

**IMPACT OF INTERNAL AUDIT ON PERFORMANCE
OF GOVERNMENT PARASTATALS
(CASE STUDY OF KWARA STATE BROADCASTING CORPORATION,
OFFA ROAD, G.R.A. ILORIN)**

BY

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CERTIFICATION

This is to certify that this project work has been written by KOLAWALE ADAM GBONJUBOLA Matric No: **HND/23/ACC/FT/0305** and has been examined and approved as meeting parts of the requirements for the award of Higher National Diploma (HND) in the Department of Accountancy, Institute of Finance and Management Studies in Kwara State Polytechnic, Ilorin.

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DEDICATION

Alhamdulillah to the most mighty creator of the universe.

All this research work is dedicated to my late Father, he always said to me make sure you're educated both western and Islamic knowledge, I wish I had the privilege too but thank God I was able to learned how to read Yoruba newspaper from my friends. May Allah forgive him all his shortcomings and grant him Al-Jannah firdauz. Amen.

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND TO THE STUDY

Auditing has been the background of the complicated business world and has always changed with these tones. As the business world grew strong, auditing roles grew more important. The auditor's job became more difficult as the accounting, principles changes. It also became easier with the use of internal controls, which introduced the need for testing, not a complete audit scandals and stock market crashes made auditors aware of deficiencies in auditing, and the auditing community was always quick to fix deficiencies.

The late nineteen century was a turning point in auditing when laws like the English company Act of 1862 were enacted, companies of today are owned by many members called the shareholders who were providers of capital per running of the company. Every registered company is distinguished from its owners, its owners also differ from the management and the management is oblige to report to its owner, this is where the need of an auditor arises from who will examine the financial statement of the company presented to him by the management whether or not it shows a true and fair view. This is to ensure appropriate stewardship and accountability.

The evolution as auditing is a complicated history that has always changes to meet the needs of the business environment of the day. The auditor's job became more difficult as the accounting principles changed and became easier with the use of internal control. These controls introduce in the need for the testing and became easier with the use of

internal controls, not on in dept detailed audit. Auditing job would have to change to meet the changing business world.

Information is essential is the existence of our society the investor making decision to buy and sell securities the banker deciding whether to approve a loan, the government of obtaining revenue base on income tax return, all are relying on information produced by others.

More so, the goal of the provider of the information runs directly contrary to those of the users. Implicit study in this line is to recognize the social need for an independent auditor. Individual or professional competence and integrity who can see the wood from the tree and see the nook from the plank to tell us whether the information which we want to rely on constitutes a fair picture of what is really going on in an organization.

The Company and Allied Matters Act of 1990 (CAMA) in Nigeria also stated in Section 359 sub-section 1 that the auditors of a company shall make a report to its members on the accounts examined by them and on all group financial statement copies of which are to be laid before the company in a general meeting during the auditor tenure of office. The main reason of appointing an audition is just to express professional opinion on the financial statement which he has examined whether it has shown a true and fair view.

To a lay man the word 'audit' is mainly to detect fraud but it means more than that in the business organization. There are other reasons for having audit work conducted especially the internal audit also helps to confirm the validity of the transaction that takes place in the business and is mainly used by the management. Internal audit is the examination of books done by employee of a particular organization. It is main function

is to help or to manage in safeguarding the assets, ensuring correctness of financial statement, proper binding of books and records. Also for the shareholders, the Inland Revenue members of the public and ministerial agencies.

Therefore, it must be clearly stated that the internal auditor serves as an auditing capacity to the management but the management is not strictly bound to accept the advice or recommendation. The internal audit work can also aim of providing a basic for updating the financial audit work can also aim at providing a basic for updating the financial and accounting years thereby building a valid and healthy accounting department and reliable document and evidence. When people are aware that one-day within the accounting years or at all times, they may be called upon to explain an ambiguity in the process of records receipts, my fortification or changes, careless handling and updating document they will be disciplines, careful and use all their skill in serving the enterprises and make it to utilized available resources.

The independent party is duty is not just mere examination of the account from which the financial statement were prepared, rather it includes collection of all relevant information though necessary to satisfy him information of his own opinion section 30 of sub section (3) of the company and Allied Matters Decree of 1990 (CAMA).

The auditor's job certifying and testing company's financial statement is the backbone of the business world. In the end the auditor enables the public to invest in a company. The auditor is an indispensable member of the business world.

1.2 STATEMENT OF RESEARCH PROBLEM

The personnel involved in the conduct of internal auditing are the course of the main hindrance against the principles of internal auditing in a business enterprise. Below shows and highlighted some of those problems:

- i. Lack of cooperation which serves as an obstacle because in a situation where staff fails to cooperate with the internal audit department in giving reliable report. It makes the work of internal audit department in effective which automatically affects decision making.
- ii. Difficult of internal auditors to have a reasonable degree of impendence in mind and attitude due to management influence in their terms of references and scope of work.
- iii. The fact that internal audit work depend on some extent on the internal control system put in place by the organization and the reliability of auditor report depend on the degree of accuracy of the record.

1.3 RESEARCH QUESTIONS

The questions develop from the research project are:

- i. To what extent do internal audit contribute to fraud prevention and fraud detection in a manufacturing organization?
- ii. Does Internal auditing system serves as a tool for ensuring effective and efficient utilization of the company resources?
- iii. Does internal audit contribute to the system?

1.4 OBJECTIVES OF THE STUDY

Actually, this research deals with the impact of internal auditing exercise solution on where necessary. Other objectives were also identified such as:

- i. To ascertain the role and importance of the internal auditing in preventing and detecting of fraud and errors in an organization and the extent of practice of internal auditing in Nigeria business organizations.
- ii. To ascertain if internal audit serves as a tool for ensuring effective and efficient utilization of company resources.
- iii. To identify the role of internal audit in managing and supporting of risk management systems in an organization.

1.5 RESEARCH HYPOTHESIS

This study is required to test the following:

- Ho₁: Internal audit does not contribute to fraud prevention and fraud detection in a manufacturing organization.
- Ho₂: Internal audit does not serve as a tool for ensuring effective and efficient utilization of the company resources.
- Ho₃: Internal audit does not contribute in the managing and supporting of risk management system.

1.6 SCOPE OF THE STUDY

The concept of internal and external auditing is a very broad one. However, this research work will focus on the impact of internal audit on performance of government parastatals

using Kwara State Broadcasting Corporation, Ilorin and examine the internal control adopted by the company covering a period of 25 years from (1997-2022).

