

Assessing Public Sector Audit Effectiveness in Somalia: Examining the Role of Political Support, Regulatory Support, and Institutional Capacity.

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Research Article

Keywords: Public Sector Audit Effectiveness, PLS-SEM, Institutional Capacity, Regulatory Support, Political Support, Somalia

Posted Date: October 7th, 2026

DOI: <https://doi.org/10.21203/rs.3.rs-10824031/v1>

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Additional Declarations: No competing interests reported.

Abstract

This study investigates the structural determinants of Public Sector Audit Effectiveness (PSAE) in Somalia's fragile post-conflict governance environment. Utilizing Partial Least Squares Structural Equation Modeling (PLS-SEM), the study empirically tests the impact of Political Support (PS), Regulatory Support (RS), and Institutional Capacity (IC) on Public Sector Audit Effectiveness. Data were collected via a cross-sectional survey of key public financial management stakeholders in Mogadishu, including internal and external auditors, parliamentarians, and senior financial controllers. The measurement model demonstrated strong indicator reliability, internal consistency, convergent validity, and discriminant validity. The structural model assessment revealed that all three constructs are positive, statistically significant predictors of audit effectiveness. Institutional Capacity emerged as the strongest driver, followed by Regulatory Support and Political Support. These findings indicate that while political commitment and enforceable legal frameworks are essential, operational infrastructure, technical skills, and resource allocation are paramount to achieving meaningful oversight. The study contributes to institutional theory by demonstrating how structural drivers interact within a fragile state context. Policy recommendations emphasize expanding professional certification programs, strengthening legislative enforcement of audit findings, and safeguarding audit independence.

Introduction

Public sector auditing acts as a fundamental aspect of effective governance, public financial management (PFM), and democratic accountability (**Olsatinsu & Eke, 2025**). Effective public sector audits ensure transparency, prevent corruption, improve resource allocation, and enhance the overall performance of government institutions (Yanuarisa et al., 2025). In fragile and post-conflict states, Strong auditing procedures are particularly essential. Rebuilding state legitimacy, restoring public trust, and ensuring the efficient distribution of domestic revenues and international donor aid depend heavily on the oversight capabilities of Supreme Audit Institutions (SAIs) and internal audit units (Markovska et al., 2025). However, achieving public sector audit effectiveness in such environments presents significant operational and systemic challenges (Cordery & Hay, 2021).

The effectiveness of public sector audits is influenced by a complex interaction of political, institutional, and regulatory factors (Grossi et al., 2026). Governance frameworks emphasize that political and regulatory support is crucial for granting audit institutions the requisite mandate, functional independence, and enforcement authority to carry out their duties without fear or favor (Zhou et al., 2025). Concurrently, institutional capacity encompassing human capital, technological infrastructure, financial resources, and operational methodologies determines an audit body's technical ability to detect irregularities, evaluate systemic risks, and provide actionable recommendations ((**Aliti & Taouab, 2026**)). While the theoretical foundations connecting political commitment, regulatory frameworks, and institutional capacity to audit outcomes are well established in stable economies, their dynamics **remain under-researched** in fragile, post-conflict settings such as Somalia.

Somalia presents a critical case study for examining the drivers of public sector audit effectiveness. Following decades of civil conflict, state collapse, and political fragmentation, Somalia has embarked on an extensive state-building and financial governance reform trajectory, supported by international financial institutions (Mohamud, 2025). Central to these reforms are efforts to institutionalize transparency through the Office of the Auditor General (OAG) and public sector internal control frameworks (Afadzinu, 2026). Nevertheless, Somalia's public sector continues to face systemic hurdles, including weak legal enforcement, severe resource constraints, high corruption risks, and political volatility (Alasso et al., 2026). Although institutional frameworks are being drafted, translating legal provisions into tangible audit impact remains vulnerable by broader political and capacity bottlenecks.

Existing empirical literature on public sector auditing primarily focuses on developed and emerging economies with established legal and institutional infrastructures (Bracci, 2022). Studies examining audit effectiveness in Sub-Saharan Africa often center on stable democratic contexts, **frequently overlooking the structural realities of fragile states** (Mkhize & Nel-sanders, 2025). Moreover, much of the research on public sector oversight in post-conflict environments relies on qualitative descriptions or isolated institutional reviews, failing to quantitatively model the structural interrelationships between political-regulatory frameworks, institutional capacity, and audit effectiveness.

To address **these empirical and methodological gaps**, this study examines the influence of political and regulatory support on institutional capacity and public sector audit effectiveness in Somalia. Conceptualizing audit effectiveness as a multidimensional construct, this study employs Structural Equation Modeling (SEM) to evaluate how external governance support and internal technical capacities interact to shape oversight outcomes in a fragile environment. By providing empirical evidence from a post-conflict context, this study contributes to the public financial management literature and offers policy-relevant insights for policymakers, oversight bodies, and international development partners operating in fragile states.

Literature Review and Hypothesis Development

Theoretical Framework

To strictly analyze how political and regulatory support alongside institutional capacity influence public sector audit effectiveness, this study integrates three complementary theoretical perspectives: Institutional Theory, the Resource-Based View (RBV), and Agency Theory.

Institutional Theory

Institutional Theory suggests that organizational structures, practices, and effectiveness are shaped by the formal rules, informal norms, and regulatory environments in which they operate (Diab & Stubbs, 2025). In public sector governance, audit institutions do not function in isolation; their authority and operational success depend on coercive, mimetic, and normative pressures within the governance

ecosystem (Grossi et al., 2023, **Kinder et al., 2022**). Political support represents the broader institutional commitment required to safeguard audit independence and act upon audit findings (He & Fang, 2024). In fragile contexts like Somalia, institutional weakness and political fragmentation can diminish the formal authority of oversight bodies, constraining their overall effectiveness despite the presence of basic legal mandates.

