acknowledged the OAG's progress in adopting International Public Sector Accounting Standards (IPSAS). However, it also

emphasized key limitations including low technical expertise, insufficient funding, and weak enforcement mechanisms that hinder the overall effectiveness of the audit system.

Myanmar's audit sector faces structural and operational barriers, such as a shortage of skilled auditors, limited technological integration, and restricted institutional independence. As Hlaing (2020) observes, Myanmar's auditing profession is still in a developmental phase and needs substantial investment in capacity-building and systemic reform to align with international standards. In response to these needs, international organizations like the World Bank and the International Monetary Fund (IMF) have extended technical support and capacity-building initiatives to help strengthen Myanmar's auditing institutions.

This part highlights the performance of key governance dimensions—transparency, accountability, efficiency, and compliance—within Myanmar's public audit system. Transparency is examined through the extent to which audit findings are publicly disclosed and accessible, contributing to open government and reduced opacity in public spending (INTOSAI, 2019). Accountability is assessed by how audit mechanisms enforce answerability from public officials and institutions, particularly in the use of public resources (OECD, 2018). Efficiency is reflected in the timeliness and quality of audit processes, and their capacity to detect and prevent waste or mismanagement of funds (World Bank, 2020). Compliance focuses on how well public institutions adhere to financial regulations and audit recommendations, which is vital for strengthening legal and institutional frameworks (Asian Development Bank, 2022). Together, these performance indicators provide a comprehensive view of the strengths and limitations of Myanmar's current public audit practices.

3.2 Legal Framework and Mandate

A strong legal framework is essential for ensuring the independence, authority, and effectiveness of public sector auditing institutions. In Myanmar, the Union Auditor General Office (UAGO) operates under a series of constitutional and legislative provisions that have evolved through different political eras. The following sections outline the historical development of the legal framework and define the current mandate of the UAGO in upholding public financial accountability.

3.2.1 Legal Framework

The Auditor General was appointed in 1935 under the Burma Act during the British colonial era just before independence, and the Audit Circle was established in April 1937 under this Act; it comprised the Accountant General (AG), Controller of Military Accounts (C M A), Controller of Post and Telecommunications Accounts (C P T A), and Examiner of Local Funds Accounts (E L F A), to assist the Auditor General in carrying out his or her statutory powers and duties. The Auditor General Act of 1948 was enacted by Parliament after Myanmar attained independence, and it provided for the appointment of the Auditor General. With the establishment of the Director of Commercial Audit office, which was assigned to carrying out the audit of the state-owned commercial businesses, the number of existing Audit Circles which were already listed above was raised in 1955.

Furthermore, the government established “ The Government Institute for Training in Accounts and Audit” in 1958 with the intention of carrying out courses for training the selected civil servants from respective departments of government ministries, State-owned Commercial Enterprises, and junior civil servants of the aforementioned offices to enhance their practical knowledge of accounts and audit and capacity so that they can become experts in their respective fields of work, such as auditing, accounting, managing and supervising the administrative affairs, etc. Since that point in time, the Auditor General has had control and oversight over this institute, and currently, it has become an "Advanced Accounting and Auditing Training School," opened in 2022, by updating and modifying in accordance with modern times.

In addition, the Audit Department's organizational structure remained the same under the Revolutionary Council's rule beginning in 1962. Afterward, the Council of People's Inspectors Law was passed in 1974 by the People's Congress (called the Pyithuhluttaw) established in accordance with section 55 of the abovementioned constitution of the Socialist Republic of the Union of Myanmar. The Council of People's Inspectors was established with elected Pyithuhluttaw members under the provisions of the above constitution and the Law of the Council of People's Inspectors and at the state, division, and township levels, regional Inspectorates with people's representatives were also established. The Council of People's Inspectors law's section 67 also revoked the Auditor General Act of 1948.

As a consequence, in January 1974, all accounts and audit offices including the Office of the Auditor General, AG, CPTA, ELFA, and the Government Institute for

Training in Accounts and Audit with the exception of the Office of the Controller of Military Accounts, were combined into a single office known as the Central Accounts Office. In 1972–1973, the CMA came under the Ministry of Defense’s management. Meanwhile, regional Accounts Offices were newly established at the State/Division and Township Levels in line with the terms of the new Constitution and the Council of People's Inspectors to support the local People's Inspectorates in their inspection duties.

When the State Law and Order Restoration Council assumed control of the government on September 18, 1988, it also appointed the Auditor General and the Deputy Auditor General in accordance with its order No. 7/88 dated September 27, 1988, and on September 28, 1988, it repealed the Auditor General Law of 1988 in accordance with its order No. 5/88. The State Law and Order Restoration Council, officially recognized as the Peace and Development Council transferred state authority to the new administration on March 30, 2011, and the Auditor General and Deputy Auditor General were appointed in line with Article 242(a) of the 2008 Constitution of Myanmar.

The duties and powers of the Union Auditor General are clearly stipulated in the 2008 Constitution, Auditor General Law, and Myanmar Accountancy Council Law. The applicable laws for UAGO are the Constitution of the Republic of the Union of Myanmar (2008), Auditor General of the Union Law 2010 with amendments, and Myanmar Accountancy Council (MAC) Law 2015 with amendments.

Under the 2008 Constitution of Myanmar, the requirements for the Union Auditor General (UAG) are set out in paragraphs 241-245 and of the Auditor Generals of the States and Regions in paragraphs 270-274. It is also stated in the Constitution that the UAG is a member of the Financial Commission with the duties to submit to the parliament recommendation for the Union budget, advice on financial matters, and submit with the recommendation to the president the Bill of the Union Budget. Moreover, the UAG is the president of the Myanmar Accountancy Council, while the Deputy Auditor General is the vice chairperson, as stated in paragraph 4 of the MAC law. According to Articles 11 (f), (g), and (h) of the Union Auditor General Law state that the UAG is in charge of determining and enforcing the ethics and rights of Certified Public Accountants and Practicing Accountants, as well as monitoring the Myanmar Accountancy Council and Myanmar Institute of Certified Public Accountants.

3.2.2 Mandate

The primary auditing institution in Myanmar's public sector is the Union Auditor General Office (UAGO). The mandate of the UAGO is enshrined in the Constitution of Myanmar, 2008, and enables also the Auditor General of the Union Law. Their duties include carrying out statutory audits in order to evaluate the economy, efficiency, and effectiveness; examining the payments and receipts; inspecting the manufacturing, training, and services; and auditing the appropriateness of the civil servant's affairs of union-level organizations, union ministries, government departments, government organizations, and Nay Pyi Taw Council. The duties are devoted to the Auditor General of the Union Law's section 11 and additionally, it involves submitting a report to the Parliament's session on irregular situations from time to time as well as the auditing of the Union's receipt and payment accounts, and its execution at least once a year.

The UAGO is responsible for the external audit of all government operations at union level organizations, state and region, district, and township levels, except for the Ministry of Defense. There are fifteen thousand five hundred eighty-four (15584) auditees under the statutory audit for the government organizations: one hundred eighty-nine (189) auditees from the head office, fifteen thousand twenty-two (15022) auditees from the regions and states' audit offices, and three hundred seventy-three (373) auditees from the Nay Pyi Taw Council.

The head office examines union-level budgeted activities and sends reports to the Pyihtaungsu Hluttaw (Upper House). Regional offices have complete autonomy when it comes to providing audit opinions on the finances without interference from the Union Auditor General. However, it is under the Nay Pyi Taw headquarters to recruit and transfer employees. Regional offices conduct budgetary activity audits of the State and Region and report their findings to the State and Region Parliament. They also conduct audits of the Union budgeted operations carried out in the states and regions, after which they submit their findings to the headquarters. The head office also gathers significant audit findings from the regional offices and puts them in the financial audit report for the UAGO.

3.3 Core Functions, Exclusive Feature of OAG and Capacity Building and Professional Development

The Office of the Auditor General of the Union (OAG) plays a critical role in promoting transparency, accountability, and good governance in the public sector. To effectively fulfill its responsibilities, the OAG has structured its core functions and operations in alignment with modern auditing standards and national development needs. This section outlines the institution's functional framework, its unique institutional features, and ongoing efforts in capacity building and professional development.

3.3.1 Core Functions

To align with the evolving governance landscape, not only the legal framework but also the organizational structure of the institution has been updated occasionally. These changes ensure that the Office of the Auditor General of the Union (OAG) remains effective and responsive to contemporary requirements. It comprises of four key departments: Head Office of the Union Auditor General Office, the Audit Department, the Technology Development and Training Department, and the Administration Department. Additionally, there are 14 Region and State Auditor General Offices and the Nay Pyi Taw Audit Office, with the regional audit offices at the district and township levels.

The OAG transformed its office's organizational structure from centralized to decentralized in compliance with the 2010 Auditor General of the Union Law, which mandated the adoption of a decentralized form of government. There were 14 regional auditor generals for their different areas before the state administration council in 2021, and one union auditor general, also known as the auditor general of the union, was in charge of the union level. Currently, there is one Union Auditor General, and Deputy Auditor General, and 14 regional directors for the respective regions and states who are serving the public interest in line with the organization's goal.

According to the OAG's annual report in 2022, the total number of audit offices is 411, including the head office as the office of the auditor general of the union. The detailed organization structure is shown in figure 1 in appendix. The Permanent Secretary, who oversees all operational aspects of the OAG under the direction of the Union Auditor General, holds the highest civil service position within the organization. Within the OAG there are mainly two departments, namely called the Administration,

Training and Research Department, and the Audit Department. The Permanent Secretary is in charge of the former, while the Director-General is in charge of the latter. Within the Audit Department, there is one performance audit unit that is responsible for issuing and sharing knowledge about performance audit manuals and conducting cooperative audits with ASEAN Supreme Audit Institutions and eight audit divisions of the head office that are responsible for all kinds of audits.