1.7 LIMITATION OF THE STUDY

During the course of this study, there are so many factors which really hinder the researcher's ability to cover a wide scope. Some of these factors are:

Lack of cooperation from some officials of the Kwara State Broadcasting department who refuses to divulge any information without express permission from the highest authority in the department.

Inadequate materials: Scarcity of material is also another hindrance. The researcher finds it difficult to long hands in several required material which could contribute immensely to the Success of this research work.

Time constraint also there is no adequate time to carry out the investigation properly on the subject matters.

Solutions to the factors which hinder the researcher's ability to cover a wide scope.

1.8 SIGNIFICANCE OF THE STUDY

Some researchers have discussed widely and extensively on this topic perhaps because the concept of auditing is of great importance on a sound internal auditing department. This work will give time image of an internal auditor as a friend of others staff and not as an enemy.

1.9 DEFINITION OF TERMS

To arrive at the essentials of internal and external auditing, it is highly important to define some important words or items in corporate from time to time in this research work.

Such terms are defined below:

- i. **AUDITING:** This is the independent examination of financial statement by an independent certified public account as to the fairness with which the financial statements are prepared.
- ii. **INTERNAL CONTROL SYSTEM:** It is a control system or procedure put in place by the management of an organization to ensure efficient operation of their activities so as to meet the organization objectives. Internal control operate at different levels of effectiveness is a judgment resulting from an assessment of whether the five component control environment, risk assessment, control activities information and communication and monitoring are present and functioning. Effective controls provide reasonable assurance regarding the accomplishment of established objectives.
- iii. **FINANCIAL STATEMENT:** In this specific case and of a limited company, is an annual report of account which includes a profit and loss account which includes a profit and loss account and balance sheet as well as other statement including the director's report and a cash flow statement.
- iv. **INTERNAL AUDIT:** This is a critical evaluation of the functioning of various departments of enterprises. Internal audit implies an audit of books of account by the employees of the organization itself. Internal audit is done by separate department known as internal audit department; its staff may or may not have required professional qualifications. An internal auditor has to see that there is no wastage and the business is carried out efficiently.

- v. **EXTERNAL AUDIT:** This is a periodic examination of the books of account and records of an entity carried out by an independent third party (the auditor) to ensure that they have been properly maintained, are accurate and comply with established concepts, principles accounting standard legal requirements and give a true and fair view of the financial state of the entity. An external audit is a review of the financial statements of an entity, usually a government or businesses, by some not affiliated with the company or agency.
- vi. **BUSINESS ORGANIZATION:** This is a group or a unit of people working together with common objectives of profit maximization. But profit maximization is not the only objective they also satisfy, human needs and wants by producing goods and services.
- vii. **ERRORS:** This is an unintentional misstatement of the financial statement. It may be material or immaterial. It may be in casting of principle, omission, commission and may be mathematical mistake in the underlying records and accounting data.
- viii. **FRAUDS:** This represents an intention misstatement of the financial statement which can be material or immaterial. It is an act or trickery criminal deceit or falsification by a person or group of person with the intention of altering facts and figures in order to obtain undue personal monetary gain, money's worth and goods/services.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

This chapter will underline the measure theories and seeks to evaluate previous studies in relation to the impact of internal audit on performance of government parastatal. Section 2.2 will present the concept of the internal audit; Section 2.3 shall discuss the theories on the research project topic while Section 2.4 will present empirical study in regards to the topic.

2.2 CONCEPTUAL FRAMEWORK

2.2.1 Concept of Internal Audit

Internal audit is an independent, objective assurance and consulting activity designed to add value improve an organization's operations. It helps an organization to accomplish its objectives by brining a systematic, disciplined approach to evaluate and improve the effectiveness of risks management, control, and governance processes.

Internal auditing is a catalyst for improving an organization's governance, risk management and management controls providing insight and recommendations based on analyses and assessments of data and business processes. With commitment to integrity and accountability, internal auditing provides value to governing bodies and senior management as an objective source of independent advice. Professionals called international auditors are employed by organizations to perform the internal auditing activity.

The world private firm or sector and audit had undergone frequent usage in the country that for this research by deserve special mention and explanation.

However private firm includes the part of the economy that is fully controlled, managed financed by individuals. Therefore fairness and truth of that account will have to be confirmed by a third party after an impartial examination, this act of examining and confirming is known as audit.

Therefore, this chapter is expected to make an extensive and critical review of related literatures. Thus the promotion of expected standards from adequate reviews, critical analysis and evaluation of several tests in areas that will be helped and instrumental to achieving the objectives of this research work will be ensured.

2.2.2 Meaning of Audit

According to Eze (2005) one of the simplest ways of economizing efforts in an inquiring is to review one build upon the work already done by other.

Santoki (1974) stated that an audit may be define or describe as an examination and evaluation of the authenticity, and therefore the reliability of the firm's business documents and records, and it also involves in making inquires to ascertain that the financial statements on which the auditor is reporting and which have been prepared from their records display a true and fair view of the financial results for the year under review and true and fair view of the affairs at the end.

Taylor (1982) stated that an audit is an investigation by an auditor into the evidence from which the final revenue accounts and balance sheet, or other statements of an organizations have been prepared, in order to ascertain that they present a little and fair

view of the summarized transactions for the period under review and of the financial statement of the organizations at the end date so to enable the auditor to report thereon.

Okolo (1987), expressed that an auditor could be a conscientious and objective examination of an inquiry into, any statement of account relatively to money or money worth, the underlying documents and the physical assets where possible, as will enable the auditor to form an opinion as to know whether or not the statement of account present shows a true and fair view of whatever it purport to presents, and to report accordingly.

Nwabueze (1997) stated that audit is an exercise which is carried out in order to lend credence to statements prepared by directors of the company (who are not the owners) for the use by the owners of business shareholders, creditors, the employees, the government etc) whereby the auditors express his opinion as to the true and fair nature of the transactions he examined while carrying out the audit.

The institution of internal Auditors (IIA) defines an audit as an independent of examination by a statutory appointed person called the auditor to investigate an organization, its records and the financial statements prepared for them and thereby form an opinion on the accuracy and correctness of the financial statement.

2.2.3 Origin and Historical of Auditing

Eze (2005) stated that the term audit was derived from the Latin verb “audire” which means “to hear”. The origin of audit could be traced to the ancient times in Britain when Landowners allowed tenant farmers to farm on their land.