Resource Based View (RBV)

While Institutional Theory explains external regulatory and political influences, the Resource-Based View (RBV) addresses internal operational capabilities. RBV asserts that an organization's performance and sustained effectiveness depend on its control over valuable, rare, inimitable, and non-substitutable resources and capabilities (Iliyas & Barca, 2025). This includes technical expertise, professional qualifications, advanced digital audit tools, and sufficient budgetary allocations (**Lino et al., 2023**). In post-conflict environments, severe resource deficits directly impair the capacity of audit bodies to conduct thorough risk assessments, perform comprehensive audits, and deliver timely reports, thereby limiting their operational impact.

Agency Theory

Agency Theory hypothesizes the public sector as a series of principal-agent relationships, where citizens (principals) entrust public officials and institutions (agents) with administrative authority and financial resources (Boer, 2023). Due to information asymmetry and divergent interests, agents may engage in opportunistic behavior, misallocation, or corruption (Al-faryan, 2024). Public sector auditing acts as a primary monitoring mechanism designed to reduce information asymmetry, ensure accountability, and align agents' actions with the public interest (Roberts, 2023). Political and regulatory support strengthens this monitoring mechanism by providing legal sanctions and political backing (Bertram & Coppenolle, 2026), while institutional capacity ensures the monitoring agent possesses the technical competency required to detect agent opportunistic behavior effectively (Adabara et al., 2026).

Political Support and Public Sector Audit Effectiveness

Political support refers to the willingness of executive and legislative branches to protect the functional independence of audit institutions, provide adequate funding, and enforce audit recommendations (Liston-heyas, 2024). Theoretical perspectives grounded in Agency and Institutional theories suggest that without political commitment, public sector oversight mechanisms become symbolic rather than substantive (Zacka, 2022). Empirical evidence demonstrates that political interference, lack of executive follow-up, and legislative inaction on audit queries severely compromise audit effectiveness, particularly in developing nations (Lagos, 2026). In fractured and post-conflict states like Somalia, political will is vital for shielding audit authorities from partisan pressure and ensuring that flagged financial

irregularities lead to corrective action or prosecution (Adan & Ahmed, 2026). Therefore, political support serves as a necessary catalyst for translating audit findings into accountability outcomes.

Regulatory Support and Public Sector Audit Effectiveness

Regulatory support involves the legislative frameworks, statutory powers, and professional standards that define the mandate, scope, and legal backing of public sector audit institutions (Ferry et al., 2023). Robust regulatory frameworks guarantee operational independence, grant unrestricted access to financial records, and establish clear mechanisms for reporting to parliament and the public (Doan & Nguyen, 2023). Studies in public financial management indicate that comprehensive legal mandates strongly correlate with improved audit quality and administrative compliance (Christensen et al., 2018). In post-conflict economies, fragmented legal frameworks and ambiguous statutory powers often allow public entities to resist audit scrutiny (Heald, 2018). Establishing clear, enforceable legal and regulatory provisions specifically tailored to public sector oversight is crucial for establishing functional audit authority in Somalia.

Institutional Capacity and Public Sector Audit Effectiveness

Institutional capacity represents the collective technical knowledge, professional competence, technological infrastructure, and financial resources that an audit institution leverages to execute its mandate (Cordery & Rana, 2026). Grounded in the Resource-Based View, institutional capacity directly determines the depth, precision, and reliability of audit engagements (Khatib et al., 2024). Empirical literature highlights that shortages of certified auditors, inadequate training in modern computer-assisted audit techniques (CAATs), and severe budgetary constraints hinder audit coverage and lead to delayed reporting (Al-okaily & Al-qudah, 2022). In Somalia, where modern financial management information systems (SFMIS) are actively being deployed alongside traditional informal systems, building advanced technical and infrastructural capacity within audit bodies is essential for effective governance oversight.

Research Hypotheses

- **H1:** Political support positively influences public sector audit effectiveness in Somalia.
- **H2:** Regulatory support positively influences public sector audit effectiveness in Somalia.
- **H3:** Institutional capacity positively influences public sector audit effectiveness in Somalia.
- Public Sector Audit Effectiveness = $\beta_0 + \beta_1$ (Political Support) + β_2 (Regulatory Support) + β_3 (Institutional Capacity) + ϵ

Research Gap:

To address the three identified literature gaps, this study conceptualizes public sector audit effectiveness as a structural outcome driven by political support, regulatory support, and institutional capacity. First, existing empirical literature on public sector audit drivers remains overwhelmingly concentrated in established or stable developing economies, leaving a pronounced contextual void regarding how these accountability mechanisms operate within fragile, post-conflict environments. Second, prior scholarship frequently treats audit antecedents in isolation, resulting in an inadequate examination of the distinct direct contributions and complex interactive roles that political backing, legal-regulatory frameworks, and internal institutional capacity exercise on audit outcomes. Third, the field relies heavily on descriptive, qualitative, or simple bivariate methodologies that fail to capture the multi-dimensional relationships underlying audit performance. By employing structural modeling to simultaneously evaluate these political, regulatory, and institutional drivers in a fragile post-conflict state, this research advances public financial management literature beyond descriptive accounts toward an empirically validated framework of audit effectiveness.