According to the Auditor General of the Union Law, the Office of the Auditor General of the Union conducts the following types of audits and submits the corresponding reports to the responsible entities:

- (a) **Financial Audit:** Auditing the financial statements of the budget execution of the Union and Regions/States, as well as accounts related to Public Debt, Deposits, and Suspense accounts. These audits provide an independent audit opinion on whether financial statements are prepared in accordance with GAAP/ IPSAS/ IFRS and existing financial rules. Starting in 2015, it initiated ISSAI-based financial audits at the Head Office level to align with evolving professional standards. This transition was implemented at both the Head Office and Regional levels. In 2021, it is achieved 100% coverage at the Head Office and extended this practice to regional audit offices, ensuring consistent, high-quality financial audits across Myanmar to expand ISSAI-based financial audits nationwide.
- (b) **Compliance Audit:** Assessing whether the government activities and financial performance adhere to relevant laws, rules, and regulations. Previously, the office of the auditor general of the Union of Myanmar integrated Compliance Audits into its Financial Audits, and has been conducting ISSAI-based Compliance Audits separately since 2018.
- (c) **Performance Audit:** In 2019, it established a dedicated Performance Audit Unit to evaluate the government activities and programs based on the principles of economy, efficiency, and effectiveness (3Es). These audits conducted in accordance with ISSAI standards, result in separate performance audit reports focused on selected topics.
- (d) **A Real-Time Audit:** A concurrent review of ongoing works and projects to ensure they are executed economically, efficiently, effectively, and in compliance with approved plans and budgets. SAI Myanmar introduced real-

time auditing in the 2022-2023 financial year, focusing on capital spending projects.

- (e) **IT Audit:** In response to the growing use of software in government financial reporting processes, it has enhanced its IT audit capabilities. Since 2021, Information Technology audit was initiated by utilizing the Computer Assisted Audit Techniques (CAATs) like IDEA software, to bolster the financial audits.
- (f) **Special Audits/ Coordination:** These are conducted at the request of relevant authorities, and the findings are reported to them in accordance with the Auditor General of the Union Law.

3.3.2 Exclusive Feature

Beyond its audit work, office of the auditor general of the Union offers a unique service by providing comments and recommendations on accounting and financial matters to government entities. The proactive advice of UAGO, offered upon request, helps the entities avoid issues, mitigate risks, improve outcomes, and seize opportunities before developing new policies, procedures, projects, or other initiatives. Additionally, it ensures alignment with established policies, procedures, and regulations.

3.3.3 Capacity Building and Professional Development

UAGO's Institute of Advanced Accounting and Auditing offers proficiency and refresher courses for various audit roles and specialized training in ISSAI-based Financial, Compliance, and Performance Audits. We also provide IT and English language training, and conduct biweekly Knowledge Sharing Programs. Staff are encouraged to participate in international workshops, seminars, and training, with the support of both short-term and long-term programs abroad as well as participation in the cooperative audits and research projects with the global SAIs community. Moreover, it conducts basic, intermediate, and advanced accounting and office work courses for government staff involved in budgeting, accounting, finance and service regulations. Experienced staff from SAI Myanmar also serve as lecturers in other government training programs related to accounting and auditing.

UAGO has made it a priority to implement various training programs designed to enhance the technical skills of its audit personnel. The programs encompass key domains such as financial audit methodologies, compliance auditing, risk evaluation, internal control assessment, and innovative practices like performance auditing and

fraud detection. Workshops are frequently organized in partnership with international development agencies and professional audit organizations, offering auditors insight into global best practices.

A strategic focus to enhance the professional standing of auditors in Myanmar has been the encouragement of auditors to pursue professional certifications, including Certified Internal Auditor (CIA), Certified Public Accountant (CPA), or qualifications associated with the International Standards of Supreme Audit Institutions (ISSAI). Moreover, collaborations with universities and professional organizations aid in continuous education via specialized courses designed for public sector auditing.

Practical auditing skills are significantly developed through on-the-job training and mentoring, in addition to formal training. During audit engagements, junior staff are guided by experienced auditors, which helps transfer knowledge and promote a culture of ongoing learning. By employing this practical method, auditors can adjust their theoretical understanding to the actual difficulties they face in public sector audits.

3.4 Myanmar's Accountancy Profession

In Myanmar, the accountancy profession has experienced considerable changes in recent years, propelled by economic reforms, greater integration with global markets, and initiatives to conform to international financial reporting and auditing standards. The establishment of a capable and principled accountancy profession is crucial for supporting both the public and private sectors, serving as the foundation for financial management and accountability.

Historically, Myanmar's accountancy profession has been relatively underdeveloped due to factors such as limited formal education, the absence of standardized training, and a lack of exposure to international accounting practices. For many years, local regulations and practices primarily governed accounting and auditing, but these did not fully align with globally accepted standards. The profession primarily involved basic bookkeeping and compliance tasks, offering little opportunity for strategic financial management or advisory roles.

In Myanmar, the profession has been significantly influenced by the creation of regulatory frameworks and professional accountancy organizations. Established by the 2014 Myanmar Accountancy Law, the Myanmar Accountancy Council (MAC) functions as the highest regulatory body overseeing licensing, supervision, and advancement of the accountancy profession. MAC seeks to establish uniformity in

education and professional qualifications, govern ethical behavior, and promote the advancement of skilled accounting professionals.

In addition to MAC, the Myanmar Institute of Certified Public Accountants (MICPA) serves as a professional association that aids in the ongoing development and representation of accountants within the country. MICPA works together with global organizations like the International Federation of Accountants (IFAC) and the ASEAN Federation of Accountants (AFA) to promote accounting standards, ethical guidelines, and professional training.

To address the increasing need for skilled professionals, educational institutions in Myanmar have broadened their accountancy programs. Universities and colleges are increasingly incorporating International Financial Reporting Standards (IFRS) and International Standards on Auditing (ISA) into their accounting, finance, and auditing degree courses. Professional qualification pathways, like the Certified Public Accountant (CPA Myanmar) designation overseen by MAC, offer structured avenues for aspiring accountants to acquire technical skills and practical experience. With a focus on theoretical knowledge and practical application, the CPA program aligns with international standards to ensure global compatibility.

Union Auditor General as Chairperson of Myanmar Accountancy Council has played a key role, managing the Certified Public Accountant (CPA) and Diploma in Accountancy (DA) programs. Both experienced staff from OAG and other government organizations serves as lectures in the programs. In addition, OAG conduct courses for the Diploma in International Public Sector Accounting Standards (IPSAS) and the Diploma in International Financial Reporting Standards (IFRS) to further develop the accountancy profession. These programs are currently offered at Institute of Advanced Accounting and Auditing in Nay Pyi Taw and Yangon, under the supervision of the Myanmar Accountancy Council.

3.5 International Engagement and Relations

OAG is a committed member of the global auditing community, having joined INTOSAI, ASOSAI and ASEANSAI in 1995, 1996 and 2011 respectively. OAG actively participate in training programs, seminars, workshops, webinars, survey questionnaires, and cooperative audits and research projects organized by these international bodies, enhancing auditing knowledge and skills. Additionally, OAG engages with the Regional Audit Committee by participating in the ASEAN Audit

Committee and the Panel of Auditors for BIMSTEC. As a member of INTOSAI, OAG is dedicated to aligning our audits with INTOSAI's principles, standards, and guidelines.

OAG serves as chair of the ASEANSAI from 2021 to 2023 and hosted key events, including governance meetings of the ASEANSAI and a Knowledge Sharing Workshop on auditing the medicine procurement process. A significant aspect of Myanmar's involvement on the international stage is its partnership with leading global and regional accountancy organizations. The Myanmar Accountancy Council (MAC) and the Myanmar Institute of Certified Public Accountants (MICPA) have formed partnerships with the International Federation of Accountants (IFAC) and the ASEAN Federation of Accountants (AFA).

By participating in regional accounting forums, Myanmar helps to align standards throughout Southeast Asia, which aids in facilitating economic integration and collaboration. Being part of ASEAN-related initiatives promotes adherence to the ASEAN Chartered Professional Accountant (ACPA) Framework, designed to enable mutual recognition of accounting qualifications across member countries. This type of regional collaboration boosts the professional mobility of Myanmar accountants and increases the country's appeal to foreign investors by guaranteeing them dependable and consistent financial data.

3.6 Observing the Secondary Data Results

The OAG sent a feedback form to all the government ministries in that form included the questionnaires: Auditing supports improving the operations and internal control of departments and organizations, and this study applies the survey results.

According to the OAG's survey (2023-2024 FY), it collected feedback data from 27 government ministries. However, this study focused on 14 selected ministries from out of 27 government ministries, to assess the effectiveness of auditing in improving operational performance and internal control systems. The feedback answer is shown in figure (3.1).

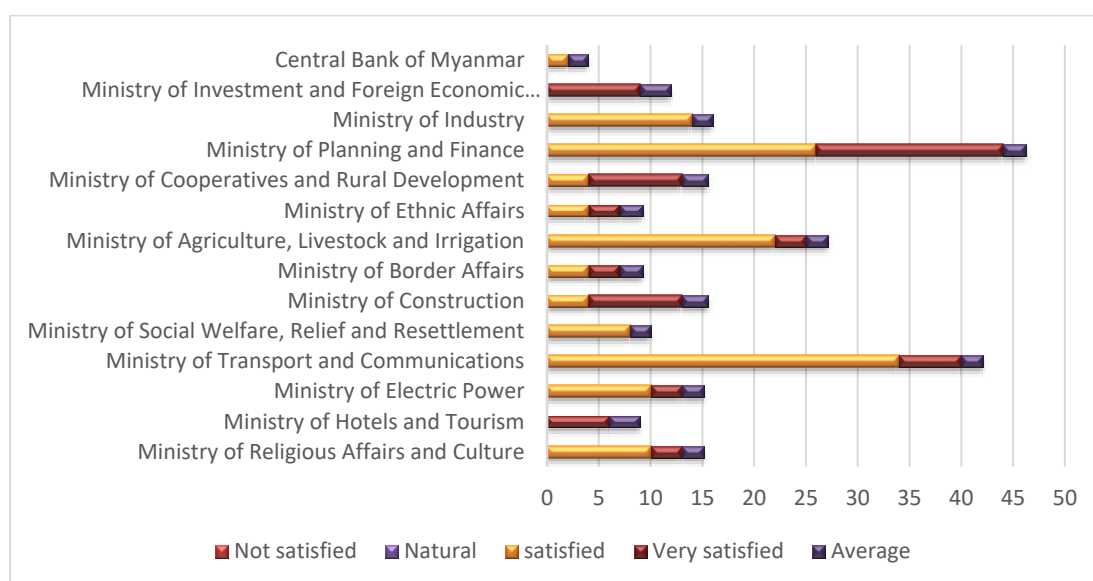
The ministries included in the OAG's survey were: Ministry of Religious Affairs and Culture, Ministry of Hotels and Tourism, Ministry of Electric Power, Ministry of Transport and Communications, Ministry of Social Welfare, Relief and Resettlement, Ministry of Construction, Ministry of Border Affairs, Ministry of Agriculture, Livestock and Irrigation, Ministry of Ethnic Affairs, Ministry of

Cooperatives and Rural Development, Ministry of Planning and Finance, Ministry of Industry, Ministry of Investment and Foreign Economic Relations, and the Central Bank of Myanmar. These ministries cover a wide range of public services, including infrastructure, social welfare, economic development, and financial governance.

