

**IMPACT OF INTERNAL CONTROL SYSTEM ON THE
PERFORMANCE OF LOCAL GOVERNMENT
ADMINISTRATION IN NIGERIA**

(A Case Study of Ifelodun Local Council, Kwara State, Ilorin)

BY

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CERTIFICATION

This is to certify that this project work has been written by **ABDUL-WASIU MISTURAH PRECIOUS** Matric No: **HND/23/ACC/FT/0206** 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

This project work is dedicated to the Almighty Allah, the accountant on the day of accountability, the giver of knowledge Almighty God.

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GOD BLESS YOU ALL.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

As a result of the increase in accounting scandals in recent years, the internal audit functions has received impressive attention as an important contributor to effective corporate governance and financial reporting, because a high quality internal audit function focused reporting because a high quality internal audit function focused on improving financial reporting through ensuring standard compliance (prawit et al, 2008). However, control has been encourage as the supervision over the execution of plans and taking necessary correction (verrdina, 2011). An internal control system issues has been found so significance to organization especially in the aspect of assurance of the reliability and accuracy of the financial exports beside it is a subject that receives too little attention in the management literature (changchit, holsapple and Madden, 2001). Therefore, there is need to conduct more research on the impact of effective internal control system as ever recommend that more research in the area of internal control system effectiveness is required (jokipii, 2010).

Furthermore, the issue of effectiveness of internal audit is indefensible because it will create improvement in the government ministries (unegbuand kid a, 2011). In the with theirs, consideration over the measurement of the effectiveness if internal audit functions keep recovering a significant measuring the efficiency and effectiveness of internal audit (Bote & Pali, 2009; IIA, 2010, spertus et al 2010). In this vein measurement of internal audit effectiveness should be considered because it has a role to play in achieving local objective.

Therefore, area and Azzone (2010), (havervg (2011) and Monet et al, (2010) emphasize the need for future studies to examine the factors that influence internal audit

effectiveness and the possible interactions among them. Equally, it is interesting audit effectiveness (Agudu, 2009). In this vein, many studies that have been conducted on internal audit effectiveness give more concerned in companies, hotel , banks and few public sectors within the state land when their internal audit is a little big effective than those of local government.

Similarly, Johnson and vakkun (2001) noted that local government Auditing has been less studied and reported in the literature. Therefore, this paper will examine the relationship between effective internal control system and internal audit effectiveness at local government level. Section two of the paper present the literature review, section the provided research framework and conclusion.

1.2 Statement of the problem

The government has been implementing reforms to improve the way local government are financial to implement their mandate as enshrined in the law (s) finding them. Despite ther reforms local revenue enhanced still remains a big challenge. The contribution of local revenue to the local government budget has remained low to the extent that is less than 3% for town councils and municipalities (LGPA report for year 2018/2019). In ifelodun local government, the auditor control system and a shift fall in revenue collection by 57%. The revenue performance for the financial year 2019/20, our of the budgeted local revenue 63% was bought realised, ifelodun local revenue performance reports (2018/19, 2019/20). Despite ther strategies put in place by the local government in local revenue collection; this trend seems not to improve. This implies that only all planned activities in the respective financial years were implemented. There is an increasing inability of local government to finance operation and maintenance of their investment in the wake if reducing local revenue local government financing is not sufficient to meet the level if demand for service driving.

However, what remain. Unclear are the actual causes of poor local revenue collection in the local government (MC mccluskey, et al, 2019). It is upon the above glitches that the research assessed the impact.

1.3 Research questions

- i. Does control environment influence the performance of Ifelodun local government in Nigeria?
- ii. To what extent does control activities influence the performance in ifelodun local governemnt?
- iii. To what extent does monitoring influence the local government performance in Ifelodun.

1.4 Objectives of the Study

- i. To examine the influence of control environment on the performance of local government administration in Nigeria.
- ii. To determine the impact of control activities local government performance in ifelodun.
- iii. To find out the impact of moniting of local government performance in ifelodun.

1.5 Research hypothesis

In view of the objective of the study the following hypothesis where formulated in null.

- Hoi. Control government has no significant influence on the performance of local governemnt administration in Nigeria.

Hoi. Control activities has no significant impact on the performance of the local government.

Hoi. Monitoring has no significant influence on the performance of local government.

1.6 Significance of study

There is no controversy that this research will have been a conductor on internal controls system.

However, much emphasis has been placed on the performance of local government this research will go a long way in helping an organization be a private or public sector to discover the impact of whether of weakness in internal control suggest measure in correcting their, it will also reveal the problems caused by bad internal control system and be useful to student, scholars and other third parties well.

Furthermore, it will establish various ways to ensuring effectiveness of control method of reducing its limitation that has been identified by previous researchers.

1.7 Scope of the study

Essential this research focused on the impact of internal control system on the performance of local government administration in Nigeria.

The study will cover the staff (employees) of Ifedolun local government area of Kwara state and will also examine the performance of local government administration and to the socio-economic well-being of its citizen and economic implication.

1.8 Limitation of the study

One of the limitation to this research is the fear of espionage important/relevant information are kept secretly from the research

Scarcity of relevant text and materials on the subject researching. Lasting, time constructure is also one of the limitation to this subject research.

1.9 Operational definition of terms

i. Local government: a local government is a form of public administration in a majority if context, exists as the lowest tier of administration within a given state.

ii. Internal controls: are the system used by an organization to manage risk and minisize the accordance of fraud.

iii. Contorl activities: control activities are those policies & procedure used to ensure that an organization caries out thte directives of the management team.

iv. Performance: is the act or process of presenting or carriol out tock. in other words, it is refers to as the execution of an actions.

V. Fraud: Wrongful or criminal deception intended to results in financail or personal gains.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents and discusses existing relevant literature on Internal Control and earnings management. The chapter is opened with conceptualization, followed by an in-depth overview of earnings quality and auditor independence. Other issues covered in the chapter include empirical literature on auditors' independence and earnings quality and the theoretical background of the study.

2.2 Conceptual Framework

In the Conceptual framework above, Internal control is an Independent variables (measured by the Control Environment and Activities, and Information and Communication) affects Financial Performance, a dependent variable (measured by the Liquidity – in terms of current ratio). However, there are intervening factors like Government Policies, Leadership and funding or Outreach. Based on the research gaps identified in the literature review, the following conceptual framework was developed to depict the relationship between the various variables in a way that focuses on the problem and the desired end result once the problem is solved. It caters for the various interactive issues that affect the internal control system of Ifelodun Local Government. The conceptual framework depicts a relationship amongst the key variables that affect the internal control system of Ifelodun Local Government. The above framework was tested to show if internal control system is a function of the total control environment components and other variables like the International standard and legal framework.

2.2.1 Concept of Internal Control

Internal control has different meanings to different parties and that is why it is very difficult to give only one definition of internal control system, in view of the fact that it can be seen from different angles. Cahill (2006) defined internal control as the system of internal administrative and financial checks and balances designed by management and supported by corrective actions, to ensure that the goals of the organization are achieved. According to Transparency International (2006) internal control is entrenched to guarantee transparency and avoid corruption. Corruption is defined as abuse of public office for private gains.

The internal control system extends beyond those matters which relate to the function of accounting system. Amudo and Inanga (2009) defined internal control as a process of integrated sets of activities originated by top personnel of an organisation and embedded within all the organization's activities to achieve goals. Puttick and Van Asch (1998) cited in Motubatse (2005) defined internal control as 'those methods and procedures adopted by the management of an entity to assist in achieving management's objective of ensuring that the business of the entity is properly conducted in an orderly and efficient manner.' Internal control comprises the organizational plan and all of the coordinate methods and measures adopted within a business to safeguard its assets, check the accuracy and reliability of its accounting data and promote operation. Knechel (2001) defined internal control as a process that is designed by management in order to provide reasonable assurance that the organisation's objectives are being met. Nair (2000) outlined internal control as a process that is put in place by management and stakeholders and is designed to provide reasonable assurances that the institution's objectives are being achieved effectively and efficiently in compliance with applicable legal prescripts and that there is reliable and accurate financial reporting.

Jackson and Stent (in Committee of Sponsoring Organisations of the Tread Way Commission (COSO), 2007) provide a non-exhaustive list of internal control measures, which include staff competency; delegation of duties; isolation of responsibility; access and authorisation; comparisons; reconciliations; and source document design. Various elements should be examined closely in order to understand a system of internal control accordingly (Visser, 2011). These elements, namely policies, management, reasonable assurance and control objectives are called four pillars of the control system. They are the basic assumptions upon which all systems of internal control are designed. They can be unpacked as follows:

1. Policies: They are formalised directives and procedures issued to employees by the management of a public institution that describe in detail how certain activities must be performed. These policies are mainly in the form of a written document or manual and serve as the basis for internal control.
2. Management: The management of a public institution should be given the responsibility to develop, design and implement systems of internal control although they often delegate this responsibility to a responsible official who must report to them, since they are ultimately accountable for internal control.
3. Reasonable assurance: The definition endeavours to indicate that there are various elements that impede the effective implementation of an internal control system, and therefore, the assumption that, where internal control is applied, no fraud and errors could occur is a myth. The system only makes provision for assurance that fraud, damage, theft or errors will be prevented. These inherent limitations on internal control that only permit reasonable assurance includes human error (mistakes), misunderstanding, and management override, intentional errors and fraud as well as the cost-benefit aspects of specific internal controls.

4. Control objectives: These are objectives that management envisages to achieve through the implementation of an effective internal control system. These objectives are as follows:

- Reliable accounting and financial information to be provided
- Validity of all transactions to be ensured
- Accuracy of the recording of transactions to be maintained
- Completeness of the recording of transactions to be ensured
- Assets of the institution to be safeguarded
- Promotion of efficiency
- Adherence to directives and internal policies to be encouraged
- Compliance with procedures, laws, policies and regulations to be ensured

2.2.2 Objectives of Internal Control

According to COSO (2007), the objectives of internal control are aimed at ensuring that:

1. Laws and regulations are complied with: The laws and regulations are made to regulate the institution. It is essential to enforce them in order to maintain standards of conduct that the institution incorporates into its compliance objectives (COSO, 2007).
2. Directions and instructions given by management are implemented: Instructions and directions from executive management define and explain the employers' expectations from employees as well the scope of work to be done. There must be a clear

communication of all these laws and regulations to the employees. The set objectives of the institution must be fairly allocated to each employee. A clear guidance on the implementation of activities must be provided (COSO, 2007).