The Landowners never associated themselves with the land cultivation nor in the supervision of these tenant farmers, cultivation of the land done by these tenant farmers

while the supervision of the tenant farmers was done by the overseer's appointment by the landowners. The tenants were to render accounts of their tenancy to the appointed overseers who listened to the accounts. The overseers in return rendered final accounts to the Landowners.

The above mentioned scenario can be likened to the present trend where various organizations, such as charitable organizations, social clubs, student union bodies, transport unions, trade unions, profit and non-profit oriented organizations etc, make provisions in their constitution, deeds etc the election of union officials who collect and disburse the organizations money and funds such constitution provide for audit of the accounts of the organization. In the recent time, most large firm (where ownership is divorced from management) are managed by board of directors (elected from the shareholders).

The birth of huge and large corporation, firms, establishments and organizations, could be traceable to the past industrial Revolution era. During the period of profit maximization objectives, it was characterized by exploitation, Intimidation of the workers for the selfish gain of the sole proprietorship. At the dawn of the industrial revolution, the profit optimization objectives of contributors of capital and the owners of the business are distinct from managers of the business. The need arises for the managers to give account of their stewardship to the contribution of capital.

2.2.4 Audit and Auditing

Although the two words are always used interchangeably, arguably they differ. Nwabueze (1997) sees audit as an exercise which is carried out in order to lend evidence

to statement prepared by directors of the company (who are not actually the contributors of the capital) for the use by the owners of the organization (shareholders), creditors, employee's government etc. Whereby; the auditor express his opinion as to the true and fair view of the transactions he examined which carry out the audit.

Auditing on the other hand can be seen as the totally of efforts, procedures and process involved the conduct of audit.

2.2.5 Types of Auditing

It will be recalled that the following types of auditing exist

- i. Internal Audit: This is an audit carried out by specially assigned staff of an enterprise known as internal audit and appointed by the management.
- ii. External Audit: This is an audit carried out by an independent person who is not an employee of the enterprise.
- iii. Statutory Audit: Audit which are compulsorily required by the law and mandatory for those enterprises(companies and Allied Matters Act CAMA(1990)
- iv. Private Audit: Audit carried out the request of the owner of the business and not required by law.
- v. Management Audit: This is an audit that involves a review of management policies and procedure in order to evaluate their effectiveness and efficiency.

2.2.6 Audit and Internal control in the Organization

Every organization has the need to establish internal audit for the purpose of internal control. Internal control is the whole system, finance or otherwise established by the

organization in an orderly manner, ensure adherence to the existing role, and safeguard the assets of the organization in order to accomplish a task.

2.2.7 Principles of Auditing

Auditing is a practical course. It is something that people do. Attempts have been made at various times to develop theories of auditing with, however, little range of underlying principles.

The Auditing practice Board (APB) in the Audit Agenda identified eight principles of auditing.

1 **Integrity:** An auditor is expected to be a person of proven integrity. This is in view of the expectation that if he fails to behave with integrity i.e. honesty, adherence to moral principles and is seen to behave the way round then the auditing report will tend to be biased and may be ignored by the public and hitherto the entire audit process would have no value.

2 **Independence:** If auditors are not independent of the entity being audited, their reports will not be believed. It is necessary that auditors must be objective, give their opinions without fear or favor and be unaffected by conflict of interest or pressure from any source.

3 **Accountability:** Auditors should act in the best interest of shareholders of the organization and have regard to the public interest.

4 **Competence:** If auditors are not competent, then the entire audit process makes no meaning.

5 **Judgment:** There is need for auditors to apply sound ethical, professional and

unbiased judgment in specific area where judgment is required.

6 **Communication:** Auditors should disclose all matters necessary to make their opinion understandable as well as making disclosure to the appropriate authorities of the matters they should disclose in the public interest.

7 **Rigor:** This implies that auditors should apply strictness in conducting their work and informing their opinion. Auditors should apply a sense of professionalism to their work. They should assess the risks and dangers involved and should obtain sufficient and reliable evidence on all matters from a range of source.

8 **Providing Value:** Auditing should usually be conducted with a minimum resources input and with a maximum of utility to the public.

2.2.8 The objective and scope of internal audit

The objective of any organization whether public or private enterprise is to provide an adequate means of safeguarding its assets for effective development of the economy.

These objectives includes:

- i. To ensure that the any weakness observed which the management could not correct before publication of audit report is adequately and clearly highlighted.
- ii. To give credibility statement of accounts prepared by those who manage operations for others to enable the various users to rely on them for decision in respect of the result or state of the enterprise reported upon.
- iii. Conducting special investigation is another task as may be assigned by management.
- iv. To act as training officer in internal control matters.

- v. To ensure that reporting entity complies with minimum accepted audit standard.
- vi. To ensure that managers of resources conform to specific procedures as stated in the guidelines setting up the organization reported upon.

2.2.9 Scope of Internal Audit

The scope of internal audit varies widely. Normally however, internal audit operates in one or more of the following board areas.

- i. Review of the accounting and internal controls system management is responsible for the establishment of adequate accounting and internal control system. Often internal audit is assigned specific responsibility for reviewing the design of the systems, monitoring their operation and recommending improvements.
- ii. Examination of financial and operating information. This may include review of the means used to identify, measure, classify and report information and specific enquires into individuals including details testing of transaction, balances and procedures.
- iii. Review of economy, efficiency and effectiveness: This review may include the non-financial controls of an organization.
- iv. Review of compliance: This review may cover compliance with laws, regulations and other external requirements and with internal policies and directives and other requirements including appropriate authorization of transactions.
- v. Special investigation: where one example is suspected fraud.

2.2.10 Development of internal Audit

Eze (2005) the development of internal audit is due to the expansion in the size of many corporate entities. In a limited liability company (small business) consisting of an owners will be able to keep in close touch with all activities. As the size of the business increases, this task would become more and more difficult. In the relatively small organization, the senior manager can personally supervise the day to day running of the business, so as to ensure full compliance with management guideline.

2.2.11 The Purpose of Internal Audit

The main purpose of internal auditing is to assist management in achieving the most effective administration of the operations of the business. L.G Campbel (1990: 88) identified three reasons why internal audit is required. The Reasons are; The Lending of credibility: That is to detect errors, fraud and disclose hidden information.

1 Accountability: The directors are the agents of the shareholders.

Therefore, their performance needed to be evaluated.

2 To solve conflicts of interest: To accomplish the above purpose, the internal audit department must perform certain roles, which must be in line with the requirement of the corporate entity or organizational internal control system.