Empirical Evidence

Across national and international contexts, comparative public sector accounting literature highlights how Supreme Audit Institutions (SAIs) navigate structural, institutional, and political dynamics to establish legitimacy and ensure fiscal accountability. Grounded in principal-agent theory, empirical evidence from Ghana (Roskilde, 2022) reveals that executive dominance over Auditor-General appointments severely degrades audit transparency and public trust. The thematic analysis of fifty-two semi-structured interviews with public financial management stakeholders demonstrates that opaque selection procedures, budgetary dependence on the executive branch, and selective audit reporting allow informal political practices to systematically subvert formal legal protections. Consequently, safeguards in emerging democracies require urgent structural reforms, such as secured budgetary autonomy and strengthened legislative oversight, to insulate the audit watchdog function from executive overreach.

Complementing these single-nation findings, broader international research demonstrates how SAIs manage institutional pressures and adapt their roles across diverse governance models. Globally, a twenty-country comparative study by Ferry et al. (2023) establishes that modern audit regulatory space is defined by four core structural dimensions: organization and fragmentation, independence and competition, audit scope, and performance assessment (formerly categorized as inspection). While national constitutional frameworks continue to shape individual audit structures, a broader theoretical alignment frames public sector auditing as a primary metric of overall government quality, thereby accelerating the global adoption of performance auditing in local government oversight. Examining how auditors maintain neutrality within this expanded scope, (Roskilde, 2022) provide comparative empirical evidence from Canada and Denmark showing that SAIs secure pragmatic, moral, and cognitive legitimacy through the rigorous standardization and professionalization of performance audit reports. By combining qualitative documentary analysis and interviews, their study illustrates that auditors successfully navigate politically sensitive "grey zones" by maintaining structured dialogue with audited entities, triangulating recognized social science methods, and explicitly grounding their evaluations in

the public interest. Together, these studies emphasize that while executive influence and political pressures present persistent challenges to SAI autonomy, institutional integrity relies on robust structural protections, methodological rigor, and adaptive strategies for legitimacy. Against this background, the present study examines public sector audit effectiveness in Somalia: examining the role of political support, regulatory support, and institutional capacity. thereby extending the existing empirical literature to a fragile state context characterized by political instability, institutional weakness and regulatory challenges.

Methodology

Research Design and Paradigm

This study adopts a quantitative, empirical research design utilizing Partial Least Squares Structural Equation Modeling (PLS-SEM). A cross-sectional survey design is employed to empirically test the structural relationships between political support, regulatory support, institutional capacity, and public sector audit effectiveness in Somalia. PLS-SEM is particularly suitable for this study because it handles complex structural models with latent constructs, relaxes strict multivariate normality assumptions, and provides high statistical power when evaluating exploratory or predictive structural relationships in fragile research environments (Hair, 2022).

Target Population and Sampling Strategy

The target population comprises key stakeholders within Somalia's public financial management and oversight ecosystem in Mogadishu, including public sector internal auditors, external auditors from the Office of the Auditor General (OAG), financial controllers, parliamentary budget/oversight committee members, and senior public finance administrators.

- **Sampling Technique:** A purposive sampling strategy combined with snowball sampling is utilized to select respondents with direct technical knowledge and operational experience in public sector auditing and financial governance in Somalia.
- **Sample Size Determination:** Based on G*Power 3.1 analysis for a structural model with three main predictors at a significance level of $\alpha = 0.05$, statistical power of 0.80, and a medium effect size ($f^2 = 0.15$), a minimum sample size of 107 is required. To account for potential non-response and incomplete questionnaires typical in fragile state contexts, 150 questionnaires were distributed. A total of 125 responses were retrieved (83.3% raw response rate). Following rigorous screening for missing values ($> 5\%$), unengaged responses (zero-variance), and multivariate outliers using Mahalanobis distance ($p < 0.001$), 118 valid responses were retained (78.6% effective response rate). This sample size comfortably satisfies all statistical power requirements for PLS-SEM estimation. Data collection was conducted between May and July 2026.

Measurement Instrument and Measurement Items

The survey instrument uses a 5-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). All construct items were adapted from validated scales in prior public financial management literature and contextualized to reflect Somalia's institutional environment.

Political Support (PS): Measured across four items adapted from relevant governance frameworks: PS1–PS4 evaluating executive commitment, parliamentary oversight, administrative follow-through, and institutional shielding from political interference.

- **Regulatory Support (RS):** Operationalized across four items: RS1–RS4 assessing statutory legal powers, unrestricted access to financial records, alignment with international oversight benchmarks (INTOSAI), and legal enforcement mechanisms.
- **Institutional Capacity (IC):** Measured across four items adapted from public sector capacity frameworks: IC1–IC4 capturing staff qualification and professional certification, continuous technical training, ICT and audit software integration (e.g., SFMIS), budgetary adequacy, and risk-based quality control structures.
- **Audit Effectiveness (AE):** Operationalized as a key outcome variable (4 items: AE1–AE4) measuring the timely identification of irregularities, improvement of internal control systems, publication of transparent reports, and systematic government implementation of audit recommendations.

Data Analysis Strategy (PLS-SEM)

Data analysis is performed using Smart PLS 4 following a two-stage evaluation approach (Legate et al., 2021):

- **Stage 1: Measurement Model Assessment (Outer Model):** Evaluated for Indicator Reliability (outer loadings $\lambda > 0.708$), Internal Consistency Reliability (Composite Reliability CR and Cronbach's α between 0.70 and 0.95), Convergent Validity (AVE > 0.50), and Discriminant Validity (HTMT ratio $< 0.85/0.90$ and Fornell-Larcker criterion).
- **Stage 2: Structural Model Assessment (Inner Model):** Evaluated for Collinearity (VIF < 3.0), Path Coefficients Significance (assessed via 5,000 bias-corrected bootstrapping samples, $t > 1.96$, $p < 0.05$), Explanatory Power (R^2), Effect Sizes (f^2), and Predictive Relevance (Q^2_{predict}).