3. The internal processes of an institution are properly functioning, and assets are protected: The monitoring indicators and standard principles must be established in order for all processes to function correctly. Management must be vigilant and proactive to avoid fraud and theft of assets (COSO, 2007).

4. Financial information is reliable: According to COSO (2007) faithful recording can enhance reliable financial information. It is necessary that departments maintain and improve quality on the systems of internal control. There are three ways into which quality on control systems can be improved, namely:

a. Separation of duties between record retention, operational duties and recording duties.

2.2.3 Characteristics of Internal Control

According to Kroon (in Visser& Erasmus, 2008), internal control systems possess certain characteristics contributing to their uniqueness. These characteristics are as follows:

1. Timelines: An internal control system should detect potential or actual deviations early enough, ensuring that management takes corrective action in time and limits unnecessary costs (Kroon, in Visser& Erasmus, 2008).

2. Economy: Systems of control must be executed in such a way that the benefit is more than the implementation cost (Visser, 2011). Although a system of control must give surety on the achievement of an institution's objectives, this should ensure minimum cost and the least undesirable side effects possible.

3. Accountability: An internal control should ensure that staffs are held accountable for its assigned responsibilities and tasks. This is achieved by applying prescribed procedures.
4. Placement of records: The internal control system should be implemented clearly at all times. The records must be placed safely so that they can be accessed in the future.
5. Flexibility of controls: Changing work environments are inevitable, particularly as politics dominate the approach to service delivery in the public sector. Internal controls are preferably designed to accommodate changes without themselves requiring change, since control changes that match administrative and operational changes tend to create additional confusion and, thus making management of change more difficult (Visser & Erasmus, 2008).
6. Cause identification and corrective action: Internal controls should be able to identify the challenge in order for managers to take appropriate action. Management can prepare responses in advance and implement them when an internal control points to the cause of an event (Visser& Erasmus, 2008).
7. Appropriateness and strategic focus of control: The design of an internal control must be in such a way that it complements the management style, the size of the public institution and the level of expertise of the employees. At the same time, it should be appropriate to ensure the achievement of the results and objectives of management. As such, managers cannot control everything and, it is therefore, important that a system of internal control focuses on strategic control points (Crous, 1990).
8. Accuracy: It is vital that internal control systems produce accurate information to ensure that proper and appropriate corrective action can be taken. Without an accurate

internal control system reliable and relevant information will not be available in order to make decisions.

2.2.4 Operational means of Internal Control

There are certain means that exist according to which public managers can ensure that internal control is applied (Visser& Erasmus, 2008). According to Sawyer (in Visser & Erasmus, 2008), these means of internal control include organisational structure; existing policies; administrative and operational procedures; personnel matters; accounting; budgeting; reporting; internal review; and strategic planning as well as internal auditing.

1. Organisational structure

In the context of a public institution, an organisational structure refers to the planned structuring of the roles and responsibilities assigned to different functionaries on different levels, which are supposed to contribute to and ensure that internal controls are implemented and maintained within the institution. The South African Government requires that the organisational structure for every government department must first be approved before it can be implemented (Visser& Erasmus, 2008).

2. Policies

All public institutions must have policies in place to regulate their functions and also to give guidance in terms of implementation. These policies can be in the form of legislation, regulations, or directives as well as White Papers. They provide the statutory framework within which public officials and managers execute their responsibilities and duties. Some of these refer specifically to the implementation of internal controls in the institutions. Visser and Erasmus (2008) cited that public policies legally require that

officials carry out these duties while being aware that if they do not adhere to legislative policies, corrective measures will be taken against them.

3. Procedures

Procedures are referred to as ways used to perform certain functions in conformity with regulations. Visser and Erasmus (2008) suggested that these procedures must be followed correctly in terms of their implementation so as to avoid possible irregularities. Procedures must first be outlined to the officials before any activity can be implemented, so that they are able to follow step by step as they act on the task given to them.

4. Personnel

Personnel should be hired or assigned according to the skills, competencies, experience and qualifications that they possess to do a certain job. According to Visser and Erasmus (2008) it is necessary that a high standard of supervision is exercised to ensure that personnel do perform according to set standards.

5. Accounting

Accounting is considered to be one of the most important financial controls over activities and resources, and if followed as set out, financial information derived can be analysed and variances can be utilised as a form of internal control in establishing its cause (Visser& Erasmus, 2008). It provides an organisational framework for transactions and is the backbone of a public institution's operational activities.

6. Budgeting

Budgets are statements of expected results expressed in numerical terms. The budget of a public institution and the allocations made in terms of such a budget provides

management with a monetary framework within which money may be spent (Visser& Erasmus, 2008).

2.2.5 Importance of Internal Control System

According to Sambo (2016), the following are the importance of internal control system;

1. It ensures that all transactions are recorded
2. It ensures that all recorded transactions are:
 - a) Real
 - b) Properly valued
 - c) Recorded timely
 - d) Correctly classified
 - e) Correctly summarised
 - f) Correctly posted
3. It prevent errors, waste and fraud from occurring
4. It detects errors, waste and frauds that have occurred
5. It safeguards the assets of the organisation
6. It helps the organization to utilize the limited funds to achieve its aims and objectives effectively and efficiently.

2.2.6 Conditions for Functional Internal Control System

The following conditions are necessary for an internal control system to be effective. According to Bolaji (2004), the following conditions are necessary for effective internal control in any organization.

1. Good organization: The condition assumes the existence of a good command adequate span of control and regulation. No one in the organization should be so powerful as to be above organizational rules and guidelines.
2. Efficient and trained personnel: There should be honest and adequately trained and experienced staff to execute the jobs in the organization. Such staff should be well motivated and promotions should be based on performance and achievements and not connections (godfathers). The duties of each worker should be clearly defined so that overlapping functions or responsibilities are avoided. Each duty should be properly accounted for by a particular staff.
3. Rules and regulations: Deserving aspects of the organization, employees should be discouraged from obeying persons instead of the company's laid down rules and regulations.
4. Physical security of assets and records: This suggests that assets should be given the type of custody that will reduce its rate of theft, wear or tear stock and cash should be security locked up to avoid pilferage and periodic stock taking should be conducted. Most importantly, organization records and documents should not be allowed to fall into unauthorised hands.
5. Adequate remuneration of staff: Remuneration does not only involve economic benefits. Attention should be paid to the needs of individual's employees to determine

the best way to motivate staff. Motivational packages like promotions, bonuses, commendations and records for performance should be adopted. Management should also show concern for employees' families; their intellectual and moral development should also be encouraged.

2.2.6 Types of Internal Controls

There are many classifications of internal control system but for the purpose of this study, we shall adopt the classification used by Kenyon (2006) as follows:

1. Organizational control: This means that every organization should have a means that defines and allocates duties and responsibilities, identify lines of reporting. The delegation of authority and responsibility should be clearly spelt out so that staff can be held responsible for what they did or failed to do. It is important that every employee of the school organization should know the precise power delegated to him/her to whom he should report.
2. Segregation of duties: This is done to ensure that no single individual is responsible for all aspects of the transactions from the beginning to the end. This is fundamental to a good internal control system. The involvement of more individuals reduces the risk of accidental error or deliberate fraud. There are certain duties which if combined would enable one individuals to record and process a complex transaction. This control reduces the risk of intentional or deliberate manipulations or errors by instituting the system of counter checking. Therefore, for manual operated system, the functions of authorization, execution, custody, and recording, must be vested on different individuals while for computer based accounting system, the functions of system development and systems daily operations should be vested on separate individuals.

3. Physical control: Assets must be kept physically secured and this must be particularly important for valuable and portable items. Also the usage of cameras, locks, physical barriers etc. to protect property such as documents, stocks, motor vehicles. This control is mainly concerned with measures designed to ensure that access to assets limited to authorised personnel. It attempts to prevent direct access, through documentation, to valuable and portable assets.

4. Authorization control: This requires that the document to be processed should be authorised by a responsible officer(s) within a clearly defined limitation of authority. The review of a particular transaction by an appropriate person, it also ensures that all transactions must receive approval from the appropriate personnel before its initiation. The limit of each authorization must be specified, for example, what amount of loan to be approved by the school authority.

5. Management control: These are controls outside the day to day routine of the control system. This may include the controls used by management to make day to day decisions. It includes the overall supervisory control exercised by management, the review of budgets, the establishment of internal audit department and other special review procedures.

6. Supervisory control: For efficiency and effectiveness to be achieved in our educational system, supervision is necessary. According to Nnabuo, Okorie, Agabi and Igwe (2004), supervision is seen as a mechanism used for achieving quality to effective management and control of education and that it is one of the functions of administration concerned with guiding the day to day action of the people. In other words, supervision is the monitoring of operations, and observation or review of on-going operational activity. The supervisory control ensures that the day to day operations and their records are under the supervision of responsible officials.

7. Personnel control: It is worth noting that the proper functioning of any system depends on the competence and integrity of those operating it. Personnel control ensures that personnel are recruited and remunerated based on their qualifications and experience. That they are assigned duties and responsibilities based on their capabilities. Efforts must be made to avoid over working or under working as it breeds frustration and inefficiency respectively.

8. Accounting control: These are controls that are designed to ensure that transactions are correctly calculated, recorded, and processed. It brings about maintaining documentations to substitute transactions. It helps the recording function to be done properly. That is transactions to be recorded are authorised, correctly recorded and accurately processed. This includes checking the arithmetic accuracy of the records-validation and verification and reconciliations of documents.

9. Budget and budgetary control: Budget according to Nwagboso (2002) is a quantitative expression of the objectives and goals of an enterprise, given various annual, economic and technological constraints. It is a plan, a blue print. Budgetary controls refer to the principles, procedures and practices of achieving a given objective through budgets and budget report. It is seen as the establishment of departmental budget relating to the responsibilities of executives to the requirements of a policy and the continuous comparison of actual with budgeted results, either to secure by individual action of the objective of their policy or to provide a basis for its revision. A budgetary control entails the following:

- a) Establishment of budget
- b) Measurement of actual performance
- c) Continuous comparison of actual performance with budgeted performance

- d) Analysis of the cause's variation and reporting to management for corrective action
- e) Revision of budgets in the light of changed circumstances, if necessary.