The Problems of internal Audit

2.2.12 Merit of Internal Auditing

Onovo (2011:110) Stated some merits that are derived from internal auditing apart from the problems encounter from it (Internal auditing) some of the merit include.

1 Internal auditing provides moral influence to promote efficiency.

- 2 Internal auditing assists management in dealing promptly with some issues which would have created problem if left to linger until they come to the attention of owners.
- 3 Internal auditing makes errors to be corrected easily while the events are still fresh in the mind
- 4 With internal auditing, fraud can be detected at an early stage and may prevent the occurrences of fundamental errors or mistakes.

2.2.13 Demerit of Internal Auditing

As it is generally accepted that everything that has advantage must have disadvantage, it is for this reason that general auditing possesses these demerits.

Internal auditors independent, according to Onovo may be impaired since as an employee, he may not be free to report objectively. In most cases his opinion does not go beyond management level.

2.2.14 Characteristics of Internal Auditing

From the definition of internal audit, we can deduce that a good internal audit function has the following characteristics.

(a) Independence:

The following conditions can assist the status of an internal auditor

- He should be free to arrange and pursue his duties by himself
- He should not have any restrictions to the records of the enterprise.
- He should be free to report to a high level of management than his immediate superior.
- He should be objective

(b) Staffing and Training:

The internal audit unit should be staffed by qualified, trained , efficient, effective and experienced workers and who should be too busy too busy to look into every part of the auditing function. Training should be a planned and continuing process at all levels.

(c) Due Care:

An internal auditor must at all times exercise care, skill and judgment. He should be knowledgeable in terms of the enterprise he works for, his environment and the technicalities of his offices, He should be honest and of high integrity. He should be professionally qualified.

(d) Relationship:

Internal Auditors should have a good working relationship, maintain mutual understanding with management, external auditors, review agencies etc.

(e) Audit planning stages:

The internal auditor must be able to approach his duties as follows.

- Identification of organizational goals
- Following up relevant changes in status rules and procedures.
- Definition of internal audit objectives
- Identification and valuation of risks to which organization is exposed
- Following up strengths and major weakness in internal controls of the organization
- I identification of major audit areas.
- Following up external and plans and other review panels.

Evaluation of internal Control system:

The internal auditor's uses the same approach as external auditors to verify the system and this involves:

- Investigation
- Recording

- Identification of controls and
- Compliance test of controls.

(f) Evidence

In the same way as the external auditor, the internal auditor will evaluate audit evidence to ensure sufficiency, relevance and reliability.

(g) Reporting

The internal auditor must produce timely, accurate and complete reports to management as regularly as laid down.

The importance of internal Audit Department in an Organization Fromm the foregoing characteristics of good internal auditing, the researcher were able to observe that any unit of an organization that has the elements mentioned above is of paramount importance to the organization.

The world wide body: the institute of internal Auditors stated some of the importance of internal audit departments as follows.

- Internal Auditor provide management with necessary information of great value to decision making in respect of the operation of his business .External auditors and review panel often rely on the internal auditors in verifications of records and resources of the clients organization.
- Internal auditor often cover a wide variety of assignments , which will not necessarily related to the accounting areas in which the external auditor is called upon to cover.
- Internal auditor ensures that his concept of self control and accountability of

officers in the organization is maintained.

Distinction between the Internal Auditors and External Auditors (Statutory Auditors)

The researcher found it very necessary to draw the various distinctions between internal auditor and External auditors. He observe that the areas here these differences occur are:

-Scope

-Approach

-Responsibility

-Objectives

-Legal basis

The following diagram explains the topic better

Areas	Internal Auditor	External Auditor
Scope	All areas of the organization, operational as well as financial.	Financial focus
Approach	Appraisal of internal control system and management information system to ensure compliance with management plans.	Forming of an opinion about and reporting on the truthfulness and fairness of accounts as presented by the directors.
Responsibility	To advise and make recommendations on internal and corporate governance	To form an opinion on whether financial statement provide a true and fair view.
Objectives	To advice management on whether the organization has sound systems of internal controls to protect the organization against loss	To provide an opinion on whether the financial statement provides the true and fair view.

2.3 THEORETICAL FRAMEWORK

2.3.1. CONTINGENCY THEORY

Contingency theory is an established theory in organizational research, due to the fact that the theory is deep-rooted in various concepts of organizational literature (Sausser, Reilly & Shenhar, 2009; Donaldson, 2001).

Meanwhile, for the past three decades, attention has been given to the contingency theory in previous studies, but then, it keep considering in the recent time (Ayman, Chemers & Fiedler, 1995; Badara & Saidin, 2013). Despite the fact that, those previous researchers in the area of contingency theory mainly concentrated on the effect of uncertainty on organizational structure (Chenhall, 2003; Drazin & Van de Ven, 1985; Reid & Smith, 2000).

Theoretically, it is generally accepted that optimal structure of an organization is contingent upon different factors such as the nature of organizational work, organizational technology and market conditions (Nasrallah & Qawasmeh, 2009). This is in line with the finding of Drazin and Van de Ven (1985) which suggested that organizational performance can be well explained through contingency theory. This shows the historical important of contingency theory.

The word “contingency” means something is only true under specified conditions (Chenhall, 2003). Contingency has also refers to the situation that the effects of one variable on another variable depend on third variables (Donaldson, 2001). Contingency theory is a behavioral theory developed by Woodward (1958) which posited that there is no best way to manage. In line with this, Haldma and Laats (2002) and Reid and Smith

(2000) also pointed out that there is no perfect way to provide a good management accounting system but rather depend upon some contingencies to dictate the best option of management accounting system in each particular condition. In this regard, this research provided that internal audit effectiveness can be best explained through contingency theory.

Contingency theory is usually applicable in the context of effectiveness achievement. Several researches have used contingency theory in attainment of effectiveness at organizational level (Haldma&Laats, 2002; Kim &Umanath, 1993; Kepes, Delery& Gupta, 2009; Morton & Hu, 2008; Nicolaou, 2000). For example, Nicolaou (2000) used contingency theory to determine the effectiveness of accounting information system. Finally found that the effectiveness of such system is depend upon three contingent variables that is, organizational formalization, interdependence of information among functional areas in the organization and interdependence of information sharing with other organizations. Similarly, effectiveness of design accounting systems depends upon its ability to adapt changes from both in external and internal factors (Haldma & Laats, 2002).