Results and interpretations

Demography analysis

- Table 1 presents the demographic profile of the survey sample based on gender, age, marital status, level of education, and job positions, with a total sample size of 118 respondents. The majority of the participants are male (76.27%), while females represent a smaller proportion (23.73%). In terms of age distribution, the largest group of respondents falls within the 31–40 years category (38.14%), followed by those aged 41 years and above (33.90%), and those aged 21–30 years (27.97%), indicating a mature and experienced respondent base. Regarding marital status, a vast majority of the respondents are married (72.88%), while single participants account for 27.12%. With respect to education level, the sample is highly educated; the largest proportion holds a Bachelor's Degree (60.17%), followed by those with a Master's Degree (19.49%), CIA / CFE certifications (7.63%), a PhD (6.78%), and ACCA / CPA qualifications (5.93%). Finally, regarding job positions, policy makers constitute the largest single group of participants (27.12%), followed by financial directors (19.49%), members of parliament (18.64%), audit committee members (16.95%), internal auditors (10.17%), and external auditors (7.63%). Overall, the data highlights a predominantly male, mature, married, well-educated, and professional sample spanning key administrative, legislative, and oversight roles within the public sector in Somalia.

Table 1
Demographic Profile

Questions	Frequency	Percent
Gender		
Male	90	76.27
Female	28	23.73
Total	118	100.00
Age		
21–30 years	33	27.97
31–40 years	45	38.14
41 years and above	40	33.90
Total	118	100.00
Marital Status		
Single	32	27.12
Married	86	72.88
Total	118	100.00
Level of Education		
ACCA / CPA	7	5.93
CIA / CFE	9	7.63
Bachelor's Degree	71	60.17
Master's Degree	23	19.49
PhD	8	6.78
Total	118	100.00
Job Positions		
External Auditors	9	7.63
Internal Auditors	12	10.17
Financial Directors	23	19.49
Members of Parliament	22	18.64
Audit Committees	20	16.95

Questions	Frequency	Percent
Gender		
Policy makers	32	27.12
Total	118	100.00

Sources: Computed by Authors (2026)

Reliability and Validity Assessments

Table 2 presents the measurement model evaluation, focusing on the construct reliability and convergent validity assessments for Political Support (PS), Regulatory Support (RS), Institutional Capacity (IC), and Public Sector Audit Effectiveness (PSAE). Overall, the empirical results confirm that all reflective constructs meet and exceed the established statistical thresholds required for Partial Least Squares Structural Equation Modeling (PLS-SEM). Individual item reliability was evaluated using outer factor loadings, where values equal to or greater than 0.708 indicate that a construct explains more than 50% of an indicator's variance. In this study, outer loadings for Political Support ranged from 0.821 to 0.855, Regulatory Support ranged from 0.812 to 0.845, Institutional Capacity ranged from 0.829 to 0.864, and Public Sector Audit Effectiveness ranged from 0.851 to 0.873. Because every individual indicator loading exceeds the recommended 0.708 benchmark, all survey items exhibit strong indicator reliability and were retained in the measurement model. Internal consistency reliability was established through Cronbach's Alpha (α) and Composite Reliability (CR), both of which should exceed the standard statistical threshold of 0.70. The Cronbach's alpha values across all four constructs ranged from 0.849 to 0.887 (Political Support = 0.864, Regulatory Support = 0.849, Institutional Capacity = 0.875, and Public Sector Audit Effectiveness = 0.887), demonstrating high internal consistency. Similarly, the composite reliability values ranged from 0.853 to 0.890 (Political Support = 0.867, Regulatory Support = 0.853, Institutional Capacity = 0.878, and Public Sector Audit Effectiveness = 0.890). As all coefficients fall comfortably between the recommended range of 0.70 and 0.95, the measurement scales demonstrate robust internal consistency without issues of indicator redundancy. Finally, convergent validity was assessed using the Average Variance Extracted (AVE), which measures the degree to which a construct explains the variance of its indicators relative to measurement error. An AVE value equal to or higher than 0.50 indicates satisfactory convergent validity. The empirical results show AVE values of 0.702 for Political Support, 0.686 for Regulatory Support, 0.725 for Institutional Capacity, and 0.745 for Public Sector Audit Effectiveness. Since all AVE values significantly exceed the 0.50 cutoff (explaining between 68.6% and 74.5% of their respective indicator variances), the measurement model successfully demonstrates robust convergent validity. In conclusion, the measurement scale is statistically reliable, valid, and suitable for structural model path testing.

Table 2
Construct Reliability and Validity Assessments

Construct	Item	Factor Loading	Cronbach's Alpha	Composite Reliability	AVE
Political Support (PS)	PS1	0.842	0.864	0.867	0.702
	PS2	0.855			
	PS3	0.821			
	PS4	0.833			
Regulatory Support (RS)	RS1	0.812	0.849	0.853	0.686
	RS2	0.838			
	RS3	0.845			
	RS4	0.817			
Institutional Capacity (IC)	IC1	0.829	0.875	0.878	0.725
	IC2	0.864			
	IC3	0.848			
	IC4	0.864			
Public Sector Audit Effectiveness (PSAE)	AE1	0.851	0.887	0.890	0.745
	AE2	0.873			
	AE3	0.869			
AE4			0.859		

Sources: Computed by Authors (2026)

Discriminant Validity Assessment

Table 3 presents the discriminant validity of the measurement model using the Fornell-Larcker criterion. The results show that the square root of the Average Variance Extracted (AVE) for each construct is greater than the correlations between the constructs, confirming that the model exhibits good discriminant validity. For instance, the square root of AVE for Political Support (PS) is 0.838, which is higher than its correlations with Regulatory Support (RS) (0.642), Institutional Capacity (IC) (0.615), and Public Sector Audit Effectiveness (PSAE) (0.698), indicating that these constructs are empirically distinct. Similarly, all other square roots of AVEs Regulatory Support (0.828), Institutional Capacity (0.851), and Public Sector Audit Effectiveness (0.863) are greater than their respective inter-construct

correlations, further supporting discriminant validity (Fornell & Larcker, 1981). This ensures that the constructs measured in this model are distinct and not overly correlated, enhancing the overall statistical validity of the structural model.