2.2.8 Possible Problems of Internal Control System

Although a system of internal control has benefits, there are some shortcomings that can be encountered (Visser, 2011). These shortcomings are as follows:

i. Cost of control

Visser (2011) cited that an internal control may keep a function or activity on course, but it may happen at a price, both of monetary and human nature.

2. Excessive, redundant and obsolete controls

These may cause confusion and frustration amongst employees and lead to the avoidance of the application of those controls. Controls should, therefore, be monitored for continued relevance in order to ensure that they respond to a specific need and do not become counterproductive (Visser, 2011).

3. Provision of information

The information that an internal control provides may not be understood, or it can be transmitted to the wrong person. In certain cases, the information can be so detailed that it is actually useless (Visser, 2011).

3. Increased controls

As controls increase, they reach a point where their effectiveness may actually decrease. They may therefore cost more than the exposure they are designed to guard against (Visser, 2011).

4. Overemphasis on controls

Officials may work to satisfy procedural controls and lose sight of the operational objectives that must be met (Visser, 2011). As such, internal controls can produce mental rigidity and reduce flexibility. They can also create a slavish adherence to procedures that may substitute the application of reason and common sense.

5. Resistance to controls

People generally resist controls, especially if they were not involved in the development of the controls or do not understand the objective that must be achieved. Controls that are perceived as unreasonable can, in fact, stifle creativity and initiative. Except for those cases where controls become a basis for rewards and punishment, controls may take on undue importance in the eyes of those affected.

2.2.9 Components of Internal Control System

COSO (2013) highlighted the integrated components of internal control, namely communication and monitoring. Those five integrated components are explained below.

2.2.9.1 Control activities

An internal control system contains certain control activities, including policies and procedures with regard to approval, authorisation, verification, reconciliation, review of operational activities, safeguarding of assets, and segregation of duties (Visser & Erasmus, 2008). Control activities are to make management instructions designed for effective implementation of various policies and procedures. Control activities can help enterprises to ensure that it has already took measures to reduce a loss according to realization the goal of the enterprise. From the point of daily business activities, control activities include authorized management. It refers to the way manager decentralize

powers to his subordinate to make them have the right to address problem and make a choice and share corresponding responsibility. This refers to defining the authority and responsibility according to the principle of combining functions of department and it's characteristic. Business process is the procedure of all the business and an operation procedure is to prescribe how to operate every matter in detail (Brian, 2013).

Research also shows that control activities are generally contained in one of the following categories: proper authorization of activities and transactions, segregation of duties, adequate documentation of transactions, physical controls to safeguard assets, review, reconciliation and monitoring (Larry &Bradley, 1997). All of these categories can be seen in the workplace. Employees in the organization fit into the organizational framework of internal control, regardless of their duties and job obligations. They are directly linked to the following activities.

1. Authorization and Approval

Authorization and Approval is one of the fundamental control concepts that involve procedures to ensure that only transactions will take place by authorized personnel and that unauthorized personnel should have no access, or the ability to alter transactions already recorded. For instance, no organization will want individuals to have access to the computer records that are not needed for the performance of their jobs. Larry and Bradley (1997) further stated that the following authorization guidelines are pertinent for all organizations. Authorization to be involved in a transaction for the organization must be consistent with the responsibilities that come with the nature of the job or job function.

- a. The ability to obligate the entity to a long term plan with significant financial impact must be left for high ranking officials in the organization or top level management.

- b. Authorization plans or schemes should be vividly spelt out to be documented and sent to all parties affected in the organization.
- c. Blanket authorizations such as for purchase orders generated electronically should be continuously reviewed by the appropriate supervisor to ensure compliance with the authorization scheme.
- d. Only departmental supervisors should have the ability to authorize transactions for that area.

Similarly, Romney and Steinbart (2009) define authorization as the essential part of the organizations strategy. Entering authorization codes on a transaction a record or document and signing initializing are mostly the authorization often documented. Company transactions must be approved and authorized appropriately to make sure that activity is in line with departmental and organizational objectives and goals. For instance, a department might have policies that allow purchase requisitions and might require invoices to be approved by the director. It is very essential that the personnel in charge of approving transactions have the ultimate power to execute the transaction and the needed knowledge to influence his decisions (Michigan Tech, 2016).

2. Segregation of Duties

Segregation of duties is the most important or essential control activity. The principle underpinning segregation of duties is that people should not be in a position where they could both perpetuate and hide fraudulent activities through the manipulation of accounting records (Larry & Bradley, 1997). Romney and Steinbart (2009) explain that an effective internal control makes sure that not a single employee is given ultimate control over any transaction or business process. Efficient segregation of duties highlights the need for at least two people be engaged in the processing of a transaction in that an

employee provides independent examination on the others person's performance. Larry and Bradley (1997) posit the following functions must be separated in order to prevent fraud.

- a. Recording by means of preparing of source documents, entering of data onto an online system, reconciliations preparations and maintenance of journals, ledgers and databases as well as preparation of financial statements.
- b. Authorizations by approving transactions and decisions.
- c. Managing cash, tools, inventory or fixed assets, receiving customer cheques and disbursement of cash from the entity's accounts. (Romney and Steinbart 2009)

3. Reconciliation and Review

Reconciliation and Review are part of control activities because they are drawn or designed to provide reasonable assurance on how accurate financial records are through a continuous consistent comparison of source documents and data recorded in the accounting information system. Larry and Bradley (1997) stipulated that reconciliation controls work by reviewing to ensure that transactions submitted align with transactions processed. Reconciliations can also be very effective in maintaining accountability for functions.

Performance reviews of particular functions usually highlight financial, compliance and operational issues. The main focus of reconciliation is reviewing transactions and financial activities to ensure the accuracy of information that have been presented. For example, source documents of all activities should be cross-checked to ensure that the transactions have been correctly reported in the appropriate books (Larry and Bradley, 1997).

4. Physical Control to Safeguard Assets.

The presence of physical control is essential in safeguarding the assets from being destructed physically destructed. All tangible assets including cash equipment and machinery should be physically secured. Also, checking inventory periodically ensures that they conform to the control records (Michigan Tech, 2016).

5. Adequate Documentation

Romney and Steinbart (2009), found that requiring design and the use of documents help to enhance the accuracy and completeness of recording the relevant transaction data. Documentation may be either paper-based or electronic. Principles for establishing a reliable documentation and securing adequate controls are pre-numbered documentation, timely preparation and simplified design (Larry and Bradley, 1997).

6. Information and Communication System

Many information and communication systems are deployed to perpetrate fraud by employees and third parties. Therefore, the control of information and communication is important. According to Aldridge and Colbert (1994), internal control requires that all relevant information be captured and communicated that enable people to conduct and manage their financial reporting responsibilities. Effective communications should occur in a broad sense with information flowing down, across, and up within all the sections of the organization (Theofanis et al., 2011). Recent literature on internal control system frameworks has raised some concerns on information and communication within an organization because it may affect the relations among workers at all levels (Amudo&Inanga, 2009).

2.2.9.2 Risk assessment

As stressed in the definition, internal control can provide only reasonable assurance that the objectives of the organization are being achieved. Risk assessment is a component of internal control, plays a key role in the selection of the appropriate control activities to undertake. It is the process of identifying and analyzing relevant risks to the achievement of the entity's objectives and determining the appropriate response. Consequently, setting objectives is a precondition to risk assessment. Objectives must be defined before management can identify the risks to their achievement and take the necessary actions to manage those risks. That means having in place an ongoing process for evaluating and addressing the impact of risks in a cost effective way and having staff with the appropriate skills to identify and assess the potential risks. Internal control activities are a response to risk in that they are designed to contain the uncertainty of outcome that has been identified (Jesse, 2012).

2.2.10 Control environment

Internal control is defined as the process designed, implemented and maintained by those charged with governance, management and other personnel, to provide reasonable assurance about the achievement of an entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. The term "controls" refers to any aspects of one or more of the components of internal control. (Glossary of Terms Relating to Hong Kong Standards on Quality Control, Auditing Review, Other Assurance and Related Services).

According to Whittington and Pany (2001) control environment sets the tone of the organization thereby influencing the control consciousness of people. They also say that control environment is viewed as the foundation of all the other components of

internal control. Control environment also refers to the overall attitude, awareness and actions of management regarding internal controls and their importance.

Whittington and Pany (ibid) believe that these factors of control environment set a basis upon which the other internal control components are built. They provide a foundation within which the other components operate. However, the management of most public institutions are always overriding these controls, the lack of mentoring is leading to collapse of internal control. The control environment is the foundation on which an effective system of internal control is built and operated in an organization that strives to (1) achieve its strategic objectives, (2) provide reliable financial reporting to internal and external stakeholders, (3) operate its business efficiently and effectively, (4) comply with all applicable laws and regulations, and (5) safeguard its assets. Part of the blame for the 2008 financial crisis and other prominent failures of the 21st century can be appropriately attributed to failures in the control environment. Control environment factors include the integrity, ethical values and competence of the entity's people; management's philosophy and operating style; the way management assigns authority and responsibility, and organizes and develops its people; and the attention and direction provided by the board of directors." (John, 2011).

2.2.9.3 Monitoring

All issues pertaining to internal controls must be evaluated and followed up. There must be a continuous monitoring of procedures and systems. It is through the monitoring process that assessment is made on the quality of a system's performance. The process of monitoring entails on-going supervision, including other actions undertaken by personnel in the performance of their duties. Frequency and scope of evaluation are dependent on risk assessment and procedures of monitoring. Once any challenges in the control system have been identified, they should be brought to the

attention of the senior personnel (COSO, 2005). The scope of evaluation that is periodically conducted will vary and depend on the risks that have been assessed.

2.2.10 Internal Control system in Ifelodun Local Government

The International Accounting Standard 400 risk assessment and internal control defines two elements in controls, The Control Environment and the Control Procedures. The control environment is the framework within which controls operate. The control environment is very much determined by the management of a business. The Control environment is the overall attitude, awareness and actions of director's managers regarding internal controls and their importance in the entity. Control procedures on the other hand, are the rules, regulations, processes, documents, policies and principles management has instituted in the organization to ensure that the controls work effectively or are duly followed in the organization.