Also, Kim and Umanath (1993) revealed that perceived effectiveness is contingent upon the moderation of task on both control structure and decision-making structure.

Additionally, the result finding of Kepes *et al.*, (2009) revealed that effectiveness of organization is contingent upon their effective pay range. In the same vein, contingency theory suggested that, the effectiveness of an organization is contingent upon the various elements of sub-systems in which performance measurement is among such sub-system

(Haldma & Laats, 2002; Gimzauskiene & Kloviene, 2011 Morton & Hu, 2008).

Therefore, going by the above studies, they have displayed the effect of contingency theory in relation to effectiveness achievement. In this regard, since the focused of this study is on the achievement of effectiveness in the area of internal audit. Then the study used contingency theory in predicting that internal audit effectiveness is contingent upon various suitable variables.

Equally, contingency theory enables the examination of variables complexity relationship, such as investigating the moderating or mediating effect of variables under study (HeoHan, 2003). This is consistent with Sekaran and Bougie (2009) which affirmed that moderating variables is the one which has strong contingent effect on the relationship between independent variables and dependent variable.

Therefore, considering above discussions, contingency theory can be very relevant theory in explaining internal audit effectiveness research.

2.3.2 STEWARDSHIP THEORY

In complementing the above theory, stewardship theory of Donaldson and Davis (1991) was found significant in explaining internal audit the research framework. This is because the theory is mainly concerned with identification of situations in which the interests of the principal and the steward are aligned. In fact, Ebimobowei and Binaebi (2013) noted that, auditing exist as result of stewardship concept and stewardship accounting. Adoption of stewardship approaches within the government sectors will bring a number of changes within the sector, because stewardship theory serve as accountability

mechanisms for ensuring good monitoring, good audit and reporting in order to assists in objective achievement (Cribb, 2006).

Equally, Ebimobowei and Binaebi (2013) recommended that, auditing enhance appropriate stewardship reporting. Therefore, using this kind of theory within the context of government agencies will lead to the attainment of their respective objective because the stewardship theory have concerned that might lead to organization success. Stewardship theorists put down a model of governance which promotes the ability of employees to contribute toward strategic objectives achievement (Hernandez, 2012). Stewardship theory concerned with the matters that organizations leaders have the obligation of ensuring better achievement of such organization activities than any other selfishness (Donaldson & Davis, 1991). Therefore, if the organization did well, its staff will also do well thereby investing their energy in their respective organizations success (Davis, Allen & Hayes, 2010). The same applicable to local government context, if the local government councils does well therefore, their internal auditors will also did well toward the objective achievement of the local government.

Stewardship theory has been considered as other alternative to agency theory; due to the fact that, the theory is more comprehensive and more realistic in viewing management actions and motivations than agency theory. This is because agency theory is based on the economic models whereas stewardship theory is based upon the psychological literature and sociological as well (Albrecht, Albrecht & Albrecht, 2004). Stewardship is been considered as construct that is suitable to shape important employee behaviors (Schepers, Falk, Ruyter, Jong & Hammerschmidt (2012). Stewardship theory also

emphasized that stewardship outcomes can be contingent upon specific organizational structures (Hernandez, 2012). That is why the stewardship theory has also been used for the purpose of explaining relationships amongst various cultures in family businesses; due to the fact that researchers have extensively revealed that stewardship assists toward the greater achievement of family business operations (Davis *et al.*, 2010). Therefore, the theory can also serve as a complementary theory on the above theory in the context of internal audit effectiveness researches.

Stewardship theory may be valuable, particularly for the purpose of understanding the interactions that exist among important employees, their customers, and organization (Hernandez, 2012). Therefore, governance strategy that is based on stewardship principles are more effective when important employees such as internal auditors develop strong relationships with their organization. In this vein, organizations that have helpful stewards and equally has stewardship planning can easily direct their resources toward maximizing firm performance (Davis *et al.*, 2010). Likewise, the top management within the local government can equally ensure the achievement of internal audit effectiveness through their stewardship approach in ensuring the proper functioning of those antecedents and the effective audit committee within the councils.

This is because; provisions and utilization of resources within the public sector setting are the stewardship responsibility of the governing bodies of such government organizations (International Federation of Accountants, 2001).

Stewardship theory argues that managers are trustworthy and therefore, will not engage in an act that will cause misappropriation of corporate resources. The theory also

provided that managers are good stewards of their corporation and they work diligently in orders to attain high levels of corporate objectives (Donaldson & Davis, 1991). Therefore, good steward lead to internal audit effectiveness, by way of improving the local government administration with the aim of ensuring those antecedents so that to enable the achievement of such local internal audit effectiveness.

Employees can become a steward through developing self-regulatory instrument in order to ensure the achievement of customer demand especially by way of good quality service delivery. Because stewardship ensure the alignment of interests, employees additional efforts from self-actualization in order to benefit the customer (Schepers *et al.*, 2012).

This shows that internal auditors can also be a steward in assisting the achievement of organizational objective through the influence of various relevant variables. Stewardship governance also has concerned over the rewarding system to employees which might improve their long term effectiveness on objective achievement (Hernandez, 2012).

2.4 EMPIRICAL REVIEW

Some empirical studies have been done on this subject matter in some countries of the world. Marta Postula (2020) did a study entitled Internal Audit in European tools to improve the efficiency of public service in which descriptive analysis was used as the tool for data analysis finds out that a positive impact of internal audit efficiency metrics on the completion of public service task at an operational level while no impact was recorded on the scale of completion for the areas of the strategic level of the council of ministers. Ezejiofor, Raymon Asika (2020) studied effect of internal audit in Nigeria on financial performance of commercial banks in Nigeria internal audit department should

ensure that financial fraud in their various establishment is being controlled and reduce to zero level.

In a study carried out by Ahmad, Othman & Yusoff (2009) on effectiveness of internal audit in Malaysian public sector in which simple percentage was used as the tool for data analysis, they found that lack of audit staff was a major impediment to effective internal auditing. One of the major limitations of the study was a narrow scope.

Furthermore, in another study conducted by Theofanis, Drogalas and Giovanis (2011) on the relationship between elements of internal control system and internal audit effectiveness' with the use of 521-hotels in Greek through mail survey the results reveal positive relationship between the variables. However, they suggested that with larger samples the outcome of the study might differ significantly from their own.