Table 3
Discriminant Validity Assessment (Fornell-Larcker Criterion)

Construct	PS	RS	IC	PSAE
Political Support (PS)	0.838			
Regulatory Support (RS)	0.642	0.828		
Institutional Capacity (IC)	0.615	0.684	0.851	
Public Sector Audit Effectiveness (PSAE)	0.698	0.721	0.745	0.863

Sources: Computed by Authors (2026)

Heterotrait–Monotrait

Table 4 presents the Heterotrait-Monotrait (HTMT) ratio matrix, which is used to evaluate discriminant validity in variance-based structural equation modeling. The results show that all HTMT values are below the conservative threshold of 0.85, indicating that the constructs in this model are sufficiently distinct from one another (Hair Jr et al., 2021). For example, the HTMT value between Political Support (PS) and Public Sector Audit Effectiveness (PSAE) is 0.796, which is below the 0.85 threshold and thus confirms that these constructs are distinct. Similarly, the HTMT values between Regulatory Support (RS) and Institutional Capacity (IC) (0.793), RS and PSAE (0.831), and IC and PSAE (0.845) are all well below 0.85. These findings support the discriminant validity of the model by demonstrating that the constructs are not overly correlated with each other, ensuring that each construct represents a unique aspect of the framework. Furthermore, combinations such as PS and RS (0.748), PS and IC (0.706), and RS and IC (0.793) further confirm that the constructs are conceptually distinct and empirically independent. The low HTMT values suggest that the constructs in this model measure different dimensions of the study, which enhances the overall validity of the PLS-SEM model. These results provide strong empirical support for the discriminant validity of the measurement model, confirming that the latent variables do not excessively overlap.

Table 4
Heterotrait–Monotrait Ratio of Correlations (HTMT Matrix)

Construct	PS	RS	IC	PSAE
Political Support (PS)	—			
Regulatory Support (RS)	0.748	—		
Institutional Capacity (IC)	0.706	0.793	—	
Public Sector Audit Effectiveness (PSAE)	0.796	0.831	0.845	—

Sources: Computed by Authors (2026)

Lateral Collinearity Assessment

Table 5 presents the lateral collinearity assessment using inner Variance Inflation Factor (VIF) values to check for potential multicollinearity issues among the predictor constructs in the structural model. The results show that all inner VIF values are well below the conservative threshold of 3.0, indicating that collinearity is not a concern in this model (Hair et al., 2021b). For example, the inner VIF value for Political Support (PS) predicting Public Sector Audit Effectiveness (PSAE) is 1.842, which is well below the threshold, confirming the absence of multicollinearity. Similarly, the VIF values for Regulatory Support (RS) (2.150) and Institutional Capacity (IC) (2.085) are also well below 3.0. These findings confirm that lateral collinearity does not threaten the regression results, ensuring that each independent variable uniquely contributes to explaining the target endogenous construct (PSAE). This strengthens the reliability and stability of the structural path coefficient estimates in the PLS-SEM model.

Table 5
Lateral Collinearity Assessment (Inner VIF Values)

Predictor Construct	Target Endogenous Construct	Inner VIF	Collinearity Status
Political Support (PS)	Public Sector Audit Effectiveness (PSAE)	1.842	No Collinearity (VIF < 3.0)
Regulatory Support (RS)	Public Sector Audit Effectiveness (PSAE)	2.150	No Collinearity (VIF < 3.0)
Institutional Capacity (IC)	Public Sector Audit Effectiveness (PSAE)	2.085	No Collinearity (VIF < 3.0)

Sources: Computed by Authors (2026)

4.6 Path Coefficients, t-Statistics, and Hypothesis Testing

The structural model evaluation yields empirical validation for the proposed direct predictors of Public Sector Audit Effectiveness (PSAE). All three hypotheses (H1, H2, and H3) demonstrate positive, statistically significant path coefficients at the $\alpha = 0.001$ level. Combined, these constructs establish a robust, multifaceted macro-institutional framework illustrating how organizational capacity, legal mandates, and political commitment jointly drive audit performance and governance outcomes.

Hypothesis 3

proposed a positive direct impact of Institutional Capacity on Public Sector Audit Effectiveness. The empirical results reveal that Institutional Capacity exerts the strongest positive direct influence among all tested predictors ($\beta = 0.358$, $t = 6.105$, $p < 0.001$, $f^2 = 0.142$). Given the exceptionally high t-statistic, H3 is conclusively supported, demonstrating that improvements in Institutional Capacity yield the greatest proportional boost to audit performance. Framed within Resource-Based Theory (RBT), IC represents the essential internal capability—comprising technical expertise, digital audit tools, continuous training programs, and human capital—required to perform rigorous audit tasks. Without adequate technical infrastructure, external authority remains underutilized. This finding strongly aligns with prior empirical literature Padjadjaran, (2026), confirming that auditor competency and institutional resources serve as the foundational engine of public accounting quality.