In addition to the Ifelodun Local Government system of internal control, the Government Accountability, Audit and Internal Control Act of 1987 formalizes Ifelodun Local Government commitment to efficient and effective business practices, quality services, and ethics in the operation of state government. As public sector institutions, it is mandatory for the Ifelodun Local Government to comply with the provisions of enabling laws and regulations such as The government Financial Regulation (FR), Fiscal Responsibility Act (FRA), Public Procurement Act (PPA) and financial circulars issued from time to time forms the basis for the Polytechnic internal control technique, and in line with the civil service rules. It requires that all states Ministries, Departments and Agencies (MDAS) institute a formal internal control programme. There are six (6) requirements of the Internal Control Act. These include;

- Maintain written internal control guidelines

- Maintain an internal control system for continuous review of operations.
- Maintain a concise statement of policy and standards available to all employees
- Designate an internal control officer
- Educate and train all employees on internal control
- Evaluate the need for an internal audit function

According to Ifelodun Local Government, (2010) Condition of Service manual book, the foundations of internal control system in the Ifelodun Local Government are the policies and procedures applicable to its daily operations. Below is a sample of basic foundations that affects all employees;

- Personnel handbook
- College rules & regulation
- Public service guide
- Due process & Price intelligence procedures
- Policy hand book
- Hiring practice
- Transaction process

Other example of internal control system that regulates activities and performance in the Polytechnic include but are not limited to;

- External laws (National Board for Technical Education) Regulations, policies and procedures
- Policies of the College Governing Council
- College handbook and catalog
- Financial & personnel procedure
- College strategic plan/Medium term framework
- Bargaining contract
- Financial & Operational Audit
- Employees performance, Appraisal & Evaluation programme
- Accreditation
- Time and attendance reporting/crossing of line

2.3 Theoretical framework

In order to understand the impact of internal control system on the performance of local government, this study encoded on the theoretical foundation: financial control, agency theory, and under pinning theory.

2.3.1 Theory of financial control.

John t al (2014) noted that the present and future personal function of human beings are theory beings are theory of financial control. This theory state that existing and possible functions if financial tools for organization are most important. Similarly, it is stated that payment, financial instrument, accounting, control modes, economic

calculating, and related consideration both within and outside of the firm's, are supposed to be deliberated in regard to inner characteristics but also possible effects. It is known that founding the relationship amongst various activities and financial controls for organization serves a natural focus on the organization such that they are viewed from several latitudinal areas. The first concern the human beings, function of what is accomplished via organizations, their activities and productively. The social is about the arrangement of the firm's activities and of transactions that several parties have with each other, the third deals with the control system sense of recurring procedures and methods that are used to relate present and future functions to ensure both externally and internally.

The above mentioned financial control instrument are claimed to be crucial from an individual organization's perspective and for bigger economic system. The fourth area share the specific procedures of which deal organization for specific issues. The theory further reveals that structure and financial control system work together (Ostman, 2009). The financial control theory is very pertinent to this study in the sense that it assists in improved understanding of the intricacies surrounding accountability in an organization.

2.3.2 The agency theory

The theory identifies the incomplete information about the relationship, interests, or works performance of an agent described as adverse selection and moral hazard. Moral hazard and adverse selection disturb the productivity of the agent in two different ways; not doing precisely what the agent is selected to do and not having the required knowledge about that the agency theory describes organization as necessary structure to sustain contracts, and through firms, it is possible to implement control which minimizes opportunities behaviour of agent.

In order to harmonize the interest of the agent and the principal, a broad contract is written to address the concern of both the agent and the principal; they further elucidate that the relationship is fortified by the principal employing an expert to monitor the agency. This affects the overall performance of the relationship as well as the benefit of the principal in the form of cash residual.

2.3.3. Underpinning theory

Contingency theory is not a new theory in an organization research because it has a well established concepts in organizational literature (Donaldson 2001, Saenger, Reilly & Shenhar, 2009) meanwhile for the past three decades, contingency has been the subject of wider research area but yet it is still developing (Ayman, Chambers & Fielder, 1995) even though the early researchers on contingency theory to organization design mainly factor or the effect of uncertainty on the organizational structure (Chenhall, 2003, Drazin & Van de Ven, 1985, Reid & Smith, 2000). However, contingency theory is known as one of those theory that are usually been used recently in management accounting and auditing research (Abushaiba & Zainuddin, 2012, Reid & Smith, 2000, Sledsomboon & Ussahawanitchakit, 2000; Valanaciene & Gimzauskiene, 2009) though the utilization of the theory may have different effect, and equally its effectiveness depend upon the stage or field that has been proposed (Chenhall 2003, Drazin & van de Ven, 1985) additionally, the relevance of any given factor should be contingent upon other factors (Krishnamoorthy, 2002) but then contingency theory enables a researcher to systematically introduce factors to explain or predict expected phenomena (Umanath 2003). This is because it does depend on content of the theory and such theory has capability of proceeding accurate hypothesis and consistent functions (Schoonhoven, 1981).

Therefore, indicate the possibility of applying contingency framework in the public sector (Wood, 2009) meanwhile a contingency theory also differs with other theories in

the form of their specific propositions, this is because its hypothesis a conditional relationship between two or more independent variables with a dependent variable and subject it to an empirical test (Drazin & Van de van, 1985). Therefore, this study proposes that internal audit effectiveness at local government level is contingent upon those components of effective internal control system.

2.4 Empirical analysis

Emem (2008) carried out a study in public fund management and control on Ife Local Government using Ife Local Government as the case study organisation. He adopted survey research design using 27 questions administered on 75 respondents. Outcome of the study performed showed that the laid down process of fund administration were not, also there is ineffective fund management initiated by weak internal control system in the councilman as well as partnership by the public fund administrative. Coker and Adams (2012) concentrated on how the third tier of government utilizes their funds up on the backdrop of the non-existent of financial autonomy, correct practices, and in due meddling in their affairs with basic prominence in the style and pattern of joint states. Local government accounts are operated that gave the state government the unjustified right over local government areas. With respect to the methodology, the paper employed the descriptive qualitative analysis technique. The result showed that local government areas in Nigeria have been under performing as a result of the absence of financial autonomy, continuous interfering of state government in local government arrears matters, and so on. The study prescribes for a full-fledged financial autonomy to be given to the local government councils on issues that are constitutionally apportioned to them, and the annulment of the joint state local government councils account system.

Onuroh and Appha (2012) carried out investigation on accountability and prudent financial management in Nigeria public sector the control of public funds with respect to

the method of account rendition of public office holders as stewards was studied the findings reveal that the level of public accountability in Nigeria is not the way it should be due to the non-availability of socio-economic and public information concerning the undertaking of government for the governed to assess the performance of their leaders the study recommends that transparency, integrity and accountability in the management of funds is of paramount importance if Nigeria is to increase in the area of growth and development. Also, accountability mechanism and establishment of control need to be hardened to minimize the rate of corruption in the country.

Murana (2015) studies the sources of local government fund in Nigeria and examine the practicable financing prospects that are inside the purview of local government area in Nigeria. The study used primary data through face-to-face interview and observation the findings reveal that the ideas of fiscal autonomy in the local government areas councils in Nigeria have been forfeited, that structural and institutional problems have rendered them helpless in issue of revenue generation. It then recommends that mechanism should be put in place to promote integrity, transparency and accounting. Again statutory allocation should be reviewed upward in favour of the local government councils. The empirical and several studies have been conducted in the internal audit effectiveness (Ahmed, Othman and Jusoff, 2009, Arena & Azzon 2010, Boat and Salfi 2009, Cohen & Sayag, 2010, Dittenhoppa, 2001, Feizizadah, 2012, IID, 2010, Mihert and Vesmas, 2007). For example the study carried out by Ahmed et al (2009) on the effectiveness of internal audit in Malaysian public sector, using simple percentage for data analysis found the lack of audit staff is ranked as the major problem faced by internal auditors in conducting an effective internal auditing. The study concluded by suggesting that future studies should adopt other method such as field survey of wider group of internal auditor both in public and private sectors. Likewise, Thefanis et al (2011) examine the relationship between element of internal control system and internal audit effectiveness

and the results of the study reveal positive relationship between two relationship. Also ferzizade (2012) carried out study in strnthing intend audit effectiveness and fund that most of the companies measure and quantify the performance & effectiveness of their activities. Therefore, looking at the above studies, the consider the effectiveness of internal audit at company level, hotel, and banks ignoring such effectiveness at local level. In this vein, this study extend the previous study thorough examining such effectiveness at local government level.

Ibrahim (2017) investigated that internal control and public sector revenue in nigeria and revealed that control environment has positive and significant effect on local revenue collection in federal inland revenue service in Nigeria. Muhibat (2016) found a positive and significant relationship between control envirnoment and revenue generation. They all conducted that control environment is very necessary in revenue.

Amutu (2017) reviewed the associatio between internal controls and revenue collection for commerical state corporations in Kenya, the study used a descriptive research design with census method being used. The study targeted all the 43 commercial banks as units of analysis. The unit of observation in the commercial banks. The study involves a census if 45 respondents. Qualitative data was analysed using convert analysis with three being developed as per the responses obtained using spss, quantitative data was analyzed and findings presented and prganic in table for easy understanding and this was in line with the specific objective.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

In this chapter, the methods applied to achieve the research objectives are presented and discussed. The chapter begins with research design, and then followed by discussion on the population of the study, sample Size and Sampling Techniques, sources and method of data collection, as well as the technique of data analysis.

3.2 Research Design

According to Yin (2014), he defines case study as an empirical study that “investigates a contemporary phenomenon (the case) in depth and within its real-life context especially when the boundaries between phenomenon and context are not clearly evident”. The study sought to access the internal control systems of Ifelodun Local Government. The case study approach has been adopted as it permits a holistic study of an entity (the case) and enables a detailed investigation of the phenomenon of internal controls. This fits the present study with an overarching aim to assess internal controls at Ifelodun Local Government in detail to provide new insights and a depth of information pertaining to the Polytechnic’s implementation of internal controls.