The key question asked in the OAG survey was: “Auditing by the Office of the Auditor General of the Union supports improving the performance and internal control of departments and organizations.” Respondents from each ministry were asked to indicate their level of satisfaction on a scale ranging from “Not satisfied,” “Neutral,” “Satisfied,” to “Very satisfied.” The results were then summarized and presented with average satisfaction scores to reflect overall trends in perception.

Based on the data, most ministries reported a moderate to high level of satisfaction with the OAG's auditing activities. Notably, the Ministry of Construction and the Ministry of Cooperatives and Rural Development received the highest average satisfaction scores of 2.6, indicating a stronger appreciation for how audit findings had positively influenced their operations and internal controls. This suggests that in these ministries, audit processes are being effectively utilized, and recommendations are more likely to be implemented. These findings align with the broader goals of enhancing accountability, improving compliance, and promoting efficiency in public financial management.

Figure (3.1) Feedback Answer from Ministries



Source: Feedback Data (2023-2024 FY)

On the other hand, ministries such as the Ministry of Transport and Communications and the Ministry of Agriculture, Livestock and Irrigation showed lower average scores of 2.1, which may suggest issues related to limited follow-up on audit recommendations, and resistance to reforms. Similarly, the Ministry of Planning and Finance, despite being one of the most critical institutions in terms of fiscal policy and budgeting, had an average satisfaction score of 2.3, implying room for improvement in aligning audit outcomes with actionable institutional change.

Several factors may explain the differences in satisfaction levels among ministries. These include variations in internal control culture, responsiveness to audit recommendations, resource availability for implementing reforms, and the complexity of financial operations. For example, ministries with more complex and diverse activities, such as Transport and Communications or Agriculture, may face challenges in translating audit findings into practical reforms, especially if those findings require interdepartmental coordination or large-scale system changes.

Furthermore, the relatively low number of “Very satisfied” responses across most ministries highlights a general perception that, while audits are useful, they may not be fully meeting the expectations or operational needs of the departments. This could be due to delays in audit reporting, lack of transparency in audit procedures, or insufficient engagement with auditees during the audit cycle. These concerns point to the need for the OAG to not only maintain its independence and professionalism but also enhance its responsiveness, communication, and capacity-building efforts with the audited entities.

In conclusion, the secondary data from the OAG survey provides valuable insight into how different ministries perceive the effectiveness of public sector auditing in Myanmar. While many ministries acknowledge the positive role of audits in improving operations and internal controls, the level of satisfaction varies significantly. This underscores the importance of strengthening the auditing framework, improving stakeholder engagement, and ensuring that audit recommendations are practical, well-communicated, and followed through with consistent monitoring and evaluation. Integrating these findings with the primary survey data in this study offers a more comprehensive understanding of the auditing landscape in the Myanmar public sector and supports the broader objective of enhancing good governance and public financial accountability.

CHAPTER 4

SURVERY ANALYSIS

This chapter presents the analysis and interpretation of the primary data collected through the structured survey instrument. The analysis begins with an overview of the survey design, followed by a presentation of the demographic characteristics of the respondents to provide context for interpreting the results. Subsequently, the chapter evaluates the main findings from the survey responses and performs statistical tests to verify the assumptions necessary for regression analysis. Finally, the chapter concludes with the results of the regression analysis, which investigates the relationships between key variables identified in the conceptual framework.

4.1 Survey Design

This research utilizes both quantitative and qualitative method. Data is collected using a mixed-methods strategy that includes quantitative surveys and observation secondary data survey results. The quantitative aspect relies on a structured survey tool distributed via Google Forms to all levels of government auditors, including Certified Public Accountants (CPAs) from the office of the Auditor General of the Union, varying in experience levels, constitute the population. The Office of the Auditor General of the Union comprises the Head Office located in Nay Pyi Taw, 14 State and Region Auditor General Offices, and the Audit Office of Nay Pyi Taw Council Territory.

The total population of this study consists of 4,523 staff members involved in public sector auditing and financial oversight at the Office of the Auditor General of Union (OAG) and the sample size of 367 auditors represents 5 percent of the total population of 4,523 auditors. Nevertheless, following the earthquake on March 28 in Naypyidaw, Mandalay, Sagaing in Myanmar, which impacted accessibility and operations in multiple areas, conducting a comprehensive survey of the entire population was not practical.

To determine the appropriate sample size for this study, Slovin's formula was utilized. Slovin's formula is a widely accepted method for calculating sample sizes when the population size is known but limited information is available about the population's characteristics (Israel, 1992). The formula is expressed as:

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

where n represents the sample size, N is the total population, and e is the margin of error. This approach allows researchers to select a sample that balances accuracy with practical limitations, ensuring statistically reliable results without surveying the entire population.

In this study, the total population was 4,523, and the margin of error was set at 5.5% (0.055) to achieve an acceptable level of precision while considering resource constraints. Applying these values to Slovin's formula resulted in a calculated sample size of approximately 326 respondents. This sample size was considered adequate to provide representative and valid data for the research objectives. The 326 respondents deemed knowledgeable and experienced in areas pertinent to the study's objectives from 150 staffs of Head Office, 28 staffs of Nay Pyi Taw Audit Office and 148 staffs of Yangon Region Auditor General Office. The survey participants are chosen from three essential sites engaged in public sector auditing from Head Office, Nay Pyi Taw Audit Office and Yangon Region Auditor General Office respectively.

The survey, conducted in May 2025, sought to assess perceptions of four primary independent variables—transparency, accountability, efficiency, and compliance—and their effects on governance and PFM, the dependent variable. Descriptive statistics such as frequency and mean scores were calculated using Microsoft Excel to evaluate agreement levels and identify dominant trends. The relationship between the variables is analyzed using a Multiple Linear Regression (MLR) model applying SPSS tool, which facilitated an assessment of the strength and direction of associations between predictors and governance outcomes.

To achieve statistical significance, the sample size comprises 367 government auditors and utilizes a structured questionnaire. Furthermore, secondary data were utilized to supplement and validate the findings from primary sources. This included survey data collected by the OAG during the 2023–2024 fiscal year, evaluating satisfaction levels regarding audit services among different ministries. The primary findings were used as a benchmark, and the consistency of perceptions among different stakeholder groups was evaluated using these data. By integrating primary survey data, and secondary sources, the study provides a comprehensive evaluation of the role of auditing in governance and public financial management in Myanmar, thereby improving the reliability and depth of its findings.

In addition, statistical tools as SPSS and Excel uses to analyze the data, providing descriptive statistics like frequency, Cronbach's Alpha, ANOVA Test,

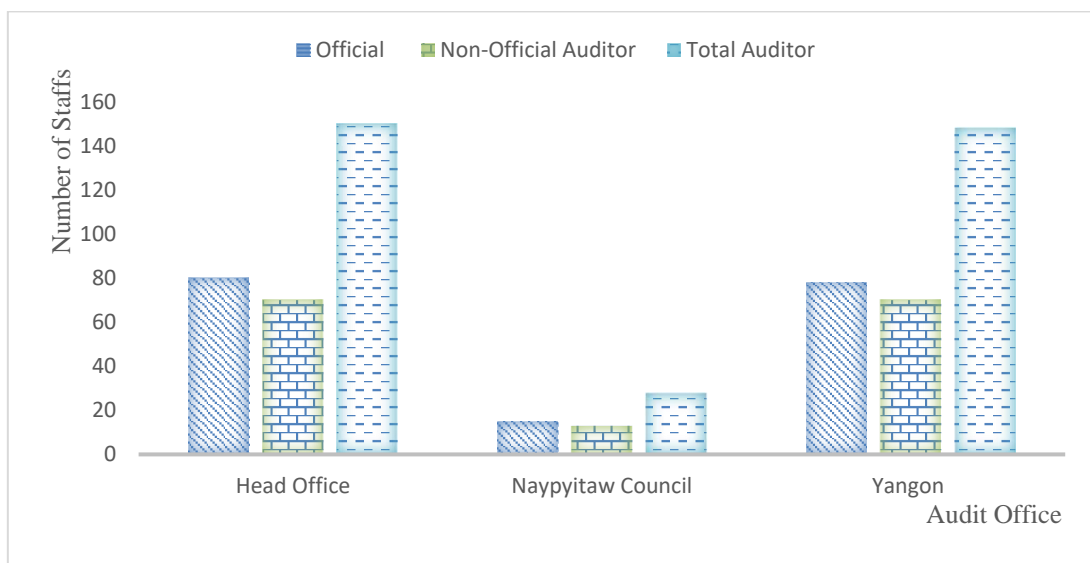
reliability, validity, and credibility check. This study also uses secondary data as annual reports and policy documents from OAG that review to understand its mandate and impact. Moreover, this research utilizes the articles and journals from online to apply the literature review purposes.

4.2 Demographic Characteristics of the Study

This study's total population comprises 4,523 staffs engaged in public sector auditing and financial oversight within the Office of the Auditor General of Union (OAG). This population is categorized into three primary groups: 1,173 are official personnel engaged in government auditing and oversight roles, 2,517 are non-official auditors which may comprise external or independent auditors aiding public sector accountability, and 833 are non-official staffs who do not serve as auditors but are indirectly involved in audit-related functions or processes of public financial management. The appendix (3) displays the entire study population.

The following figures (4.1) show the respondents who answered the survey questionnaires. The survey participants were chosen from three essential sites engaged in public sector auditing. The questionnaires were answered by a total of 326 auditors from Head Office and Local Audit Office respectively. This distribution guaranteed that both official and non-official auditors from central and regional audit offices are represented in a balanced manner.

Figure (4.1) Official and Non-Official Auditors



Source: Researcher's Survey Data, 2025

4.2.1 Structure and Presentation of Survey Results

The results of the study are presented based on the structure of the survey questionnaire, which was divided into seven sections (A to F). Section A covers the background information of the 326 respondents, including their roles, gender, age, and experience in the auditing field. Sections B to F each contain eight questions and explore key thematic areas relevant to the study: the role of auditing in enhancing accountability and transparency, compliance with laws and regulations, efficiency of public sector auditing, the relationship between good governance and the public financial management system, and the effectiveness of audit institutions and processes.