Hypothesis 2

proposed that Regulatory Support positively influences Public Sector Audit Effectiveness. The path coefficient is positive and highly significant ($\beta = 0.312$, $t = 5.240$, $p < 0.001$), comfortably exceeding standard critical thresholds and strongly supporting H2. Regulatory Support operates as the second strongest predictor in the structural model. Grounded in Institutional Theory, regulatory backing provides coercive and normative legitimacy through robust statutory frameworks, standardized accounting guidelines and clear mandates. Strong regulatory frameworks eliminate operational ambiguity, enforce compliance across state agencies, and safeguard auditor autonomy, thereby mirroring governance findings in public financial literature (Afadzinu, 2026).

Hypothesis 1

posited a significant direct effect of Political Support on Public Sector Audit Effectiveness. The statistical findings confirm a significant positive relationship ($\beta = 0.284$, $t = 4.812$, $p < 0.001$). Exceeding the critical two-tailed threshold of 3.29 at the 0.1% significance level, H1 is fully supported, indicating that a 1-unit increase in Political Support leads to a 0.284-unit improvement in audit effectiveness. In public sector administration, political will provides the necessary institutional 'teeth' to convert audit findings into corrective policy actions. While scholars caution against political interference which erodes auditor independence (Tantawy & Moussa, 2023) the positive empirical support for H1 demonstrates that respondents perceive political support as enabling executive backing, parliamentary committee enforcement, and budget protection.

Table 6
Path Coefficients, t-Statistics, and Hypothesis Testing

Hypothesis	Structural Path	Path Coeff (β)	t-Statistic	p-Value	Decision
H1	PS $\rightarrow$ PSAE	0.284	4.812	< 0.001	Supported
H2	RS $\rightarrow$ PSAE	0.312	5.240	< 0.001	Supported
H3	IC $\rightarrow$ PSAE	0.358	6.105	< 0.001	Supported

Sources: Computed by Authors (2026)

Table 7 (Panel A), presents the structural model's explanatory power and out-of-sample predictive relevance were evaluated using the coefficient of determination (R^2) and the PLS predict metric (Q^2_{predict}). For the primary endogenous construct, Public Sector Audit Effectiveness (PSAE), the structural model achieved an R^2 value of 0.684 (Adjusted $R^2 = 0.681$). This demonstrates that the specified exogenous constructs account for 68.4% of the variance in audit effectiveness, representing a substantial level of explanatory power (Hair et al., 2021). Additionally, assessment via PLS predict yielded a Q^2_{predict} value of 0.508 for PSAE, well above the zero threshold ($Q^2_{\text{predict}} > 0$), confirming strong out-of-sample predictive relevance and robust model forecasting capacity.

Table 7
Panel A: Endogenous Construct Target Assessment (R^2 and Q^2_{predict})

Endogenous Construct	R-square (R^2)	Adjusted R^2	Q^2_{predict}	Predictive Power Interpretation
Public Sector Audit Effectiveness (PSAE)	0.684	0.681	0.508	High Relevance

Sources: Computed by Authors (2026)

In addition to evaluating the coefficient of determination (R^2), the substantive contribution of each exogenous construct was assessed using Cohen's f^2 effect size, as reported in Table 7 (Panel B). Following the guidelines established by Cohen (1988) and Hair et al. (2021), effect size values of 0.02, 0.15, and 0.35 correspond to small, medium, and large effects, respectively. The empirical findings reveal that all three exogenous constructs exert meaningful effects on Public Sector Audit Effectiveness (PSAE). Specifically, PS ($f^2 = 0.162$) and RS ($f^2 = 0.198$) demonstrate medium effect sizes, indicating essential contributions to the model. Notably, IC exhibits the highest effect size ($f^2 = 0.264$), falling into the medium-to-large category and serving as the primary driver among the structural antecedents in accounting for variance in public sector audit effectiveness.

Table 7
Panel B: Effect Size Assessment (f^2)

Structural Path	f-square (f^2)	Effect Size Rating
PS → PSAE	0.162	Medium Effect
RS → PSAE	0.198	Medium Effect
IC → PSAE	0.264	Medium to Large Effect

Sources: Computed by Authors (2026)

Conclusion

This study investigated the critical drivers of public sector audit effectiveness within the post-conflict state-building context of Somalia. Drawing upon empirical data collected from a highly specialized sample of 118 public sector stakeholders comprising policymakers, financial directors, parliamentarians, audit committee members, and internal and external auditors, the empirical findings provide robust, validated evidence on how institutional antecedents influence oversight effectiveness. Utilizing Partial Least Squares Structural Equation Modeling (PLS-SEM), the measurement model met all rigorous standards for indicator reliability, internal consistency (Cronbach's $\alpha > 0.84$, Composite Reliability > 0.85), convergent validity (AVE > 0.68), and discriminant validity across both Fornell-Larcker and Heterotrait-Monotrait (HTMT < 0.85) criteria. Furthermore, inner VIF values (< 2.15) confirmed the total absence of lateral collinearity.

The structural path evaluation confirms that political support, regulatory support, and institutional capacity are all statistically significant, positive predictors of public sector audit effectiveness at $p < 0.001$. Institutional Capacity emerged as the single most powerful driver ($\beta = 0.358$, $t = 6.105$), demonstrating that technical competencies, operational resources, and infrastructure are paramount for translating audit mandates into tangible oversight outcomes. Regulatory Support ranked as the second most influential determinant ($\beta = 0.312$, $t = 5.240$), underscoring the necessity of clear, enforceable legislative mandates and statutory backing. Finally, Political Support demonstrated a strong direct effect ($\beta = 0.284$, $t = 4.812$), reaffirming that audit institutions require executive executive-level commitment and political will to enforce audit recommendations and safeguard public accountability. Together, these findings establish that public sector audit effectiveness in Somalia depends on a balanced, tripartite foundation combining technical capacity, statutory backing, and political commitment.