Since many of these studies are done in countries other than Nigeria, with obvious cultural and environmental differences as well as contrasting findings, it becomes necessary for a similar study to be carried out in Nigeria. Furthermore, with reference to the poor rating of Nigeria by the Transparency International in terms of corruption indices, a study on effectiveness of internal audit becomes not just necessary but imperative. As we know, sound internal audit practice is the bedrock for corporate transparency.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

Research methodology is the technique by which data are collected and analyzed in order to answer the various research questions as well as to achieve the objectives of the study and also how the problem of the study would be solved.

This chapter presents the method used to obtain data and sequence followed in the research work. It will specify the various techniques used in carrying out this research to ensure that it provides a meaningful and unbiased result. The predominant method of collecting data or information needed for critical study of this project has been both primary and secondary sources.

The primary source focused on the personal interviews with management and staff member of the case study company. The use of questionnaire was also adopted being administered to the knowledgeable persons within the company. Samples were drawn and also analyzed for findings.

3.2 RESEARCH DESIGN

The research design is basic plan that guides the data collection and data analysis phase of the research project. It specified the type of information to be collected, the sources of data and data collection procedure. This study approaches the problem by adopting survey research method for empirical testing of the hypothesis. The field survey is carried out with the Kwara state broadcasting corporation (KSBC) Ilorin, which serves as a point of reference.

In addition the historical method of research material or already established facts were employed. This had been chosen so as be able to relate past event to the present, to give a clearer and wider perspective of the subject matter. The validity of research findings in a function of data collection and the tools of analysis, hence the need for a right method of data collection and analysis

3.3 POPULATION OF THE STUDY

The Population of the study consist some staff (workers) it Kwara State Broad casting corporation, Ilorin specifically the accountants and senior administrative management staff. However, there are four accountants and four senior administrative management staff working at Kwara State Broadcasting Corporation as at the time this study was carried out. The population consist of 65 in Kwara State Broadcasting Corporation.

3.4 SAMPLE SIZE AND SAMPLING TECHNIQUES

The researcher is aware that it would be a waste of time and an uncoordinated effort to try to base her study on the entire population of the staff members of the case study company. He therefore draws sample in order to ensure greater accuracy of result faster speed of data collection, availability of population element, and lower cost. Although population in the case study is finite, it is reasonable for researcher to draw sample to allow for thorough investigation and study of the role and impact of internal auditing in the company and so generalize findings to Kwara State Broadcasting Corporation.

The sampling size is 50, the sampling adopted by the researcher in this work is random sampling techniques. This is a probability sampling method that allow for strata to be formed. It is an applied random sampling method, the population is segregated into

strata, this makes it possible for the researcher to classify the company into departments and sections after it is done.

Random sampling was conducted on each stratum to ensure that knowledgeable persons are picked from each department to be representative, so as to allow all departments to be represented in the investigation to avoid bias and misleading conclusion and recommendations.

3.5 SOURCES AND METHOD OF DATA COLLECTION

The method to be used in the collection of data for any research work will depend on the nature of the research to be carried out and also, the sources of data collection must be relevant to the study. In other words, data used in a study should be relevant to the objectives of the survey and the report should represent these, so that they are readily understood. Thus, the data collected serve as source of input for the need result of this research. For the purpose of this research work, data was collected using both primary and secondary sources of data collection.

Primary source: For the purpose of this research, primary source of data collection, which are the use of questionnaire and personal interview with concerned staff were used.

Secondary source: the use of text books, the corporation previous audited accounts and other people research work relevant to the subject matter where necessary as reference materials for the research work. These are facts and figures relevant to the study.

3.6 INSTRUMENT FOR DATA COLLECTION

Many statistical tools are available to the researcher for different purpose. To select the appropriate techniques, certain considerations must receive attention i.e. the different

types of data that may be collected and several factors that relate both to the research questions and to the types of statistical tools that may be applied. However, for the purpose of this research work, the researcher employed descriptive and analytical approach to evaluate the data collected.

Tabulation: This is a method used where data are recorded in different columns, each column having appropriate heading to describe the type of information placed in that column for more clarification, this also involved the use of percentage.

Descriptive: this is a method or process of explaining the tables of diagrams and the use of central tendency so that the reader will be able to derive the message required of him or her in that representation made in the tables.

3.7 TECHNIQUES FOR DATA ANALYSIS

For easy understanding and comprehension of this research, figures derived were presented in a tabular form. In addition, responses from respondent were also presented in table. Data in table were analyzed by the use of simple percentage and the hypothesis was tested by chi-square. To use this test the following procedures were followed.

- a. The null hypothesis is set and the alternative hypothesis
- b. Decide on the level of significance to use testing. In this case, the level of significant used was 0.05 level.
- c. The contingency table was constructed with particular emphasis on observed and expected frequency.
- d. From the table, the degree of freedom was calculated (no of row-1) (no of column-1).

- e. Then calculate the X^2 value using formula

$$X^2 = \frac{(O - E)^2}{E}$$

Justification: The researcher of this project use tabulation and descriptive approach which involve the use of percentage. Method has been adopted because the researcher feels it is the best, because relevant structured questions were asked and also personal face to face interview for the study. The table was designed in a manner which gives the optimum presentation which the reader can easily understand. The use of descriptive approach also aimed at informing the readers about the present situation and to enable a comprehensive understanding of the study with relative precision and accuracy it also saves time for both the researcher and the reader.

CHAPTER FOUR

ANALYSIS AND DISCUSSION OF DATA

4.1 INTRODUCTION

This chapter will focus on the analysis of data collection from respondents through the use of researcher questionnaire with the use of research questionnaire with the use of ample percentage. Sixty-five questionnaires were distributed but only fifty were returned to the researcher. The questionnaire is made up of two sections A and B. The two sections deal with the questions formulated from the statement of the problems to be solved in the study.

4.2 DEMOGRAPHIC CHARACTERISTICS OF RESPONDENT

Table 1: Age

Age Class	Frequency	Percentage (%)
18-24	10	20
25-35	30	60
36 and above	10	20
Total	50	100

Source: Research Survey, 2025

As indicated in the table above, we can see that the age of the strength of the workers that carried the largest population fall between the ages of 25-35 years i.e. 60%.

Table 2: Marital Status

Marital Status	Frequency	Percentage (%)
Single	35	70
Married	15	30
Total	50	100

Source: Research Survey, 2025

The above table shows that male carried the largest percentage. In other words, majority of the respondents are male with a percentage of 70 compare to female which is 30 percent.