The two main categories of methodological approaches used are the qualitative and quantitative methods. The qualitative method is often descriptive compared to the more statistically based quantitative method leading to inferences on the larger population. Noting that the core of the study is not merely to generalize but assess internal controls system of Ifelodun Local Government, the case study design and underlying qualitative methodological approach was adopted.

3.3 Population of the Study

In Ifelodun Local Government, the Establishment division in the Chairman department identified and listed Forty Five (45) staffs of Internal Audit Unit and which include auditors on students Affairs and main account, Cash office and Payroll, Budget and Expenditure, store and fixed assets in the Polytechnic as at December 2020. Out of this, thirty-two (32) staffs were identified as 'Internal Auditor' while 13 were marked as 'non-Internal Auditor' (Chairman Department, Ifelodun Local Government, 2020). All of them are permanent staffs of the institution. The population of the study are therefore all the 28 internal auditors in the designated Unit. This is to ensure that the entire 'set of objects' that would be studied and which generalisation would be made have been included (Sapsford, 2007) in the study.

According to Establishment Unit of Ifelodun Local Government Chairman Department (2020) record, there are thirty-two (32) Internal Auditor in the Polytechnic which are made up of Chief and Assistant Chief Internal Auditor, Principal Internal Auditor and Senior Internal Auditors and Auditor I and II. The table below shows the distribution

Chief Internal Auditor	01
Assistant Chief Internal Auditor	02
Principal Internal Auditor	05
Senior Internal Auditors	03.
Internal Auditor I and II	10
Executive Officer	<u>11</u>
	32

3.4 Sample size and Sample Technique

However, in order to properly evaluate and draw reasonable conclusion, the study chose a purposive target sample of Internal Auditors in Audit Unit. Only thirty (30) Internal Auditors of Internal Audit Unit forms the sample of this study. For this reason, the census approach was used in as the sampling technique. The census method attempts to collect data from every staffs in the population rather than choosing a sample (Jupp, 2006). This method gives more reliable, accurate and unbiased results through extensive information (Aggarwal & Khurana, 2009; Hillman & Kaliappen, 2015).

3.5 Sources and Method of Data Collection

The research instrument used for the purpose of this research work was questionnaire which was structured and design on a 5 point Likert Scale. The study used data from both primary and secondary sources. Questionnaire was used to elicit information from staff in the selected departments forming the primary data source whereas review of documents pertaining to statutory regulations and financial standards formed the secondary data. The measures for the questionnaire were adopted for the current study from reviewed literature, making their validity and reliability tested and proven.

3.6 Technique for Data Analysis

The data collected from respondents were coded and analyzed using Statistical Package for the Social Science (SPSS) with appropriate charts and tables to answer the questions posed in the study and to draw relevant conclusions. The focus of qualitative studies is contextualization, investigating a phenomenon in detail to understand people, groups or organization and the situation in which they act as. The data analysis used descriptive statistics of tables to bring order, structure and interpretation to the data collected. The essence is more on identifying new insights and implementation challenges mitigating against the effectiveness of internal controls at Ifelodun Local Government

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter contains presentation and interpretation of the data collected in the study. The first section presents the response rate, reliability test and demographic characteristics of the respondents. The second section presents the findings of the study and discussions based on the objectives that the study sought to achieve. The study then compares and contrasts the findings with other studies and literature.

4.2 Response Rate

Out of the total 45 questionnaires that were sent to the respondents, 30 of them were dully filled and returned by the respondents. Hence, this constituted a response rate of 72.9%. This was considered a very reliable response rate for generalizations of study findings since according to Zikmund et al., (2010) a response rate of 70 percent and above is said to be a reliable response rate.

4.3 Demographic Analysis.

Table 4.1: Profile of Respondents

S/N	Demographic Variable	Category	Frequency	Percentage (%)
1	Gender	Male	26	86.5
		Female	4	13.5
		Total	30	100
2	Education	No formal (Western) education	0	.0
		Primary Education only	0	.0
		Secondary Education only	0	.0
		OND	4	10.6
		HND/Bachelor Degree	16	62.3
		Master's Degree	3	10.3
		Doctorate	0	16.8
		Professional Qualifications	7	3.9
		Total	30	100
3	Unit/Section	Internal Audit(Admi and finance)	19	62.8
		Internal Audit (students' Affair)	11	37.2
		Total	30	100
4	Rank	Chief Internal Auditor	1	1.5
		Asst Chief Internal Auditor	2	3.5
		Principal Internal Auditor	5	18.3
		Senior Internal Auditor	0	.0
		Internal Auditor I	9	38.0
		Internal Auditor II	2	3.5
		Prin Executive Officer I	4	13.1
		Prin Executive Officer II	7	22.1
		Total	30	100
5	Staff Population	0 – 10	1	2.3
		11 – 100	9	35.1
		101 – 1000	17	49.3
		1001 and above	3	13.3

		Total	30	100.0
6	Years on Service	1 – 10	9	31.9
		11 – 20	11	37.2
		21 – 30	7	20.2
		31 and Above	3	10.7
		Total	30	100.0

4.3.1 Profile of respondents

The respondents were asked to provide basic personal and firm demographic information. This includes information on gender, educational background, The Unit/Department of the employee, employee present position in organization, Cadre/Present Rank in in organization, staff current population. This information is presented in Table 4.3. The result showed that Male dominates the department with 26 staff representing 86.5 percent against Female staff with just 13.5 percent or 4 persons.

Concerning education, respondents that possess HND/Bachelor's degree constitute the majority (16 or 62.3 percent). 7 respondents or 16.8 percent have professional qualifications. Respondents with OND that constitutes 4 representing 10.6 percent follow these while 3 respondents or 10.3 percent of all respondents possess Master's degree. Those with only primary and Secondary education constitute 0 respondents representing 0.0 percent.

As for Department of staff in the organization 19 respondents or 62.8 percent, which constitute the majority, are in Administrative and Finance Unit while the remaining 11 representing 37.2 percent are in the student Affairs Unit.

On the Present Rank/Cadre, majority of respondents (9 or 38.0 percent) are Auditor I followed by Principal Higher Executive officer II, which has 7 respondents or 22.1 percent. 5 respondents representing 18.3 percent are Principal Internal Auditor while 4 respondents (or 13.9 percent) are Principal Higher Executive Officer I.

The Assistant Chief Internal Auditor constitute 2 respondents representing 3.5 percent while the Internal Auditor II also constitute 2 respondents representing 3.5 percent and the Chief Internal Auditor is 1 respondents representing 1.5 percent

In terms of Current Staff Population, the majority of respondents are 17, representing 49.3 percent, chooses 101 – 1000. 9 respondents (35.1 percent) reported 11 – 100 for their response followed these. 3 respondents, representing 13.3 percent chooses staff population to be between 1001 and above. Only 1 respondent (or 2.3 percent) chooses 1 – 10.

The majority of respondents which is 11 representing 37.2 percent stated years in service figures of between 11 – 20 years in service. 9 respondents or 31.9 percent reported employing 1 – 10 years in service. Respondents that reported employee figure of between 21 – 30 are 7, making 20.2 percent of all respondents. Finally, 3 respondents (10.7 percent) reported years in service of 31 years and above. From the years in service and value statistics, it could be seen that respondents with years in service of 31 and above and current staff population exceeding 101 – 1000 are likely to be old staff within the scope of this study. However, since they constitute the minority their inclusion is unlikely to have any impact on the result. Respondents profile is summarised in Table 4.3 and presented graphically in Table 4.4 3 (in Annex V).

4.4.1 Control Activities

The respondents were asked whether their institutions had adequate and effective control activities. The findings of the study revealed that majority of the respondents, 61.4 percent stated that their respective institutions had adequate and effective control activities with a mean of 1.39 and standard deviation of 0.49. These results were influenced by existence of proper allocation and distribution of resources and segregation of duties.

The respondents were further asked to state whether control activities affected the effectiveness of the institution. The findings of the study indicated that majority of the respondents, 77.1 agreed that control activities affected the institution effectiveness by ensuring proper planning and proper utilization of resources. The mean of this statement was 1.23 and the standard deviation was 0.43.

The study sought to determine the effect of control activities on organization effectiveness in Kwara State polytechnic, Ilorin. The findings are presented in a five point Likert's scale where SA=strongly agree (5), A=agree (4), U=Undecided (3),

D=disagree (2), SD=strongly disagree (1), T=total, M=mean and Std. D= standard deviation. The results of this analysis are as provided below in table 4.2

Table 4.2: Control Activities

Statements	SA	A	U	D	SD	T	M	Std. D
	%	%	%	%	%	%	%	%
There are regular internal audit reports generated in the institution	40.0	44.3	10.0	4.3	1.4	100	4.17	0.88
There is adequate segregation of duties in Internal Audit Unit	32.9	48.6	10.0	2.9	5.7	100	4.00	1.04
There are physical controls to prevent excess allocated funds	44.3	30.0	15.7	8.6	1.4	100	4.07	1.04
There are proper checks of every employee's work by the others	47.1	27.1	17.1	7.1	1.4	100	4.11	1.03
There is adequate corrective action taken to address weaknesses in audit report	40.0	27.1	11.4	12.9	8.6	100	3.77	1.33

Source: By the Author using STATA 11 Outputs based on the study data, 2025

The study in table 4.1 found that majority of the respondents agreed that there were regular internal audit reports generated in their institutions, there was adequate segregation of duties in the Internal Audit Unit departments, there were physical controls to prevent excess allocated funds and there were proper checks of every employee's work by the others as well as adequate corrective action was taken to address weaknesses in audit reports. These findings were seconded by the findings of Ejoh and Ejom (2014) that stated that effective implementation of proper control systems may improve organization. Table 4.1 above shows the findings of the study.

Finally, the study sought to establish the average annual expenditure that Kwarapoly) spent on control activities. The findings of the study revealed the mean annual expenditure was between 1,740,000,000-2,000,000,000 Naira. (3.25) and the standard deviation was 1.28.

4.4.2 Risk Assessment

The study sought to establish whether their institutions had proper risk assessment program. Majority of the respondents agreed that their institutions had proper risk assessment program because they carried out continuous financial and non-financial assessment of their organizations coupled with regular, timely and profound audits. The mean response was 1.33 and the standard deviation was 0.47.