Descriptive statistics like frequency, percentage, and overall mean values are used to summarize the findings, illustrating respondents' views on each area and providing insights into the role of auditing in public sector accountability and transparency in Myanmar.

4.2.2 Profile of Respondents

In presenting the profile of respondents, this study is described by gender, age, as shown in the following tables. Based on the survey data, a total of 326 respondents participated in this study. The gender distribution shows that majority respondents are female, accounting for 93.3% (n=304) of the total sample, while the male respondents participated only 6.7% (n=22) of its. This notable gender imbalance indicates that the study sample was predominantly composed of female participants. Such a distribution may reflect the actual gender demographics within the public sector workforce or audit-related institutions surveyed, particularly if the survey focused on roles or departments with higher female representation.

Table 4.1 Gender Distribution in Study

Gender	Frequency	Percent
Female	304	93.3
Male	22	6.7
Total	326	100

Source: Researcher's Survey Data, 2025

The age distribution of the respondents was relatively diverse, covering four age groups. The largest group was aged 35-44 years, representing 32.8% (n=107) of the total sample. This was followed closely by those aged 45-54 years, comprising 31.3% (n=102). Respondents aged 25-34 years accounted for 24.8% (n=81), while the smallest

group was those aged 55-62 years, making up 11.0% (n=36). Overall, the data indicates that the majority of respondents were middle aged, with over 64% of participants falling within the 35 to 54-year age range.

Table 4.2 Age Groups Distribution in Study

Age Group	Frequency	Percent
25-34	81	24.8
35-44	107	32.8
45-54	102	31.3
55-62	36	11
Total	326	100

Source: Researcher's Survey Data, 2025

4.2.3 Descriptive Statistics of Main Variables

The descriptive statistics table summarizes the central tendency (Mean) and variability (Std. D) of the main variables involved in the regression analysis. The mean scores for the independent variables range from 3.829 (Efficiency) to 3.925 (Accountability and Transparency), while the dependent variable *Public Financial Management* records a mean of 3.9068 with a standard deviation of 0.36347. This indicates generally positive perceptions across all constructs on a 5-point Likert scale, with relatively low variability. Table 4.3 demonstrates that descriptive statistics of main variables.

Table 4.3 Descriptive Statistics of Main Variables

Descriptive Statistics			
	Mean	Std. Deviation	N
Public Financial Management	3.9068	0.36347	326
Accountability and Transparency	3.9252	0.33515	326
Laws and Regulations	3.8393	0.31702	326
Efficiency	3.829	0.33967	326
Effectiveness of Audit	3.8581	0.33383	326

Source: Researcher's Survey Data, 2025

4.3 Evaluating the Results

The statements are based on a structured questionnaire that was conducted in May 2025 through Google Form, in which each statement is measured on a five-point

Likert scale (1= Strongly Disagree (SD), 2= Disagree (D), 3=Neutral (N), 4= Agree (A) and 5= Strongly Agree (SA).

4.3.1 Agreement Level of Role of Auditing in Enhancing Accountability and Transparency

The first part of the questionnaire focused on assessing the role of auditing in promoting accountability and transparency within Myanmar’s public sector and it is shown in Table 4.4.

Table 4.4 Agreement Level of Role of Auditing in Enhancing Accountability and Transparency

Sr.	Questionnaires		SD	D	N	A	SA
1	Auditing improves transparency in Myanmar’s public sector.	Freq	1	0	31	264	30
		%	0.3	0	9.5	80.9	9.2
2	Public sector audits enhance accountability in government institutions.	Freq	1	0	32	262	31
		%	0.3	0	9.8	80.4	9.5
3	Audit reports are effectively used to prevent corruption and financial mismanagement.	Freq	1	2	17	268	38
		%	0.3	0.6	5.2	82.2	11.7
4	Myanmar’s auditing system ensures that public officials are held accountable.	Freq	1	3	43	263	16
		%	0.3	0.9	13.2	80.7	4.9
5	Transparency in financial reporting has improved due to public sector audits.	Freq	2	0	44	262	18
		%	0.6	0	13.4	80.5	5.5
6	Audit processes in Myanmar’s public sector are conducted independently without external pressure.	Freq	1	4	60	237	24
		%	0.3	1.2	18.4	72.7	7.4
7	The frequency of public sector audits is sufficient to ensure financial transparency.	Freq	0	2	65	250	9
		%	0	0.6	19.9	76.7	2.8
8	The findings from audits are effectively communicated to relevant stakeholders for action.	Freq	1	2	41	260	22
		%	0.3	0.6	12.6	79.8	6.7
	Level of Agreement		86.43				
	Overall Mean		3.93				

Source: Researcher’s Survey Data, 2025

Based on the primary survey results regarding the role of auditing in enhancing accountability and transparency in Myanmar’s public sector, respondents expressed a

generally high level of agreement with all eight key statements presented. The overall mean score across the statements was 3.93 out of 5, reflecting a strong collective perception of the effectiveness of auditing functions, with an average agreement level of 86.43%.

Based on the survey results, the high level of agreement with the statement transparency of public sector by auditing reflects a strong perception among respondents that the auditing function plays a vital role in promoting openness and clarity in the use of public resources. Most participants agreed with this statement, indicating that audits are widely viewed as mechanisms that reveal how government funds are utilized, ensure that financial operations are conducted according to regulations, and discourage practices of concealment or misreporting. This perception likely stems from the increasing frequency and quality of public sector audits, as well as growing public awareness of audit findings being submitted to oversight bodies such as the Parliament. Consequently, audits are seen as instrumental in shedding light on financial management practices and reinforcing a culture of accountability within public institutions.

The high level of agreement with the statement enhancing accountability indicates a shared understanding among respondents that audits serve as a key mechanism for holding public officials responsible for their actions. This agreement suggests that auditing processes help ensure that government agencies operate within legal and regulatory frameworks and are answerable for the use of public resources. Audits create a system of checks and balances by identifying weaknesses, irregularities, or misuse of funds, prompting corrective actions and fostering responsible behavior among public servants. Furthermore, the submission of audit findings to relevant authorities such as the Parliament reinforces the accountability process by enabling institutional oversight. This widespread agreement underscores the belief that audits are an essential tool in promoting good governance and deterring misconduct in the public sector.

The strong agreement with the statement audit reports reflects the perception that public sector audits in Myanmar play a critical role in promoting integrity and financial discipline. Respondents recognize that audit reports, by uncovering irregularities, misappropriations, or deviations from financial regulations, act as a deterrent to corrupt practices and mismanagement. These reports often highlight areas of concern, prompting corrective measures, disciplinary actions, or reforms within the

audited institutions. Furthermore, the credibility of audit reports and their use in decision-making processes contribute to enhancing transparency and discouraging unethical behavior. This suggests that stakeholders view the audit function not only as a compliance mechanism but also as an effective preventive tool against corruption and poor financial practices in government institutions.

However, independent of audit processes show a noticeable proportion of participants selecting neutral or disagree, indicating some concern regarding the full independence of the auditing process. This hesitation may stem from the perception that, although audits are formally governed by legal frameworks, in practice there could be instances of political influence or administrative interference, particularly when audits involve high-level institutions or sensitive financial matters. Moreover, some respondents might have experienced or observed situations where auditors were constrained in their scope, reporting, or follow-up actions due to hierarchical or political considerations. The neutral responses may also reflect a lack of clear communication or transparency about how audit independence is safeguarded in real operations. Therefore, the combination of neutral and disagreeing views suggests a need for further strengthening institutional safeguards and public confidence in the independence of Myanmar's audit mechanisms.

4.3.2 Agreement Level of Compliance with Laws and Regulations

The second part of the questionnaire focused on the extent to which Myanmar's public sector complies with laws and financial regulations, based on eight key questions and it is shown in Table (4.5). Based on survey data collected from 326 participants, the overall mean score across eight statements was 3.84, with an average agreement level of 80.71%, indicating a strong consensus among respondents that auditing mechanisms contribute significantly to legal compliance and financial integrity within public institutions.

The high agreement level for compliance rules and regulation reflects the perception that, on paper and in practice, most public institutions are making efforts to align with existing financial and administrative regulations. This could be attributed to increasing oversight mechanisms, regulatory reforms, and external auditing by bodies like the Office of the Auditor General (OAG). Respondents may recognize visible compliance in documentation and procedural form, even if implementation depth varies. However, the relatively high number of neutral and disagree responses indicates

uncertainty or divided views about how easily auditors can enforce compliance. While some auditors may indeed face constraints such as lack of legal power, limited cooperation from agencies, or delays in access to financial records other respondents may not be fully aware of such behind-the-scenes challenges. This mix reflects varied experience or knowledge across sectors.

Table 4.5 Agreement Level of Compliance with Laws and Regulations

Sr.	Questionnaires		SD	D	N	A	SA
1	Public sector entities in Myanmar comply with relevant rules and regulations.	Freq	0	0	41	269	16
		%	0	0	12.6	82.5	4.9
2	Auditors face challenges in enforcing compliance with financial regulations.	Freq	1	8	71	227	19
		%	0.3	2.5	21.8	69.6	5.8
3	There is a strong legal framework to support public sector audits.	Freq	1	2	58	250	15
		%	0.3	0.6	17.8	76.7	4.6
4	Audit findings often lead to corrective action in public financial management.	Freq	0	2	34	263	27
		%	0	0.6	10.4	80.7	8.3
5	The enforcement of audit recommendations is consistent and effective.	Freq	0	2	42	260	22
		%	0	0.6	12.9	79.8	6.7
6	Financial regulations are strictly enforced in all public sector institutions.	Freq	0	8	60	243	15
		%	0	2.5	18.4	74.5	4.6
7	There are clear penalties for government agencies that fail to comply with audit recommendations.	Freq	1	18	83	220	4
		%	0.3	5.5	25.5	67.5	1.2
8	Myanmar's public sector auditing system aligns well with international best practices.	Freq	0	2	69	241	14
		%	0	0.6	21.2	73.9	4.3
	Level of Agreement		80.71				
	Overall Mean		3.84				

Source: Researcher's Survey Data, 2025

Although the legal basis for audits exists in Myanmar, the moderate level of neutrality and slight disagreement suggests that some respondents perceive the framework as either outdated, incomplete, or weak in actual enforcement. It may also indicate that the laws are not consistently interpreted or effectively implemented, especially when faced with political or bureaucratic pressures. But the positive response suggests confidence among respondents that audit outcomes are not just symbolic but

are taken seriously and lead to real improvements in financial practices. The agreement may stem from observed cases where departments or agencies have responded to audit feedback with changes in internal control systems, spending behavior, or policy compliance particularly in well-monitored sectors.