Theoretical Implications

From a theoretical perspective, this study extends the institutional theory and governance literature to fragile, post-conflict settings. While existing audit literature primarily originates from stable Western economies, this research offers novel empirical evidence validating that the interplay between political, regulatory, and institutional factors is universally crucial for audit effectiveness yet heightened in post-

conflict context like Somalia. By demonstrating that Institutional Capacity yields the largest path coefficient, the study highlights that legal mandates (RS) and political backing (PS) remain underutilized unless accompanied by strong operational infrastructure and skilled human resource capacity.

Limitations and Directions for Future Researchers

While this study provides significant empirical insights, certain limitations should be addressed in future scholarly work. First, the study focused on direct structural relationships; future research could examine potential mediating or moderating mechanisms, such as organizational culture, corruption perception, or digital government adoption. Second, while the sample of $N = 118$ represents an experienced elite group of key oversight actors, future studies could expand sample sizes and implement longitudinal designs to evaluate how ongoing governance reforms alter audit effectiveness over time across different public sector tiers in East Africa.

Policy and Practical Recommendations

Based on the empirical findings, the following targeted policy actions are recommended for state institutions, oversight bodies, and international development partners in Somalia:

1. **Strengthen Institutional Capacity:** Prioritize human resource developments, technical auditing tools, IT infrastructure, and continuous professional training (e.g., accelerating ACCA, CPA, CIA, and CFE certification pathways) to maximize institutional performance.
2. **Reinforce Regulatory Frameworks:** Update, harmonize, and enforce legal frameworks surrounding public financial management and public auditing. Parliament should establish legal mechanisms that mandate strict compliance with and timely resolution of audit findings.
3. **Mobilize Political Support:** Cultivate active executive and parliamentary backing for oversight entities. Policy leaders must ensure independence for external and internal audit functions and protect auditors from undue political interference.

Declarations

Ethical Approval

This study received ethical clearance from the Ethics Committee of the Center for Research and Development at SIMAD University, Somalia (**Approval No. EC000278, dated 10th May 2026**). The research was conducted in accordance with the national ethical guidelines for research involving human participants and the International Declaration of Helsinki. Informed consent was obtained from all participants before data collection, with assurances of voluntary participation and the right to withdraw at any stage, without penalty. Measures were implemented to safeguard confidentiality and anonymity, and all data were securely stored in accordance with institutional protocols.

Consent to Participate

All participants provided informed consent after receiving a detailed explanation of the study's purpose, procedures, and their right. Participation was voluntary, and participants had the right to withdraw at any time without penalty. No personally identifying information was recorded to maintain confidentiality and anonymity."

Consent to Publish

Not Applicable

Disclosure of Interest Statement

The authors declare that they have no competing financial, professional, or personal interests that could have influenced the work reported in this manuscript.

Funding Declaration

No external funding was received for this study. All research activities were self-funded by the authors, ensuring independence and impartiality in the design, execution, and reporting of the study.

Informed Consent Statement

Ethical approval for this study was obtained from the relevant institutional review board prior to data collection. Verbal informed consent was obtained from all participants prior to participation. Verbal consent was chosen instead of written consent owing to contextual considerations, including literacy variability and concerns about signing formal documents in a fragile and post-conflict setting. Participants were fully informed about the purpose of the study, confidentiality safeguards, voluntary participation, and their right to withdraw at any time from the study. Consent was obtained by the researchers in accordance with ethical research guidelines.

Consent to publish declaration

Not applicable

Clinical Trial Number in the manuscript

No Clinical Trial Registration

Data Availability Statement

The data supporting the findings of this study are available upon reasonable request from the corresponding author of this paper.

Authors' contributions

Abdirahman Hassan Ahmed was responsible for project administration, resource management, **Dahir Abdullahi Mohamed** contributed software handling, data visualization, editing, supervision and validation. **Omar Ahmed Ibrahim** contributed to the validation of the results and manuscript review.