Table 4.3: Risk Assessment and organization effectiveness

Statement	Response	Percentage	Mean	Standard Dev
Does risk assessment affect financial and non-financial performance of the institution	Yes	71.4	1.29	0.46
	No	28.6		

Source: By the Author using STATA 11 Outputs based on the study data, 2025

The respondents were further asked whether risk assessment affected financial and non-financial performance of their institutions. The findings of the study indicated that majority of the respondents agreed that risk assessment affected financial performance of their institutions by safeguarding the institutions' assets and enhancing financial performance. These findings have been supported by the mean of 1.29 and a standard deviation of 0.46. Table 4.3 above illustrates the findings of the study.

The study sought to establish the effect of risk assessment on the organization effectiveness of Ifelodun Local Government. The results of this analysis are as provided below in table 4.4

Table 4.4: Risk Assessment

Statements	SA	A	N	D	SD	T	M	St.D
The institution has effective risk assessment tools	% 40.0	44.3	10.0	4.3	1.4	100	4.06	0.92
The institution has adequate and effective risk management system	% 32.9	48.6	10.0	2.9	5.7	100	4.07	0.94
All employees are well trained on risk assessment	% 44.3	30.0	15.7	8.6	1.4	100	3.99	0.97
Risk assessment has affected	% 47.1	27.1	17.1	7.1	1.4	100	3.91	1.28

Source: *By the Author using STATA 11 Outputs based on the study data, 2025*

The findings in table 4.4 of the study revealed that majority of the respondents agreed that their institutions had effective risk assessment tools and adequate and effective risk management system. The results also indicated that all employees were well trained on risk assessment and risk assessment affected the institution's revenue for the last five years.

Finally, the respondents were asked to state the average annual expenditure that Ifelodun Local Government spent on risk assessment program. The results of this analysis are as provided in table 4.5

Table 4.5: Annual Expenditure on Risk Assessment

Item	Response	Percent age	Mean	Standard Dev
On average, how much does your institution spend annually on risk assessment?	0-10,000,000	1.4	3.29	1.18
	10,000,001-100,000,000	31.4		
	100,000,001-200,000,000	27.1		
	20,000,001-500,000,000	17.1		
	>500,000,000	22.9		

Source: *By the Author using STATA 11 Outputs based on the study data, 2025*

The findings in table 4.4 of the study revealed the mean annual expenditure was between 10,000,001-100,000,000 Naira (3.29) and the standard deviation was 1.18.

4.4.3 Control Environment

The study sought to establish whether the institutions had proper control environment. The results of this analysis are as provided below in table 4.6

Table 4.6: Control Environment

Item	Response	Percentage	Mean	Standard Deviation
Does the institution have conducive control environment?	Yes	62.9	1.37	0.49
	No	37.1		

Source: *By the Author using STATA 11 Outputs based on the study data, 2025*

The findings indicate that majority of the respondents thus 62.9 percent agreed that their institution had proper control environment while a smaller percentage thus 37.1 percent of them stated otherwise. Table 4.6 above illustrates the findings of the study.

The respondents were further asked whether control environment affected financial performance of their institutions. The results of this analysis are as provided below in table 4.7

Table 4.7: Control Environment and organization effectiveness

Item	Response	Percentage	Mean	Standard Deviation
Does control environment affect financial and non-performance of the institution?	Yes	71.4	1.29	0.46
	No	28.6		

Source: *By the Author using STATA 11 Outputs based on the study data, 2025*

Table 4.7 above shows that the control environment is positively related to financial and non-financial performance with a percentage of 71.4 and a standard deviation of 0.46. The results seem to agree with Kinyua, Gakure, Gekara and Orwa (2015)

assertion of that effective implementation of proper control systems may improve organization.

The study sought to evaluate the effect of control environment on the organization effectiveness in Ifelodun Local Government. The table below presents the results. The results of this analysis are as provided below in table 4.8

Table 4.8: Control Environment

Statements	SA	A	U	SD	D	T	M	STD D
Our institution has effective control environment	34.3	35.7	14.3	11.4	4.3	100	3.83	1.15
The institution finance and audit departments are adequately staffed	41.4	30.01	5.7	10.0	2.9	100	3.97	1.12
Staff are well trained on accounting and financial management system	42.9	34.3	18.6	0	4.3	100	4.11	100
Senior staff authorizes access to valuable information	37.1	35.7	15.7	8.6	2.9	100	3.96	1.07
The institution accounting and financial management system safeguards the institutions' assets	42.9	34.3	10.0	5.7	7.1	100	4.00	1.10

Source: By the Author using STATA 11 Outputs based on the study data, 2025

The findings in table 4.8 of the study revealed that based on a scale of 1 to 5, majority of the respondents agreed that their institutions had effective control environment and adequately staffed finance and audit departments. The results also indicated that the staff was well trained on accounting and financial management system, senior staff

authorized access to valuable information and their institution accounting and financial management system safeguarded the institutions' assets.

Finally, the respondents were asked to state the average annual expenditure the institutions spent on control environment program. The results of this analysis are as provided below in table 4.9

Table 4.9: Annual Expenditure on Control Environment

Statement	Response	Percentage	Mean	Standard Dev
On average, how much does your institution spend annually on control environment	0-10,000,000	1.4	3.29	1.18
	10,000,001-30,000,000	31.4		
	30,000,001-50,000,000	27.1		
	50,000,001-100,000,000	17.1		
	>100,000,000	22.9		

Source: By the Author using STATA 11 Outputs based on the study data, 2025

The findings in table 4.9 of the study revealed the mean annual expenditure was between 30,000,001-50,000,000 Naira (3.29) and the standard deviation was 1.18. Table 4.9 above shows the findings of the study.

4.4.4 Monitoring

The study sought to establish whether the institution had effective monitoring and evaluation activities. The results of this are as provided below in table 4.10

Table 4.10 Monitoring

Item	Response	Percentage	Mean	Standard Deviation
Does the institution have effective monitoring and evaluation activities?	Yes	72.9	1.27	0.45
	No	27.1		

Source: *By the Author using STATA 11 Outputs based on the study data, 2025*

Majority of the respondents agreed that their institutions had effective flow of information and communication. The mean response was 1.27 and the standard deviation was 0.45. Table 4.10 above illustrates the findings of the study.

The respondents were further asked whether financial and non-financial monitoring affected organization effectiveness. The results of this analysis are as provided below in table 4.11

Table 4.11: Monitoring and organization effectiveness

Item	Response	Percentage	Mean	Standard Deviation
Do internal control systems affect financial performance of the institution?	Yes	80.0	1.20	0.40
	No	20.0		

Source: By the Author using STATA 11 Outputs based on the study data, 2025

The findings in table 4.11 of the study indicated that majority of the respondents agreed that monitoring affected organization with the mean of 1.2 and a standard deviation of 0.40. The study established that financial monitoring prevents wastages of resources and enhanced financial accountability.

The study sought to establish the effect of financial monitoring on the organization effectiveness in Ifelodun Local Government. The results of this analysis are as provided below in table 4.12

Table 4.12: Financial Monitoring

Statements	SA	A	U	SD	D	T	M	STD D
The expenditure of the institution are properly monitored	31.4	35.7	14.3	11.4	7.1	100	3.73	1.23
The audit department of the institution is independent	44.3	27.1	11.4	14.3	2.9	100	3.96	1.18
The institution has proper supervisory activities to enhance accountability and transparency	34.3	37.1	15.7	8.6	4.3	100	3.89	1.11
There are regular management meetings to assess the financial status of the institution	31.4	37.1	15.7	12.9	2.9	100	3.81	1.10

Source: By the Author using STATA 11 Outputs based on the study data, 2025

The findings in table 4.12 of the study revealed that majority of the respondents agreed that the expenditure of their institutions were properly monitored and their audit departments were independent. The results also indicated that their institutions had

proper supervisory activities to enhance accountability and transparency and there were regular management meetings to assess the financial status of the institutions.

Finally, the respondents in the institution under study were asked to state the average annual expenditure their institutions spent on financial monitoring. The results of this analysis are as provided in table 4.13

Table 4.13: Annual Expenditure and financial Monitoring

On average, how much does your institution spend annually on financial monitoring?	0-10,000,000	1.4	4.17	0.71
	10,000,001-30,000,000	21.4		
	30,000,001-50,000,000	20.0		
	50,000,001-100,000,000	15.7		
	>100,000,000	41.4		

Source: By the Author using STATA 11 Outputs based on the study data, 2025

The findings in table 4.13 of the study revealed the mean annual expenditure was between 50,000,000- 100,000,000 Naira (4.17) and the standard deviation was 0.71. Table 4.13 above shows the findings of the study. These findings indicate that the institutions under study allocated enough funds to take care of expenditure on financial monitoring.

4.4.5 Organization Effectiveness

The respondents were asked whether their institutions had put in place effective control measures to safeguard their assets and resources. The results of this analysis are as provided below in table 4.14

Table 4.14: Internal Controls system

Statement	Response	Percentage	Mean	Standard Deviation
Do you consider the controls that the institution has put in place to safeguard assets and resources to be effective?	Yes	67.1	1.33	0.47
	No	32.9		

Source: *By the Author using STATA 11 Outputs based on the study data, 2025*

The findings in table 4.14 of the study indicated that majority of the respondents agreed to statement that the institution had put in place effective control measures to safeguard their assets and resources.

The respondents were further asked whether internal control systems affected effectiveness of the institution. The results of this analysis are as provided below in table 4.15

Table 4.15: Internal Control and Organization effectiveness

Item	Response	Percentage	Mean	Standard Deviation
Do internal control systems affect the institution's effectiveness?	Yes	80.0	1.20	0.40
	No	20.0		

Source: *By the Author using STATA 11 Outputs based on the study data, 2025*

The findings in table 4.15 of the study indicated that majority of the respondents 80 percent agreed to statement with a mean of 1.20 and a standard deviation of 0.40. Table 4.15 above illustrates the findings of the study.