On the other hand, clear penalties for fail to comply with audit recommendations received one of the lowest agreement levels, with a significant share of respondents marking neutral or disagree. This reflects a common concern in Myanmar's public financial system while audit recommendations are made, consequences for non-compliance are often unclear or unenforced. The lack of consistent, transparent penalties may lead to a perception that audit findings have limited authority unless backed by stronger legislative or political will.

4.3.3 Agreement Level of Efficiency of Public Sector Auditing

The third part of the questionnaire assessed respondents' views on the efficiency of public sector auditing in Myanmar, covering eight questions and it is shown in Table (4.6). This section evaluates respondents' perceptions regarding the efficiency of public sector auditing in Myanmar. Based on the analysis of eight key statements, the overall mean score was 3.83, with an average agreement level of 79.4%. These figures suggest a generally favorable view of auditing efficiency among the survey respondents, though some areas reveal opportunities for further improvement.

Respondents largely agree with audits contribute to efficient financial management, indicating a shared perception that auditing plays a direct role in streamlining the use of public funds and promoting responsible financial practices. This agreement may be due to increased awareness of audit outcomes driving improved budgeting, expenditure tracking, and internal financial controls in many institutions. Similarly, the strong agreement here suggests that audits are perceived to be impactful in minimizing wasteful expenditures. Many participants likely associate audit activities with identifying improper use of resources and encouraging more cost-effective management, thus contributing to financial discipline and better fiscal governance.

However, the presence of neutral and disagree responses may reflect concerns about delays in audit procedures. Some participants may feel that audits are conducted retrospectively, after financial losses have already occurred, rather than proactively preventing mismanagement. This response implies a perceived gap in the timeliness and preventive function of current auditing practices. Moreover, the responses show

likely point to limited implementation or awareness of digital auditing tools in practice. While digital systems can enhance efficiency, their use in Myanmar’s public audit sector may still be at an early stage, leading some respondents to question their current effectiveness. Moreover, resources allocation saw a relatively high neutral response, suggesting uncertainty or mixed views on whether audit offices receive adequate financial, human, and technical support. The limited number of “strongly agree” responses may indicate widespread perceptions of budget constraints or lack of modern tools, which may hinder auditing quality and coverage. Similarly, the noticeable neutral and disagree responses reveal concerns about whether auditors have the institutional support necessary to operate effectively. Participants may feel that training opportunities, staffing levels, or technological infrastructure are inadequate, affecting the overall efficiency and reach of audit efforts across public institutions.

Table 4.6 Agreement Level of Efficiency of Public Sector Auditing

Sr.	Questionnaires		SD	D	N	A	SA
1	Public sector audits contribute to efficient financial management.	Freq	0	3	39	263	21
		%	0	0.9	12	80.7	6.4
2	The auditing process is timely and helps prevent financial losses.	Freq	2	4	52	244	24
		%	0.6	1.2	16	74.8	7.4
3	Digital auditing tools improve efficiency in public sector auditing.	Freq	2	5	72	227	20
		%	0.6	1.5	22.1	70	6.1
4	The resources allocated to public sector auditing are sufficient.	Freq	0	8	104	209	5
		%	0	2.5	31.9	64.1	1.5
5	Auditors have the necessary skills and training to perform effective audits.	Freq	1	2	42	250	31
		%	0.3	0.6	12.9	76.7	9.5
6	Audits are completed within reasonable timeframes to be effective.	Freq	0	2	53	258	13
		%	0	0.6	16.3	79.2	3.9
7	Public sector auditors receive adequate support and resources to perform their duties efficiently.	Freq	0	3	76	242	5
		%	0	0.9	23.3	74.3	1.5
8	Financial audits have significantly reduced inefficiencies in government spending.	Freq	1	3	63	245	14
		%	0.3	0.9	19.3	75.2	4.3
	Level of Agreement	79.4					
	Overall Mean	3.83					

Source: Researcher’s Survey Data, 2025

Overall, the findings underscore a generally positive perception of auditing efficiency in the Myanmar public sector, particularly regarding auditor competency and the role of audits in supporting financial management. However, the data also highlight persistent challenges in terms of resource adequacy, support systems, and digital integration. Addressing these challenges will be essential to further enhancing the efficiency and impact of public sector auditing practices.

4.3.4 Agreement Level of Good Governance and Public Financial Management System

The fourth part of the questionnaire aimed to assess how auditing contributes to good governance and strengthens the public financial management system in Myanmar and it is shown in Table (4.7).

This section presents the perceptions of respondents regarding the role of auditing in supporting good governance and strengthening the public financial management (PFM) system in Myanmar. With a total mean score of 3.91 and an overall agreement level of 84.9%, the findings reflect a strong consensus on the positive contribution of audits to governance and fiscal oversight.

Respondents overwhelmingly agreed with promoting good governance by auditing, showing a strong belief that auditing is foundational to ensuring transparency, rule of law, and accountability. This perception may stem from how audits expose inefficiencies, promote responsible public management, and reinforce institutional integrity. The high level of agreement regarding improving public financial management suggests that external audits are seen as essential mechanisms for identifying weaknesses in financial systems and encouraging reforms. External audits conducted by independent bodies such as the Office of the Auditor General are likely viewed as more objective, which strengthens their role in improving public sector financial practices.

In addition, agreement with effective auditing indicates that respondents recognize the ethical value of auditing. Effective audits are seen not only as technical reviews but also as moral checks that reinforce integrity, discourage misappropriation, and foster a culture of honesty within public institutions. The positive response to audit recommendations reflects confidence that audit outcomes are actionable and meaningful. Many participants may have observed that audit reports lead to strategic or corrective decisions in budgeting, resource allocation, or program implementation, thereby influencing overall governance effectiveness.

Table 4.7 Agreement Level of Good Governance and Public Financial Management System

Sr.	Questionnaires		SD	D	N	A	SA
1	Auditing plays a crucial role in promoting good governance.	Freq	2	2	35	258	29
		%	0.6	0.6	10.7	79.1	8.9
2	External audits help improve public financial management in Myanmar.	Freq	0	1	45	257	23
		%	0	0.3	13.8	78.8	7.1
3	Audit in Myanmar operate independently and without political influence.	Freq	1	6	61	235	23
		%	0.3	1.8	18.7	72.1	7.1
4	Citizen participation in audit processes can enhance accountability.	Freq	0	2	69	242	13
		%	0	0.6	21.2	74.2	4
5	Strengthening public sector auditing will improve Myanmar's overall financial governance.	Freq	2	0	48	258	18
		%	0.6	0	14.7	79.1	5.5
6	Effective auditing strengthens ethical financial practices in the public sector.	Freq	1	0	37	268	20
		%	0.3	0	11.3	82.2	6.1
7	Audit recommendations contribute to better decision-making in public financial management.	Freq	1	0	32	266	27
		%	0.3	0	9.8	81.6	8.3
8	Stronger auditing frameworks will enhance Myanmar's reputation in global financial governance.	Freq	1	2	44	254	25
		%	0.3	0.6	13.5	77.9	7.7
	Level of Agreement		84.9				
	Overall Mean		3.91				

Source: Researcher's Survey Data, 2025

However, Citizen participation in audit processes statement received a mix of neutral and slightly lower agreement responses, likely because citizen engagement in audit processes is still limited or underdeveloped in Myanmar. Respondents may recognize the theoretical value of public involvement but lack practical exposure or evidence of such participation significantly influencing audit accountability mechanisms in the current system.

The results affirm the perceived value of public sector auditing as a foundational element of good governance and effective financial management in Myanmar.

Strengthening audit institutions, promoting independent audit practices, and increasing public involvement can further enhance trust, transparency, and the overall governance framework. These findings provide critical insights for policymakers seeking to reinforce public financial systems through enhanced auditing mechanisms.

4.3.5 Agreement Level of Effectiveness of Audit Institutions and Processes

The final part of the questionnaire evaluated the perceived effectiveness of audit institutions and processes in Myanmar's public sector and it is shown in Table (4.8). Based on the survey results, the overall mean score of 3.86 and an average agreement level of 82.63% indicate that respondents generally perceive Myanmar's audit institutions and their procedures as moderately effective, with certain areas showing high confidence and others requiring improvement.

Regarding sufficient authority of audit offices received more neutral and some disagree responses, indicating concern that while audits are conducted, audit offices may lack full authority to enforce their recommendations or impose penalties. Respondents might perceive gaps between audit findings and actual enforcement outcomes. However, High levels of agreement suggest that the Office of the Auditor General (OAG) is widely recognized for fulfilling its mandate. Respondents likely view the OAG as a competent authority capable of identifying irregularities and promoting financial discipline within government institutions. Moreover, current auditing methods was also met with broad agreement, indicating that many respondents believe audit practices in Myanmar are keeping pace with global norms. The use of standardized procedures, digital tools, and risk-based auditing likely contributes to this positive perception.

In addition, respondents agreed that follow-up actions are generally taken after audit findings are reported. This suggests that audit institutions are not only identifying problems but also actively contributing to policy corrections and administrative reforms through sustained engagement. Strong agreement with this item reflects confidence in ongoing internal assessments and capacity-building initiatives within audit offices. This implies that performance reviews are helping to enhance professionalism and institutional accountability in the audit process. Also, the positive response to this statement reveals that the majority of participants perceive the audit process as open and impartial. This may be due to the public dissemination of audit reports and the visible role audits play in exposing mismanagement or corruption.

Table 4.8 Agreement Level of Effectiveness of Audit Institutions and Processes

Sr.	Questionnaires		SD	D	N	A	SA
1	Audit offices have sufficient authority to enforce financial accountability.	Freq	1	8	55	245	17
		%	0.3	2.5	16.9	75.2	5.2
2	OAG as the Supreme Audit Institution (SAI) is effective in its oversight role.	Freq	0	2	37	262	25
		%	0	0.6	11.3	80.4	7.7
3	Internal audits within government agencies are as effective as external audits.	Freq	0	16	60	238	12
		%	0	4.9	18.4	73	3.7
4	The current auditing methods applied in Myanmar are modern and up to international standards.	Freq	1	1	60	247	17
		%	0.3	0.3	18.4	75.8	5.2
5	There is sufficient follow-up on audit recommendations to ensure improvements.	Freq	0	4	43	263	16
		%	0	1.2	13.2	80.7	4.9
6	Audit can conduct without political or financial influence.	Freq	0	8	61	245	12
		%	0	2.5	18.7	75.2	3.7
7	Regular performance evaluations improve the effectiveness of audit institutions.	Freq	0	2	38	271	15
		%	0	0.6	11.7	83.1	4.6
8	The audit process is transparent, allowing for fair and unbiased financial reviews.	Freq	1	3	52	251	19
		%	03	0.9	15.9	76.9	5.8
Level of Agreement		82.63					
Overall Mean		3.86					

Source: Researcher's Survey Data, 2025

On the other hand, the relatively high neutrality and disagreement suggest skepticism about the capacity or independence of internal audit units. Many participants may view internal audits as less rigorous or more susceptible to influence compared to external audits conducted by the OAG. Political or financial influence also saw neutral and disagree responses, implying concerns over the independence of the auditing process. Some respondents may believe that audits are vulnerable to interference from powerful actors or limited by financial constraints, reducing their credibility or effectiveness.