Table 3: Qualification

Qualifications	Frequency	Percentage (%)
NCE/OND	05	10
HND/BSC	15	30
MSC/MBA	25	50
Professional	05	10
Total	50	100

Source: Research Survey, 2025

The above table shows that MSC/MBA is having the largest percentage which is 50%. They carry half of the respondents in the organization.

Table 4: Year of Experience

Duration	Frequency	Percentage (%)
1 month-1year	15	30
6-20 years	30	60
21 years and above	05	10
Total	50	100

Source: Research Survey, 2025

From the table, it can be seen that in the selected respondents. Those that have used more than 5 years and less than 21 years are the majority i.e. 60% of the population.

4.3 PRESENTATION AND ANALYSIS OF DATA ACCORDING TO RESEARCH QUESTION

Table 5:

Question 1: Are you aware of any internal audit department in the company?

Option	Number of Respondents	Percentage (%)
Yes	49	98
No	01	02
Total	50	100

Source: Research Survey, 2025

It can be gathered from the above table that the internal auditing department exists and it was recognized well in the company. The table shows that among 50 respondents, 49 of them were fully aware of the existence of auditing department.

Table 6:

Question 2: Does internal auditing system serves as a tool for ensuring effective and efficient utilization of the company resources?

Option	Number of Respondents	Percentage (%)
Yes	48	96
No	02	04
Total	50	100

Source: Research Survey, 2025

The above table indicates that more than 90% of the total respondents agreed that the internal auditor system serves as a tool for ensuring effective and efficient utilization of the company's resources.

Table 7:

Question 3: Is there any external auditor who is auditing the company's accounts?

Option	Number of Respondents	Percentage (%)
Yes	46	92
No	04	08
Total	50	100

Source: Research Survey, 2025

It can be deduced from the table above, that large number of respondents acknowledge the existence of external auditor of the company while only 4 out of 50 respondents disagreed by picking "no" as their answers.

Table 8:

Question 4: Are the internal audit staff independent of management's influence in their exercise?

Option	Number of Respondents	Percentage (%)
Yes	35	70
No	15	30
Total	50	100

Source: Research Survey, 2025

The above table shows that the internal audit staff attains a certain degree of independence in carrying out their exercise as 35 of the 50 respondents assured the researcher.

Table 9:

Question 5: Does the management report shows true and fair view before the internal audit department?

Option	Number of Respondents	Percentage (%)
Yes	46	92
No	04	08
Total	50	100

Source: Research Survey, 2025

The table above shows that the management report shows true and fair view before the internal audit department of the company because 92% respondents said yes.

Table 10:

Question 6: Is there any control put in place on receipt disbursement of company fund, does it work effectively?

Option	Number of Respondents	Percentage (%)
Yes	49	98
No	01	02
Total	50	100

Source: Research Survey, 2025

The above table depicts that greatest number of the respondents which is 49 acknowledge the existence of internal control over the payment and receipt of cash in the company and agreed that the system works effectively.

Table 11:

Question 7: Do you think the presence of internal auditing department has reduced or eradicated the possibility of fraudulent acts?

Option	Number of Respondents	Percentage (%)
Yes	45	90
No	05	10
Total	50	100

Source: Research Survey, 2025

The above table shows that the presence of internal audit department has drastically reduced the level of fraud and other irregularities based on this 90% of the total respondents attended to.

Table 12:

Question 8: Has the internal audit department been able to detect fraudulent practice in the past?

Option	Number of Respondents	Percentage (%)
Yes	40	80
No	10	20
Total	50	100

Source: Research Survey, 2025

It can be obtained that the internal audit department of the company has been able to detect some irregularities in the past; here 80% of the respondents of 50 agreed.

Table 13:

Question 9: Are the management and employees well behaved because of the internal control put in place?

Option	Number of Respondents	Percentage (%)
Yes	43	86
No	7	14
Total	50	100

Source: Research Survey, 2025

It is obvious that the activities of internal control department senses as watch dog on the management and the employee of the organization of 43 of 50 respondents agreed.

Table 14:

Question 10: Internal control helped employees to develop good attitude and relationship with customers?

Option	Number of Respondents	Percentage (%)
Yes	39	70
No	11	30
Total	50	100

Source: Research Survey, 2025

The above table shows that, internal control has been the major help to develop good attitude in employees of the company as 70% respondents have revealed.

4.4 ANALYSIS OF OTHER DATA

The overall statistical result of the above table show us that the internal auditing department is known in an organization given that the percentage of the respondent that agree are 98% while the respondents that disagree are just 0.2%. Also the statistical result show us that internal auditing system serves as a tool for ensuring effective and efficient utilization of the company resources as the percentage of the respondent that agree on this battered the respondent that disagree with 92%. The result further prove that presence of internal auditing department has reduced or eradicated the possibility of fraudulent acts as 90% of the respondents agree while only 10% of the respondents disagree.

4.5 TEST OF HYPOTHESIS

HYPOTHESIS 1

H₀: Internal audit does not contribute significantly to fraud prevention in a government parastatals.

$$X^2 = \frac{(O-E)^2}{E_i}$$

Where; x^2 = chi square

O = observed frequency

E = Expected frequency

$$\text{Expected value} = \frac{\text{row total} \times \text{column total}}{\text{Grand total}}$$

Question	Yes	No	Total
5	46	04	50
6	49	01	50
Total	95	05	100

Source: Research Survey, 2025.

$$\begin{array}{lcl} \text{Observed frequency} & & \text{Expected frequency} \\ \underline{50 \times 95} & = & 47.5 \\ & & 40 \end{array}$$

$$\frac{100}{50 \times 5} = 2.5$$

$$\frac{100}{50 \times 95} = 47.5$$

$$\frac{100}{50 \times 5} = 2.5$$

The calculated value

O	E	O-E	(O-E) ²	$\frac{(O-E)^2}{E}$
46	47.5	-1.5	2.25	0.0474
04	2.5	1.5	2.25	0.9
49	47.5	-1.5	2.25	0.0474
01	2.5	1.5	2.25	0.9
100				1.8948

DECISION RULE

The probability value of the Pearson chi-square is (1.8948) which is greater than the 5% (0.05) percent level of significance on the average, hence we reject alternate hypotheses (H_1), and conclude that internal audit has statistical significance association on fraud prevention in government parastatals.

Hypothesis 2

H₀: Internal audit does not contribute significantly to fraud detection in government parastatals.

Question	Yes	No	Total
8	40	10	50
9	43	07	50
Total	83	17	100

Source: Research Survey, 2025.