In addition, the study sought to establish whether the institutions under study had a stable financial performance over the last five years. The results of this analysis are as provided below in table 4.16

Table 4.16 Stable financial performance

Item	Response	Percentage	Mean	Standard Deviation
Do you consider the financial performance of your institution to have been fairly stable over the last five years?	Yes	74.3	1.26	0.44
	No	25.7		

Source: *By the Author using STATA 11 Outputs based on the study data, 2025*

The findings of the study indicated that majority of the respondents 74.3 percent agreed to statement with a mean of 1.26 and a standard deviation of 0.44. These results were attributed to proper use of resources and expansion of the institutions. However, some of the respondents had dissenting opinion due to embezzlement of funds. Table 4.16 above illustrates the findings of the study.

The study in table 4.17 also sought to establish the mean surplus and budgetary allocations of the institutions under study between 2016 and 2020.

Table 4.17: Financial Performance

Year	2016	2017	2018	2019	2020	Mean	Std. Dev
Surplus	150m	190m	230m	215m	110m	2.18b	0.78
Budgetary	1.2b	1.4b	1.5b	1.6m	1.7m	14.8b	1.12

allocation							
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Source: *By the Author using STATA 11 Outputs based on the study data, 2025*

The study in table 4.17 found out that the mean budgetary allocation to the institution under study was 14.8 billion with a standard deviation of 1.12 while the mean surplus was 2.18 billion with a standard deviation of 0.78.

Finally, the study sought to evaluate the effect of assets to the financial performance of Kwara State Polytechnic, Ilorin. The results of this analysis are as provided below in table 4.18

Table 4.18: Financial and Non-financial performance

Statements	SA	A	U	SD	D	T	M	STD D
Our institution has enough cash to meet its obligations effectively (as and when they fall due)	31.4	35.7	14.3	11.4	7.1	100	3.87	1.00
The fees charged by our institution is appropriate to cover the costs of running the courses	44.3	27.1	11.4	14.3	2.9	100	4.14	0.95
All Institutional fees are dully collected	34.3	37.1	15.7	8.6	4.3	100	4.06	1.01
Outstanding fees are dully paid in time (before students sit for exams)	31.4	37.1	15.7	12.9	2.9	100	3.96	1.07
Our Institution's accounting system adequately identifies	31.4	35.7	14.3	11.4	7.1	100	3.96	1.16

the receipts and expenditure of grant contracts								
Management of finances significantly affects financial performance of the institution	44.3	27.1	11.4	14.3	2.9	100	3.97	1.06
The Institution's asset base has greatly increased over time	34.3	37.1	15.7	8.6	4.3	100	3.87	1.09
Internal control system has affected the institution's revenue for the last five years	31.4	37.1	15.7	12.9	2.9	100	3.93	1.05
Internal control system has affected the institution's accountability for the last five years	37.1	27.1	20.0	11.4	4.3	100	3.83	1.20

Source: *By the Author using STATA 11 Outputs based on the study data, 2025*

The study in table 4.18 found out that majority of the respondents agreed that their institutions had enough cash to meet its obligations effectively, the fees charged by their institutions was appropriate to cover the costs of running of the courses, all institutional fees were dully collected and outstanding fees were dully paid in time (before students sit for exams).

In addition, the results of the study showed that the institutions' accounting system adequately identified the receipts and expenditure of grant contracts and the management of finances significantly affected financial performance of the institutions. Furthermore, the findings showed that the institutions' asset base had greatly increased over time. Also, internal control system affected the institutions' revenue and accountability for the last five years.

4.5 Multiple regression analysis

Multiple regression analysis was conducted at significance level of 0.05. The results are presented below in the three tables which are accompanied with their respective interpretation.

4.5.1 Model Summary

This shows the summary of the regression analysis as shown in the regression model below. Below are the findings in the table 4.19

Table 4.19: Model Summary

Model	R	R Square	Adjusted R Square	Standard. Error of the Estimate
1	.3 ^a	.8	.2	5.7314

Source: *By the Author using STATA 11 Outputs based on the study data, 2025*

Table 4.19 above shows a coefficient of correlation (R) of 0.533. This is an indication of a fairly average positive correlation between internal control and organization effectiveness in Ifelodun Local Government. The coefficient of determination indicates that internal control systems explain 28.4% of financial performance of Ifelodun Local Government. The adjusted R^2 however, indicates that internal control systems explain 22.8% of Kwara state Polytechnic, Ilorin whereas 77.2% to be influenced by other factors that was not captured in this study.

The findings of the study differ with the study of Ndiwa (2014) which established the existence of a positive relationship between financial performance and internal control. In addition, the staff of the audit department had a significant effect on the general finance performance of the institution. Ndifon (2014) showed that there existed no statistical significant relationship between financial performance and internal control activities.

4.5.2 Analysis of Variance

The table 4.20 below shows the ANOVA result for the effect of internal control systems on organization effectiveness on financial performance of Ifelodun Local Government.

Table 4.20: Analysis of Variance

Model		Sum Squares	df	Mean Square	F	Sig.
1	Regression	832.655	5	166.531	5.070	.001 ^b
	Residual	2102.331	64	32.849		
	Total	2934.986	69			

Source: *By the Author using STATA 11 Outputs based on the study data, 2025*

Table 4.20 above shows the Analysis of Variance (ANOVA). The f-value of the ANOVA was found to be 5.070 while p-value was 0.001 which is < 0.05 . These results indicated that the model is statistically significant. Consequently, internal control systems collectively have a significant effect on organization effectiveness of Ifelodun Local Government. Hence, internal control systems are good predictors of organization effectiveness.

4.5.3 Regression Coefficients

The researcher conducted regression analysis to determine the relationship between internal control systems and organization effectiveness Kwara state Polytechnic, Ilorin. The results of this analysis are as provided below in table 4.21.

Table 4.21: Coefficients^a

Model Unstandardized Standardized t Sig.

		Coefficients Error		Coefficients B	Std. Beta	
	(Constant)	22.671	.142	5.107		4.440 .800 .000
1	Control Activities		.178	.090		.027
	Risk Assessment	.013	.227	.007	.059	.013
	Control Environment	.264	.194		.181 1.363	.018
	Monitoring	.668	.212		.417 3.147	.003

Source: *By the Author using STATA 11 Outputs based on the study data, 2025*

From the Coefficients Table 4.21 above, the regression model can be derived from the unstandardized coefficients as follows:

$$Y = 22.671 + 0.142X_1 + 0.013X_2 + 0.264X_3 + 0.002X_4 + 0.668X_5$$

The results in Table 4.21 indicated that control activities, risk assessment, control environment, information and communication and monitoring have a significant positive effect on organization effectiveness of Kwara state Polytechnic, Ilorin because their p-values were less than 0.05. The most influential variable was monitoring with a regression coefficient of 0.668 (p-value = 0.003), then control environment with a coefficient of 0.264 (p-value = 0.018), then control activities with a coefficient of 0.142 (p-value = 0.027), then risk assessment with a coefficient of 0.013 (p-value = 0.043). According to this model when all the independent variables values are zero, organization effectiveness will have a score of 22.671.

These results imply that a unit increase in control activities could result to increase in organization effectiveness by 0.142 all else held constant; a unit increase in risk assessment could result to increase in organization effectiveness by 0.013 all else held constant; a unit increase in control environment could result to increase in organization effectiveness by 0.264 all else held constant; and a unit increase in monitoring could result to increase in organization effectiveness by 0.668.

4.6: Discussion of Findings

The study sought to determine the effect of control activities on the organization effectiveness of Ifelodun Local Government. The study findings revealed that the institutions under study had adequate and effective controls activities which included regular internal audit reports, adequate segregation of duties in the finance and accounts departments and physical controls to prevent excessive allocation of funds. The findings of the study are in line with the findings of Ndifon (2014), which showed that all the control activities in the institution were spearheaded by the management. In addition, there was separation of duties among the employees in Internal Audit department and there was consistent supervision of work by the superiors. In addition, the school conducted annually external audit of financial statements.

In addition, the institutions had proper checks of every employee's work as well as adequate corrective action was taken to address weaknesses in audit reports. From regression analysis, a unit increase in control activities could result to increase in organization effectiveness by 0.142. The findings of the study are in line with the findings of Kamau, (2014) which found that proper control environment positively influenced their organization effectiveness the, staffs of the Polytechnic under study were well trained on resources management systems and the organizations had security systems to protect their assets and prevent fraud. Regression analysis indicated the existence of a significant positive financial performance and internal control activities.

The study sought to establish the effect of risk assessment on organization effectiveness of Ifelodun Local Government. The study found out that the institutions under study had proper risk assessment tools and risk assessment management system because they carried out continuous financial and non-financial assessment of their organizations coupled with regular, timely and profound audits. The findings of the study were concurrent with the findings of Ndiwa (2014) that pointed out the existence of internal control strategies and audit department are risk management techniques employed by institutions. Palfi and Muresan (2009) showed teamwork between the management and internal audit department through regular meetings. The results also indicated that all employees were well trained on risk assessment and risk assessment affected the institution's revenue for the last five years. From regression analysis, a unit increase in risk assessment could result to increase in financial performance by 0.013. The findings of the study have been concurrent by the findings of Amudo & Inanga (2009) that stated that risk management had a positive significant effect on the financial performance of institutions.

The study sought to evaluate the effect of control environment on the organization effectiveness of Ifelodun Local Government. The study established that Ifelodun Local

Government had effective control environment. The number of staff in audit departments was adequate and well trained on accounting and financial management system.

The study sought to evaluate the effect of monitoring organization effectiveness of Ifelodun Local Government. The study sought to evaluate the effect of monitoring on the organization effectiveness of Ifelodun Local Government. The study established that the institutions had effective monitoring and evaluation activities. The expenditure of the institutions was properly monitored and audit departments were independent. The findings of the study have been concurrent by the findings of Theofanis et al., (2011) that stated that effective internal control system requires regular monitoring to ensure effective and efficient system performance over time. Monitoring of internal control systems ensures quality reviews and audits.

In addition, the institutions had proper supervisory activities to enhance accountability and transparency and they held regular management meetings to assess the financial status of the institutions. From regression analysis, a unit increase in monitoring could result to increase in organization effectiveness by 0.668. The findings of the study have been concurrent by the findings of Amudo & Inanga (2009) that stated that monitoring of organizational operations increases efficiency of the internal control system. Therefore, monitoring helps the management of an organisation to assess whether organizational policies drafted are effectively and efficiently implemented by the staff of the organisation.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter discusses the findings of the study, draws up conclusions and makes recommendations. The conclusions were drawn in addressing the research objectives, which was to determine the impact of control environment on the organization effectiveness in Ifelodun Local Government. The chapter then presents the conclusion from the study, based on the study result and interpretation of the same. Finally, the chapter makes recommendation to the management of the institutions, industry regulators and the government, academicians and researchers.