The overall survey results indicate a strong agreement among respondents regarding the positive role of auditing in Myanmar’s public sector, particularly in enhancing accountability, transparency, and financial management. Auditing is widely perceived as a critical mechanism for promoting good governance, reducing corruption, and ensuring that public officials are held accountable. Respondents expressed confidence in the contributions of audits to effective financial oversight, ethical practices, and better decision-making. However, while external audits and institutional frameworks received favorable views, concerns remain over audit independence, internal audit effectiveness, enforcement of regulations, and resource sufficiency. These mixed perceptions highlight both the recognized strengths and the ongoing challenges facing Myanmar’s audit system in fulfilling its governance-enhancing role.

4.4 Test for Assumption

When the study is designed a survey instrument to measure abstract concept like Accountability and Transparency, Efficiency, Laws and Regulations, Good Governance and Public Financial Management, Effectiveness of Audit, the study didn’t rely on a single question – it used a set of related items (or statements) intended to capture different aspect of that concept. The study used 8 items with 5 Likert-scale for each variable.

Therefore, the study calculated Cronbach’s Alpha (α) to measure internal consistency – how closely related a set of items are as a group for each variable. The formula used to calculate Cronbach’s Alpha (α) as followed:

$$\alpha = \frac{N \times \bar{c}}{\bar{v} + (N - 1)\bar{c}}$$

N = Number of items questions in the scale

\bar{c} = Average covariance between item pairs

\bar{v} = Average variance of each item

Alternatively, in terms of item variance and total test variance:

$$\alpha = \frac{N}{N - 1} \left(1 - \frac{\sum_{i=1}^N a_i^2}{a_T^2} \right)$$

a_i^2 = Variance of each item

a_T^2 = Variance of the total score (sum of all items)

In the study, it applied the Cronbach’s Alpha Formula to each variable. For example, for Accountability and Transparency (8 items):

$$\alpha_{AT} = \frac{8}{7} \left(1 - \frac{\sum_{i=1}^8 a_i^2}{a_T^2} \right)$$

This formula was similarly applied to Laws and Regulations (8 items), Efficiency (8 items), Effectiveness of Audit (8 items) and Public Financial Management (8 items).

4.4.1 Reliability Test of Main Variables

The internal consistency of the scales was tested using **Cronbach's Alpha**. All variables demonstrated acceptable to excellent reliability, with alpha values ranging from **0.764 to 0.875** as shown in Table (4.8). Among all variables, Public Financial Management achieved the highest reliability coefficient ($\alpha = 0.875$), indicating a high degree of internal consistency among items measuring perceptions of how auditing influences good governance and public financial management practices. Similarly, Accountability and Transparency ($\alpha = 0.841$). The lowest alpha value was observed in the Laws and Regulations dimension ($\alpha = 0.764$), though it still meets the acceptable.

Table 4.9 Cronbach's Alpha Value for Each Variables

Reliability Statistics		
Variable Name	Cronbach's Alpha	N of Items
Accountability and Transparency	0.841	8
Laws and Regulations	0.764	8
Efficiency Public Audit	0.804	8
Public Financial Management	0.875	8
Effectiveness	0.808	8

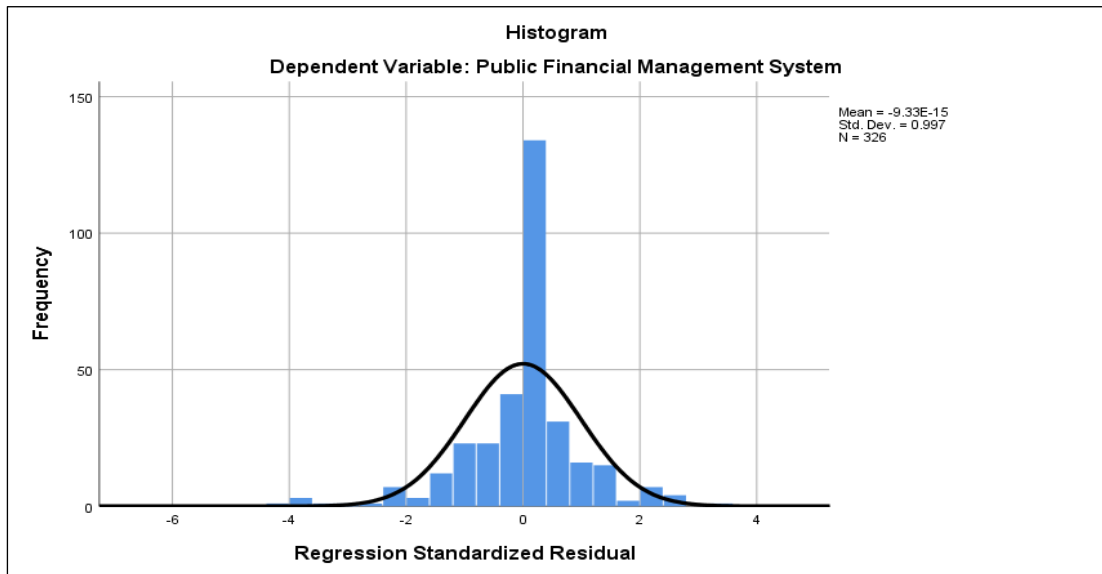
Source: Researcher's Survey Data, 2025

Overall, these results suggest that the variables used in this study are both reliable and capable of capturing coherent and consistent perceptions regarding the effectiveness and contributions of public sector auditing in Myanmar.

4.4.2 Normality Test

Based on the descriptive statistics and MLR regression analysis performed on the main variables – as presented in the earlier sections – the following Histogram, Normal P-P plot, and scatter Plot are used to evaluated the assumptions of linear regression, specifically the normality of residuals, linearity, and homoscedasticity. This decision was made to allow a comprehensive assessment of all potential factors that could influence Good Governance and the Public Financial Management system.

Figure 4.2 Histogram of Disturbances for Good Governance and the Public Financial Management System

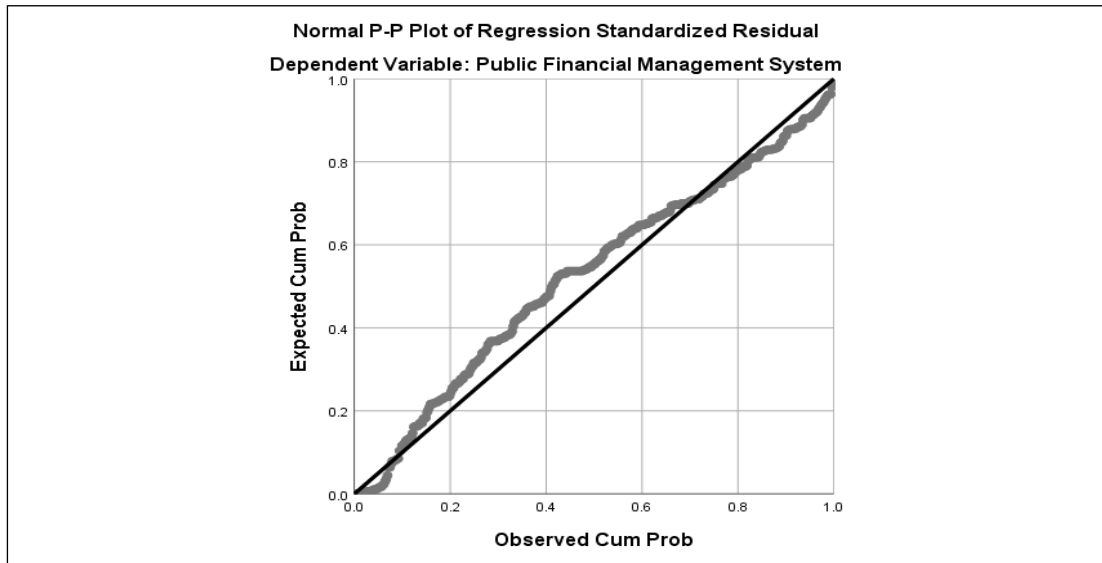


Source: Researcher's Survey Data, 2025

The results based on these plots indicate that the regression model meets the core assumptions required for linear regression. These figures present to ensure a comprehensive diagnostic assessment, as noted in the reliability, validity, and credibility check section of this study.

The histogram of residuals shows that the residuals are approximately normally distributed, forming a shape close to a bell curve. The distribution is centered around zero, which indicates that the model's errors are symmetrically distributed. Although it likely approximates a normal curve, though a few outliers are present, the overall pattern suggests that the normality assumption of residuals in linear regression is reasonably satisfied.

Figure 4.3 Normal Plot of Disturbances for Good Governance and the Public Financial Management System



Source: Researcher's Survey Data, 2025

The normal P-P plot demonstrates that most of the standardized residuals lie close to the diagonal reference line, indicating that the residuals follow a normal distribution. This pattern assumes the assumption of normality in the residuals. While slight deviations appear at the extremes, they are minor and acceptable in a large sample size, suggesting the model's predictions are generally unbiased.