Observed frequency Expected frequency

$$\frac{50 \times 83}{100} = 41.5$$

$$\frac{50 \times 17}{100} = 8.5$$

$$\frac{100}{50 \times 83} = 41.5$$

$$\frac{100}{50 \times 17} = 8.5$$

The calculated value

O	E	O-E	(O-E) ²	$\frac{(O-E)^2}{E}$
40	41.5	-1.5	2.25	0.0542
10	8.5	1.5	2.25	0.02647
43	41.5	-1.5	2.25	0.0542
07	8.5	1.5	2.25	0.02647
100				0.16128

DECISION RULE

The probability value of the Pearson chi-square is (0.16128) which is greater than the 5% (0.05) percent level of significance on the average, hence we reject alternate hypotheses (H₁), and conclude that internal audit has statistical significance association on fraud detection in Government Parastatals.

4.6 SUMMARY OF FINDINGS

The overall statistical analysis shows us that the internal auditing department is known in an organization. Also the statistical result show us that internal auditing system serves as a tool for ensuring effective and efficient utilization of the company resources. The result further prove that presence of internal auditing department has reduced or eradicated the possibility of fraudulent acts.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY

It is clear that the organization before carrying out its activities must first of all plan what it intend to do. It must then establish system and policies for each control area e.g. cash control, sales and debt control etc. including setting up a suitable organization structure a satisfactory and economic division of responsibilities.

The arrangement provide for the necessary recording of activities and transaction to form the basis for accounting record, based on these accounting records a system of feedback is established monthly, weekly, and daily on operating results. Also in order to promote operational efficiency co-operate objective are set in forward pans which include:

- a. Working capital strategy
- b. Advertising and marketing strategy
- c. Target growth rates
- d. Capital expansion programmes

All these are statement that covers accountability and information needed by those responsible for taking decision about the organization establishment buying recognized that good planning and organization systems policies, good accounting and feedback of information to management are valuable aid to the effective management of any organization.

The internal auditing function is to assist management to have effective control in all areas. This is done by objective appraisal of soundness of the system of control set up by the management. The effectiveness in operation of these systems of control should be

tested for the purpose of illustration, an internal auditor who is examining the payment of an organization is ready aware that the management has fulfilled its function of setting up effective arrangement. It does a spot check of a few items on representative basis and confirm whether if agreed or disagreed with that management provided.

As a means of control, it is necessary that management provide a manual of operation for each department and persons and function in it. The internal auditor is to ensure that the manual of operation for each department and persons and function in it. The internal auditor is to ensure that the manual is being correctly implemented. This is therefore, the problem of misunderstanding of the underlying idea behind internal audit process. As a result, this study was carried out to investigate the reasons why management understand concept of internal audit.

To achieve this questionnaire were administered and personal interview was conducted with official of KSBC through one on the conversation. Therefore, data collected were analyzed using the simple percentage method bringing forth the following findings.

- i. The management is committed to the effective functioning of the internal audit function
- ii. Jobs are well defined for the internal audit department; the staffs are qualified and experienced. This led to the production of reliable report by them.
- iii. External influence is almost absent with respect to the possible limitations on the effectiveness of an internal audit function.
- iv. The internal audit functions are regularly reviewed by the management.

5.2 CONCLUSION

Internal audit is a wide topic which no one can actually claim to have in depth treatment of it. Due to the constraints associated with the research work, not all the internal audit system incorporate in KSBC has been covered. However, from the conclusion drawn, the researcher find out that alternative hypothesis has been supported. The co-operation had no cases of frauds but still maintained the internal audit as a tool for controlling such fronds and sources. Internal audit aid the external auditors in carrying out their audit assignment. The identification was possible because the cooperation has an effective internal control system and an adequate internal audit unit.

Generally, some of the ways of checking fraud in KSBC are regular checking and vouching of their books, close supervision as sub-ordinate staff in the corporation, proper maintenance of books of accounts and test checks are builds in to the system whereby one officer's work can be independently confirmed or provide by another.

Some of the cause of fraud in inadequate and insufficient supervision and collusion between the staff of different department of the corporation and other organization should take necessary action on those causes.

It is of paramount importance to note that, all corporation or parastatals are owned by the government therefore, in the process of maintaining strict control, they end up causing havoc to smooth running of the parastatals or render control useless. Though majority of parastatals tried to maintain effective controls, there are still loopholes here and there. However, we should bear in mind that the controlling of fraud and resources in the corporation is due to mostly on internal audit and external factors.

5.3 RECOMMENDATIONS

In the course of presenting and analyzing the data collected for the purpose of the researcher's comments and re-commendation were discovered.

In the first instance, most government parastatals do not have audit committee. This is a draw back on KSBC which does not have such an audit committee. Therefore, I recommend that an audit committee should be created so that the internal auditor can report directly to it. This is more better that the internal auditor reporting to the Director-general/General-management of various department in the authority.

The activities and functions of such an audit committee will be to ascertain whether the accounting and reporting policies of the corporation are in accordance with legal requirements and agrees with the ethical practices, to review the scope and planning of audit requirement, the committee will also to review the management's matters in conjunction with the external auditor and departmental response.

The audit committee in carrying out its duties will keep under review the effective of the corporation's system of accounting and internal control, make recommendation to the corporation with regards to the appropriate removal and remuneration of the external auditor of the corporation and authorize the internal auditor which may be of interest or concern to the committee.

Other recommendations based on the findings of this study are highlighted below:

- i. The internal audit department should be computerized in order to carry out their duty effective

- ii. The internal audit department should be enriched with more professional audit staff rather than ordinary clerk
- iii. The annual audit report of the government parastatals should be published annually to reduce cases of frauds and mis-management
- iv. Internal auditor should be adequately rewarded and protected from unnecessary molestation for reporting fraudulent practices:
- v. The internal auditor's appointment, promotion and remuneration should not be place under the middle management, whose works they are reporting on.
- vi. The internal audit department should be at least if not whole practically in department in the management so That they will be able to carry out their job without fear or favour.
- vii. It is recommended also that staff welfare and adequate promotion be regularly considered since lack of these can cause fraud in the organization.
- viii. The internal audit department should be made to have serious" auditing in depth" that is tracing a transaction from the beginning to the end.

Finally, it is the researcher's candid belief that, if the above suggestions are carefully adopted, there will be an effective and efficient management in government parastatals and this will prevent fraud in KSBC.

Owing to the finding and recommendation, the researcher's is of the opinion that the suggestion and recommendations are worth embarking upon by the management.

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