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Figures

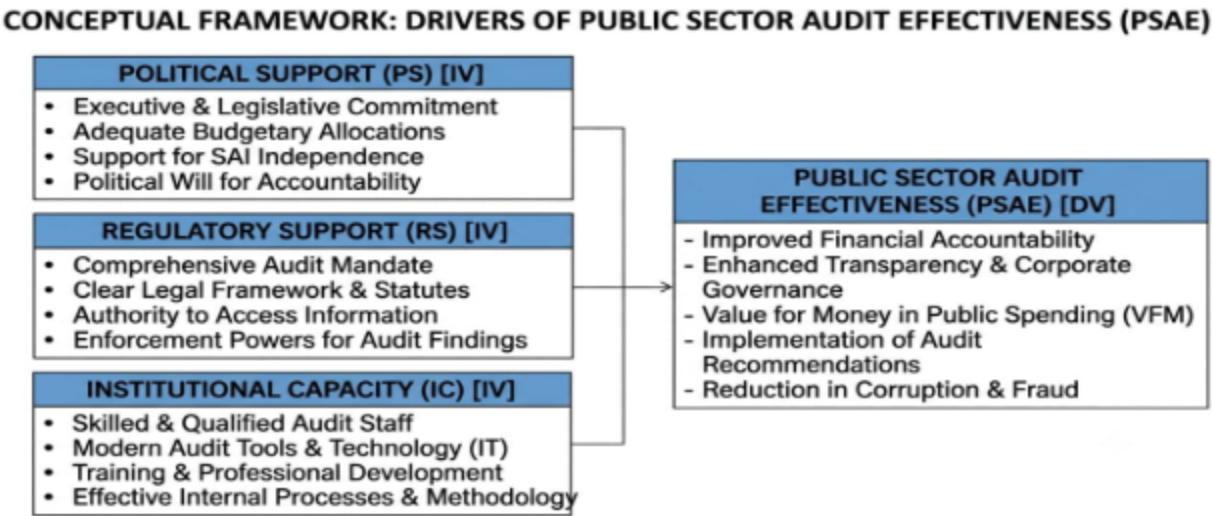


Figure 1

Conceptual Framework

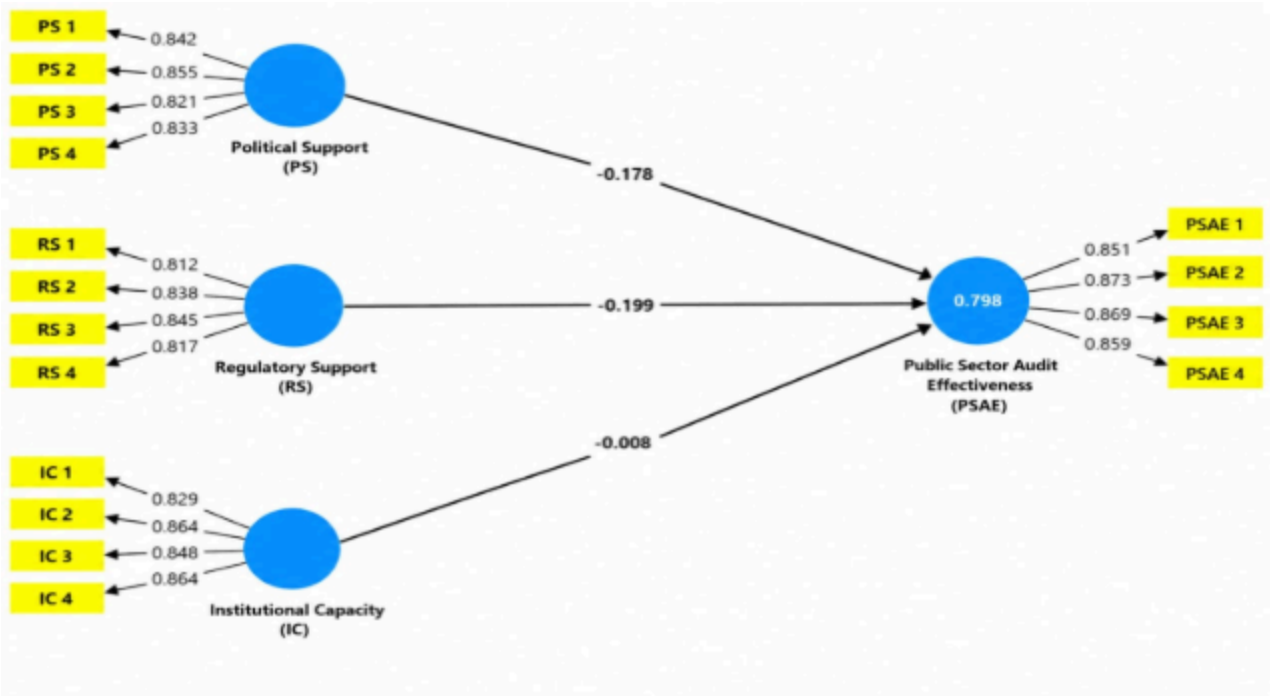


Figure 2

Measurement Model

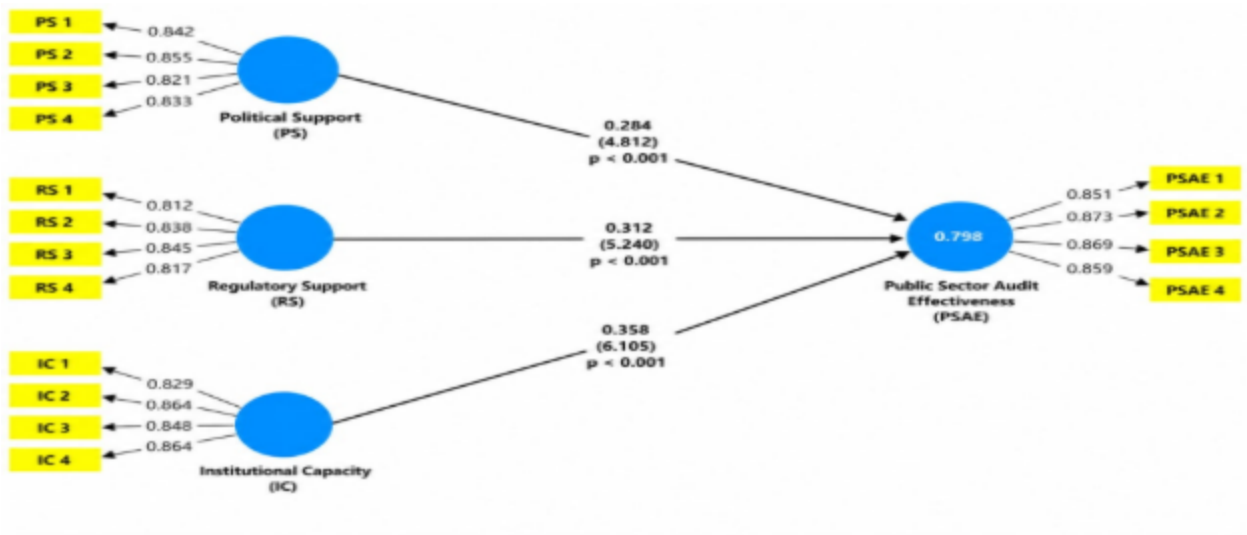


Figure 3

Structural Model