4.4.3 Multicollinearity Test

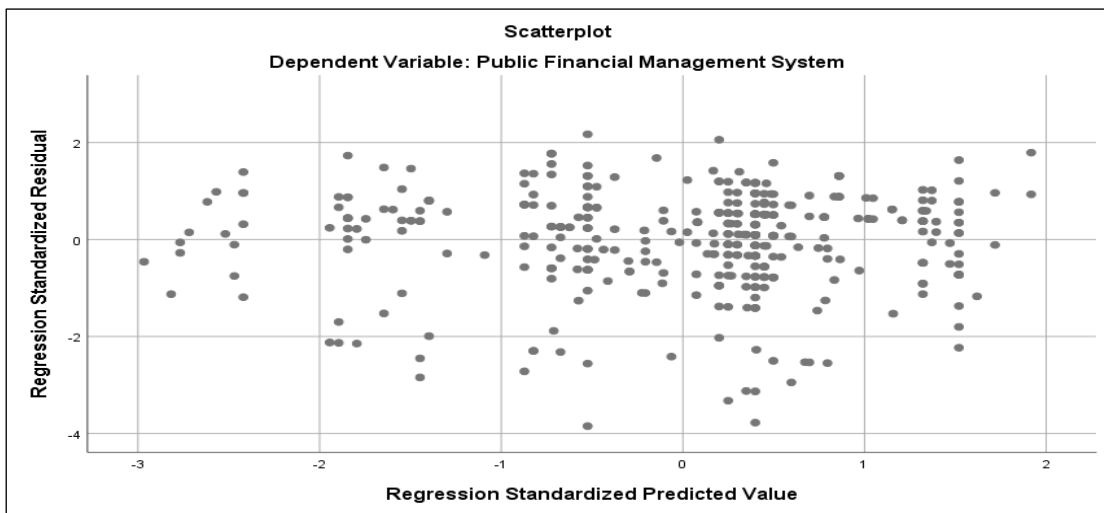
As the Multiple Linear Regression (MLR) model employed primary independent variables – the appendix (4) table presents the multicollinearity test results to verify that predictors are not excessively correlated, which could distort the regression coefficients and overall model interpretation. The collinearity diagnostics further confirm that no serious multicollinearity issues exist, with the highest condition index at 47.910 being acceptable. Most variance proportions for predictors are dispersed without clustering at high condition indices, supporting the stability of coefficient estimates.

4.4.4 Homoscedasticity Test

To satisfy one of the key assumptions of linear regression, this figure assesses the homoscedasticity of residuals in the regression model relating Good Governance and Public Financial Management to independent variables. The scatter plot illustrates that the residuals are randomly dispersed around zero across all levels of predicted

values, with no clear pattern. This randomness indicates that the variance of the residuals is constant, therefore supporting the assumption of homoscedasticity. The plot also confirms that there is no major misspecification in the regression model, and that the linear relationship between the predictors and the dependent variable holds.

Figure 4.4 Residual Patterns for Heteroscedasticity



Source: Survey Data, 2025

4.5 Regression Analysis

The application of statistical models enables a deeper understanding of how auditing practices influence governance outcomes. In this section, a Multiple Linear Regression (MLR) approach is utilized to examine the relationship between audit-related factors and their impact on good governance and public financial management (PFM). This analysis provides empirical support for identifying which variables significantly contribute to strengthening Myanmar’s audit system.

4.5.1 Data Analysis Model Explanation

The study employs a Multiple Linear Regression (MLR) model to assess the influence of several independent variables on the dependent variable good governance and public financial management (PFM) in Myanmar’s audit sector.

The econometric model can be expressed as:

$$y_i = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + \varepsilon_i$$

When our variables added to this MLR model, the econometric model used in this study can be expressed as:

$$PFM_i = \beta_0 + \beta_1AT_i + \beta_2LR_i + \beta_3EAP_i + \beta_4EFI_i + \varepsilon_i$$

PFM_i = Good governance and Public Financial Management score for respondent i

AT_i = Accountability and Transparency Score for respondent i

LR_i = Laws and Regulation score for respondent i

EAP_i = Efficiency for auditing process score for respondent i

EFI_i = Effectiveness for Audit Institutions score for respondent i

β_0 = Intercept term

$\beta_1, \beta_2, \beta_3, \beta_4$ = Coefficient estimating the effect of each independent variable

ε_i = Error term

4.5.2 Data Analysis

This study employed a Multiple Linear Regression (MLR) Model to investigate the influence of independent variables on the dependent variable. This section presents and interprets the results of the analysis, which was conducted to assess the effects of Accountability and Transparency, Laws and Regulations, Efficiency, and Effectiveness of Audit on Public Financial Management in Myanmar's public sector.

The following section presents the Multiple Linear Regression (MLR) analysis, examining the relationship between four independent variables such as Accountability and Transparency, Laws and Regulations, Efficiency, and Effectiveness of Audit, and one dependent variable, Good Governance and Public Financial Management.

Table 4.10 Multiple Linear Regression (MLR) Analysis Table

Independent Variable	Coefficient	Standard Error	t test	Sig	Tolerance	VIF
(Constant)	0.284	0.188	1.51	0.132		
Accountability and Transparency	0.08	0.052	1.531	0.127	0.588	1.702
Laws and Regulations	0.125**	0.061	2.062	0.04	0.482	2.076
Efficiency	0.366*	0.061	6.033	0.00	0.42	2.379
Effectiveness of Audit	0.37*	0.058	6.388	0.00	0.479	2.09
Adjusted R square	0.56					
F-value	104.535*					

Source: Researcher's Survey Data, 2025

*, **, *** indicate statistically significant at 1% level, 5% level, and 10% level.

Based on the results of the Multiple Linear Regression (MLR) analysis presented in Table 4.10, the model assesses the influence of four independent variables—Accountability and Transparency, Laws and Regulations, Efficiency, and Effectiveness of Audit—on the dependent variable, Good Governance and Public Financial Management in Myanmar’s public sector. The model shows a strong overall fit, with an adjusted R square of 0.56, indicating that approximately 56% of the variation in the dependent variable can be explained by the selected predictors. Additionally, the F-value of 104.535 is statistically significant at the 1% level, suggesting the overall model is highly robust and reliable.

Among the independent variables, Efficiency ($\beta = 0.366$, $p < 0.01$) and Effectiveness of Audit ($\beta = 0.370$, $p < 0.01$) emerged as the most influential predictors, both statistically significant at the 1% level. This suggests that when audit processes are conducted in a timely, well-organized, and resource-efficient manner, there is a marked improvement in public financial management outcomes. The perceived efficiency of audit operations likely reinforces stakeholder confidence in the audit process, minimizes delays in addressing financial issues, and contributes to proactive governance interventions.

Similarly, Effectiveness of Audit was also found to be highly significant, with a coefficient of 0.370 and a p-value of 0.000. This confirms that the functional quality of audit processes—including their ability to identify irregularities, recommend actionable measures, and ensure appropriate follow-up—plays a vital role in promoting good governance. Respondents likely associate effective audits with enhanced financial discipline, reduced corruption, and greater institutional accountability.

In addition, Laws and Regulations ($\beta = 0.125$, $p = 0.04$) also showed a significant positive effect at the 5% level, indicating that a strong legal framework positively supports good governance outcomes. This finding indicates that a well-established legal framework is instrumental in shaping effective public sector auditing and governance. The presence of clear laws and regulatory guidelines likely enhances institutional clarity, defines the scope of audit functions, and facilitates compliance among government agencies. As such, this variable contributes positively to strengthening financial oversight and accountability.

However, the variable Accountability and Transparency yielded a coefficient of 0.08 with a significance level (p-value) of 0.127. While this variable is conceptually critical in the governance framework, the results suggest that its practical influence may

be limited in the current context of Myanmar. This insignificance could be attributed to inconsistent enforcement mechanisms, limited institutional autonomy, or perceived gaps between formal accountability structures and their actual implementation. Therefore, while respondents may recognize the theoretical importance of accountability and transparency, their perceived impact on PFM outcomes appears less direct or consistent.

The Variance Inflation Factor (VIF) values for all predictors range between 1.702 and 2.379, which are well below the commonly accepted threshold of 10, indicating no multicollinearity problem among the independent variables. Overall, the regression results highlight that Efficiency, Effectiveness of Audit, and a strong legal framework are key enablers of improved public financial management and governance in Myanmar's audit system.

In summary, the regression analysis underscores the critical importance of Efficiency, Effectiveness of Audit, and Laws and Regulations in enhancing good governance and public financial management in Myanmar. Meanwhile, the non-significant effect of Accountability and Transparency highlights an area where policy implementation and enforcement may require further strengthening to produce tangible outcomes in financial governance.

CHAPTER 5

CONCLUSION

The remaining section of this chapter included an overview of the research's findings from Chapter 4, as well as its conclusions. This chapter presents the key findings and discussion, recommendations and suggestion and also needs for further study.

5.1 Findings and Discussions

This research examined how auditing contributes to improved governance and public financial management (PFM) in Myanmar, using both primary data from a structured survey and secondary data from the Office of the Auditor General of the Union (OAG). To determine the impact of four principal independent variables—Accountability and Transparency, Laws and Regulations, Efficiency, and Effectiveness of Audit—on the dependent variable of Good Governance and PFM, a Multiple Linear Regression (MLR) analysis was utilized. The regression analysis showed that three out of the four variables—Laws and Regulations, Efficiency, and Effectiveness of Audit—were statistically significant predictors of PFM outcomes. Of these, the Effectiveness of Audit had the most significant effect, with Efficiency not far behind, suggesting that audit quality and operational performance are crucial factors in enhancing governance practices.

The findings derived from primary data emphasize that auditing plays a vital role in improving governance, fostering transparency, and bolstering the financial integrity of Myanmar's public sector. The importance of Efficiency and Effectiveness in the regression model confirms that audits need to be not just well-executed, but also timely and actionable for them to make a meaningful contribution to reform. In a similar vein, the crucial role of a strong legal and regulatory framework was confirmed by its considerable beneficial impact on PFM results. Nonetheless, the lack of significance of Accountability and Transparency indicates a gap between formal mechanisms and their practical application, highlighting the need for better implementation strategies.

The differences in satisfaction noted among ministries bolster this conclusion. Ministries that show a high level of compliance and adaptability to audit findings tend to gain greater benefits from the audit process, whereas those facing structural or procedural challenges report lower satisfaction levels. The results suggest that

institutional readiness, the culture of internal control, and leadership responsiveness are crucial for optimizing the advantages of auditing in the public sector.

5.2 Suggestions and Recommendations

To strengthen Myanmar's public financial management, targeted improvements in transparency, accountability, efficiency, and compliance are essential. First, transparency can be enhanced by ensuring that audit reports are published regularly and made easily accessible to the public and stakeholders through digital platforms. Proactive disclosure of findings fosters public trust and encourages civic engagement in the governance process. Second, to promote accountability, it is recommended that follow-up mechanisms on audit recommendations be institutionalized, with clear responsibility assigned to agencies and time-bound action plans to ensure implementation. Third, improving efficiency requires investment in audit capacity-building—especially in digital audit tools and continuous training for auditors—to enhance the quality and coverage of audits across ministries. Finally, compliance with audit recommendations and financial regulations must be enforced through a legal framework that includes appropriate sanctions for non-compliance, and incentives for good governance practices. By addressing these four pillars, Myanmar can significantly improve the impact of auditing on public sector performance and fiscal discipline. Moreover, improving stakeholder involvement—citizen participation and parliamentary oversight included—can foster trust in the audit process and bolster public sector integrity. When these actions are undertaken in accordance with international audit standards and the realities of localized capacity, they will aid Myanmar's wider objectives of enhancing governance, mitigating fiscal risks, and realizing sustainable public financial management.

5.3 Needs for Further Study

In light of the scope and limitations of the present study, several areas are identified for further research to expand the understanding of public sector auditing and its impact on governance and financial management in Myanmar.

One potential direction for future research is to conduct a comparative analysis between union-level and regional or state-level auditing practices. The current study focused primarily on central government institutions; however, the decentralization of public administration necessitates an examination of whether regional institutions possess the audit capacity and institutional support required to ensure effective

governance. Such a study would contribute to identifying disparities in audit effectiveness and inform policies for harmonizing audit practices across different levels of government.

Additionally, future studies could focus on sector-specific investigations to assess the influence of public audits within critical ministries such as health, education, infrastructure, or finance. By isolating the impact of audit interventions in a particular sector, researchers could gain deeper insights into the causal relationship between auditing and improvements in service delivery, budget execution, and public accountability. Sectoral case studies could also provide practical guidance for tailoring audit methodologies to the operational contexts of different ministries.

Lastly, it is recommended that future research explore public and citizen perspectives on the effectiveness and transparency of public sector auditing in Myanmar. While this study primarily focused on institutional perceptions, understanding how the general public perceives the credibility, accessibility, and impact of audit processes would offer a broader societal perspective. Such studies could employ survey methods, focus group discussions, or participatory research approaches to assess levels of public trust in audit institutions and identify communication gaps between auditors and stakeholders. This would further support initiatives aimed at democratizing audit functions and fostering a culture of accountability across all levels of government.

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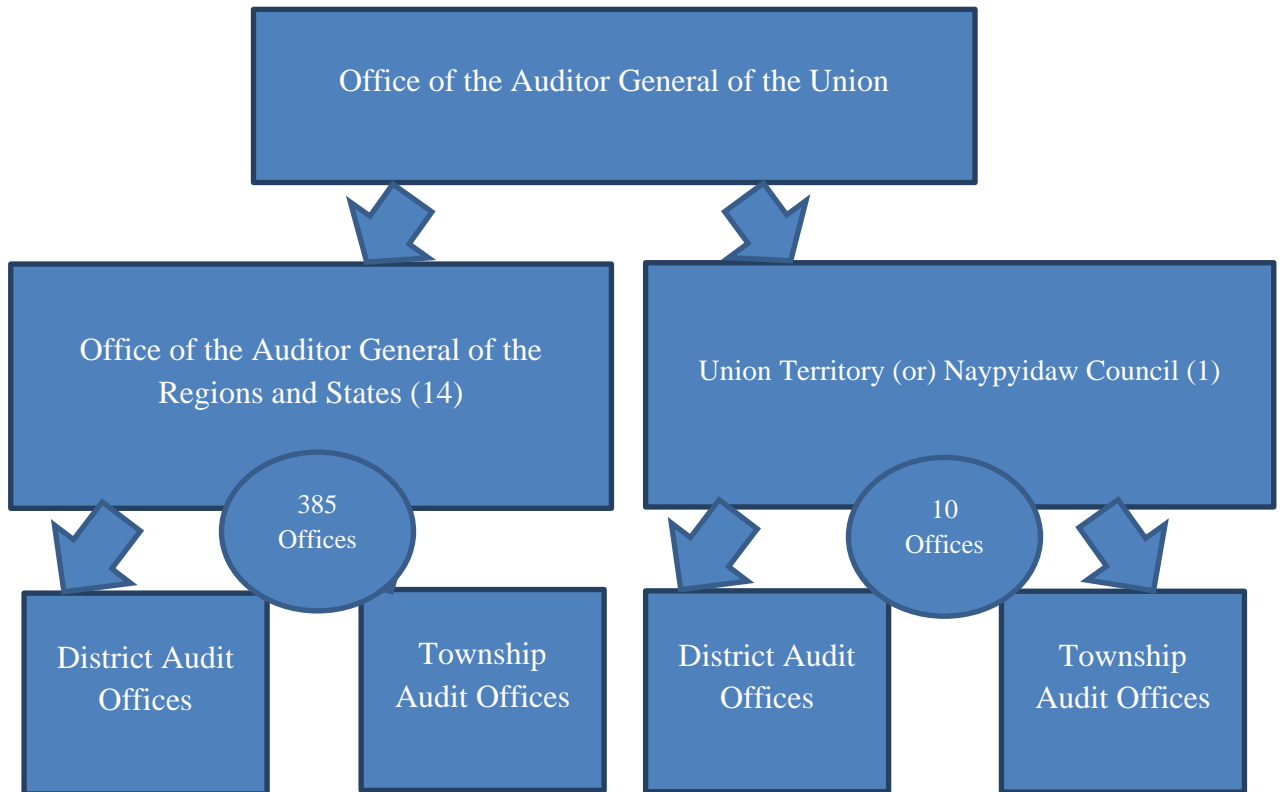
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Organization Structure of the Office of the Auditor General of the Union



Survey Questionnaires

Section A: Background information of the interviewees

1. Gender

- Male
- Female

2. Age

.....

3. Qualification (Education Background)

.....

4. What is your current position in your organization or department?

.....

5. How many years of experience do you have in auditing in the public sector?

.....

6. Which audit office do you work now?

.....

Section B: Role of Auditing in Enhancing Accountability and Transparency

No.	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Do you think that auditing improves transparency in Myanmar's public sector?					
2	Do you think that public sector audits enhance accountability in government institutions?					
3	Do you think that audit reports are effectively used to prevent corruption and financial mismanagement?					
4	Do you believe that Myanmar's auditing system ensures that public officials are held accountable?					
5	Do you believe that transparency in financial reporting has improved due to public sector audits?					

6	Do you think that audit processes in Myanmar's public sector are conducted independently without external pressure?					
7	Do you think that the frequency of public sector audits is sufficient to ensure financial transparency?					
8	Do you think that the findings from audits are effectively communicated to relevant stakeholders for action?					

Section C: Compliance with Laws and Regulations

No.	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Do you think that public sector entities in Myanmar comply with relevant rules and regulations?					
2	Do you think that auditors face challenges in enforcing compliance with financial regulations?					
3	Do you think that there is a strong legal framework to support public sector audits?					
4	Do you think that audit findings often lead to corrective action in public financial management?					
5	Do you think that the enforcement of audit recommendations is consistent and effective?					
6	Do you think that financial regulations are strictly enforced in all public sector institutions?					
7	Do you think that there are clear penalties for government agencies that fail to comply with audit recommendations?					

8	Do you think that Myanmar's public sector auditing system aligns well with international best practices?					
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Section D: Efficiency of Public Sector Auditing

No.	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Do you think that public sector audits contribute to efficient financial management?					
2	Do you think that the auditing process is timely and helps prevent financial losses?					
3	Do you think that digital auditing tools improve efficiency in public sector auditing?					
4	Do you think that the resources allocated to public sector auditing are sufficient?					
5	Do you believe that auditors have the necessary skills and training to perform effective audits?					
6	Do you believe that audits are completed within reasonable timeframes to be effective?					
7	Do you believe that public sector auditors receive adequate support and resources to perform their duties efficiently?					
8	. Do you believe that financial audits have significantly reduced inefficiencies in government spending?					

Section E: Good Governance and Public Financial Management System

No.	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Do you believe that auditing plays a crucial role in promoting good governance?					
2	Do you believe that External audits help improve public financial management in Myanmar?					
3	Do you believe that audit in Myanmar operate independently and without political influence?					
4	Do you believe that citizen participation in audit processes can enhance accountability?					
5	Do you believe that strengthening public sector auditing will improve Myanmar's overall financial governance?					
6	Do you believe that effective auditing strengthens ethical financial practices in the public sector?					
7	Do you believe that audit recommendations contribute to better decision-making in public financial management?					
8	Do you believe that stronger auditing frameworks will enhance Myanmar's reputation in global financial governance?					

Section F: Effectiveness of Audit Institutions and Processes

No.	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Do you believe that audit offices have sufficient authority to enforce financial accountability?					
2	Do you believe that OAG as the Supreme Audit Institution (SAI) is effective in its oversight role?					
3	Do you believe that the current auditing methods applied in Myanmar are modern and up to international standards?					
4	Do you believe that the current auditing methods applied in Myanmar are modern and up to international standards?					
5	Do you believe that there is sufficient follow-up on audit recommendations to ensure improvements?					
6	Do you believe that audit can conduct without political or financial influence?					
7	Do you believe that regular performance evaluations improve the effectiveness of audit institutions?					
8	Do you believe that the audit process is transparent, allowing for fair and unbiased financial reviews?					

Entire Population of the Study

Employee	HO	KC	KY1	KY2	CH	SG	TY	BG	MG	MDY	MON	RK	YGN	SH	AYA	NPT	Total
Official	290	43	17	20	15	82	27	74	68	96	32	38	174	99	72	26	1173
Non-Official (Auditor)	271	91	11	43	26	189	55	6	213	293	107	122	375	0	164	81	2517
Non-Official (Non-Auditor)	113	31	19	21	20	67	21	66	72	67	20	62	88	79	65	22	833
Total	674	165	47	84	61	338	103	36	353	456	159	222	637	42	301	129	4523

HO: Head Office**KC: Kachin****KY1: Kayin****KY2: Kayar****CH: Chin****SG: Sagaing****TY: Tanintharyi****BG: Bago****MG: Magway****MDY: Mandalay****MON: Mon**

RK: Rakhine

YGN: Yangon

SH: Shan

AYA: Ayeyarwady

NPT: Naypyitaw Council

Multicollinearity Check

Collinearity Diagnostics							
Model	Dimension	Eigenvalue	Condition Index	Variance Proportions			
				(Constant)	Accountability_and_Transparency	Laws_and_Regulations	Efficiency
1	1	4.987	1	0	0	0	0
	2	0.004	34.001	0.74	0.02	0.01	0.16
	3	0.003	38.143	0.22	0.93	0	0.06
	4	0.003	41.5	0.01	0.01	0.55	0.03
	5	0.002	47.91	0.03	0.04	0.44	0.75