5.2 Summary

The main objective of the study was to establish the effect of internal control systems on organization effectiveness in Ifelodun Local Government. The study specific objectives were: to determine the impact of control activities, risk assessment, control environment, information and communication and monitoring on the organization effectiveness of Ifelodun Local Government. The coefficient of correlation was found to be 0.533 implying that there existed a positive correlation between internal control systems and organization effectiveness in Ifelodun Local Government. The coefficient of determination (R Square) indicates that 28.4% of financial performance of Ifelodun Local Government was influenced by internal control systems. The adjusted R^2 however, indicates that 22.8% of financial performance of organization effectiveness in Ifelodun Local Government was influenced by internal control systems leaving 77.2% to be influenced by other factors that were not captured in this study.

The first objective sought to answer the following research hypothesis; what is the effect of control activities on organization effectiveness in Ifelodun Local Government.? The study findings revealed that the institutions under study had adequate and effective controls activities which included regular internal audit reports, adequate segregation of duties in the internal audit unit departments and physical controls to prevent excess use of allocated funds. In addition, the institutions had proper checks of every employee's work as well as adequate corrective action being taken to address weaknesses in audit reports. Control activities were found to have a positive significant effect on the effectiveness of the institution under study.

The second objective sought to answer the following research hypothesis; to examine the effect of risk assessment on organization effectiveness in Ifelodun Local Government? The study found out that the institutions under study had proper risk assessment tools and risk assessment management system because they carried out continuous financial assessment of their organizations coupled with regular, timely and profound audits.

The third objective sought to answer the following research hypothesis; what is the effect of control environment on organization effectiveness in Ifelodun Local Government?. The study established that Ifelodun Local Government had effective control environment. The number of staff in audit and finance and departments was adequate and well trained on accounting and financial management system. Access to valuable information was equally authorized by senior staff and the institutions had accounting and financial management system safeguarded the institutions' assets. Control environment was found to have a positive significant effect on the organization effectiveness of the institutions under study.

The fourth objective sought to answer the following research question; what is the effect of monitoring on organization effectiveness in Ifelodun Local Government? The study established that the institutions had effective monitoring and evaluation activities. The expenditure of the institutions was properly monitored and audit departments were equipped. In addition, the institutions had proper supervisory activities to enhance accountability and transparency and they held regular management meetings to assess the financial status of the institutions. Financial and non-financial monitoring was found to have a positive significant effect on the effectiveness of the institution under study.

5.3 Conclusion

The study findings found out that Ifelodun Local Government, the institution of higher learning under study had adequate and effective controls activities, which included regular internal audit reports, adequate segregation of duties in internal audit and finance departments and physical controls to prevent excess use of allocated funds. In addition, the Ifelodun Local Government had proper checks of every employee's work as well as adequate corrective action was taken to address weaknesses in audit reports. Control activities were found to have a positive significant effect on organization effectiveness of the institution under study. The results also indicated that all employees were well trained on risk assessment and risk assessment affected the institutions revenue. Risk assessment was found to have a positive significant effect on the financial performance of Ifelodun Local Government under study.

The study established that Ifelodun Local Government had effective control environment. The number of staff in internal audit and finance departments was adequate and well trained on accounting and financial management system. Access to valuable information was equally authorised by senior staff and the institutions had

accounting and financial management system to safeguard the Polytechnic assets. Control environment was found to have a positive significant effect on the financial performance of the institutions under study.

The study established that Ifelodun Local Government had effective monitoring and evaluation activities. The expenditure of the institutions was properly monitored and audit departments were equipped. In addition, the institutions had proper supervisory activities to enhance accountability and transparency and they held regular management meetings to assess the financial status of the institutions. Financial and non-financial monitoring was found to have a positive significant effect on the effectiveness of the institutions under study.

5.4 Recommendations

To the management of Ifelodun Local Government, the study recommends regular and timely financial and non-financial audits to help them identify any loop holes in their systems as well as financial performance. The study further recommends to the management of the institution that assessment of risk associated with institutions-wide objectives be carried out regularly so that the management can know whether or not the institutions objectives will be met.

The study further recommends to the management of the institution to practice adequate controls in custody and disposal of assets including cash and to reduce the risk of material misstatements in financial reporting in relation to recognition and measurement of assets, liabilities, revenue and cost or insufficient disclosure. This could be achieved by employing competent staff, putting in place an independent audit unit to carry out the work of the audit without hindrance. The study further recommends that mandatory authorization and approval of transaction by relevant officers be made mandatory. This is to ensure that there is no misappropriation of the

institution resources. Presence of an effective internal audit is recommended as it enhances performance.

The study further recommends that periodic reports that is made to top management of the institution and industry regulators, thus Ministry of Education, Government visitation panel and visiting team by the Audit unit should be implemented to the later. This is to ensure that errors are corrected in time and action are taken on issues reported.

The study further recommends the Polytechnic to put in place a well-equipped internal audit as it facilitates monitoring of efficiency of operations and the institution's process for financial reporting be reviewed annually by the management. This forms a basis for evaluating the internal management system and internal steering documents to ensure that they cover all significant areas related to financial reporting.

To the academicians, the study recommends further research on the effects of internal controls on the organization effectiveness of different sectors (banking, Transportation and commercial, among others) in the country so as to generate adequate empirical literature on the topic. The researcher can focus on different independent variables of the study.

In practice, the study recommends that all the variables under study are effectively practiced by institutions in order to safeguards their institutions assets as well as improve their performance. In areas where the employees will have inadequate skills and knowledge, the study recommends aggressive employee training.

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Appendix I

Introduction Letter

Kwara State Polytechnic, Ilorin
Department of Accountancy
June, 2022

Dear Sir or Madam:

REQUEST TO COMPLETE RESEARCH QUESTIONNAIRE

I trust you are well and happy in your office and other endeavour.

I am doing an undergraduate degree level research on the *Impact of Internal Control system on Organizational Effectiveness in Ifelodun Local Government*. I should be most grateful if you could please spare some time in your busy schedule to kindly complete and return the attached questionnaire

Please be rest assured that the information you provide would be used strictly for academic purposes and shall be treated and handled with utmost care and confidence.

I thank you most sincerely for your kind and invaluable cooperation and help, which I appreciate very much.

Please accept my very best wishes and sincere regards.

Yours truly,

Abdul-wasiu Misturah

Appendix II

SURVEY QUESTIONNAIRE

• ORGANIZATION DEMOGRAPHIC INFORMATION

Please complete the following section to inform the study on your personal profile.

DM01 Gender (please tick as appropriate)

- Male ☐
- Female ☐

DM02 Please indicate your level of education (tick as applicable):

- No formal (Western) education ☐
- Primary Education only ☐
- Secondary Education only ☐
- OND ☐
- HND/Bachelor Degree ☐
- Master's Degree ☐
- Doctorate ☐
- Professional Qualifications ☐

DM03 Which Department do you belong? (please tick as appropriate):

- Internal Audit Unit ☐
- Student Affair and Main Account ☐
- Cash office and Payroll ☐
- Finance and Budget ☐

- Store and Fixed Asset []

DM04 Which staff category do you belong to? (please tick one as appropriate):

- Senior Staff []
- Junior Staff []

DM05 Cadre/ Present Rank of Respondent in the Organization (please tick one as appropriate):

- Chief Internal Auditor []
- Assistant Chief Internal Auditor []
- Principal Internal Auditor []
- Senior Internal Auditor []
- Auditor I []
- Principal Higher Executives Officer []
- Higher Executives Officer []
- Secretary []
- Clerical Officer []

DM05 What was the number of your organization's staff total Population as at December 31, 2020?

- 1 – 10 []
- 11 – 100 []
- 101 – 1000 []
- 1001 and above []

DM06 How many people were in the employment of your organization as at December 31, 2020?

- 1 – 1000 []
- 1001 – 2000 []
- 2001 – 19999 []
- 20000 and Above []

2. CONTROL ENVIRONMENT

Kindly rate your organization's control environment by cycling the number that most accurately represents your firm's position for each question. "1" denotes Strongly Disagree, "2" denotes Disagree, "3" denotes Undecided, "4" denotes Agree and "5" denotes Strongly Agree

Control Environment

S/N	Statement	SD	D	U	A	SA
1	Management decision are made collectively and not controlled by one dominant individual					
2.	Code of conduct or ethics policy exist in the institution.					
3.	Policies regarding the importances of internal control and its appropriateness are communicated to all staff of the institution					
4.	Audit or other control system exists to periodicall test for accompliance with					

	code of conduct					
5.	Control environment appraisal affects the organization effectiveness					
6.	Internal audit job manual positively affect the effectiveness of internal control system					
7.	Managment periodically reviews policies and procedure to ensure that proper controls are in place					
8.	Publishing of internal control system manual exist in the organization					
9.	The management has ability to manage with both staff and resources in organization					
10.	The control system put in place have increase the level of income overtime					

3. RISK ASSESSMENT

Please cycle the figure in the table below that best describes your organization's Risk Assessment. "1" denotes Strongly Disagree, "2" denotes Disagree, "3" denotes Undecided, "4" denotes Agree and "5" denotes Strongly Agree

Risk Assessment						
S/N	STATEMENTS	SD	D	U	A	SA
		1	2	3	4	5

RA01	The Polytechnic has clear objectives and these have been communicated so as to provide effective direction to staff on risk assessment and control issues					
RA02	Management appropriately evaluates risk when planning for new session or activity.					
RA03	There are sufficient staff members who are competent and knowledgeable to manage Internal Control activities and they have been provided with adequate resources.					
RA04	Information, Communication and Technology issues are considered and appropriately addressed and promptly					
RA05	Significant internal and external operational, financial, compliance and other risks are identified and assessed on a regular basis.					

4. CONTROL ACTIVITIES

Please circle the figure in the table below that best describes your organization control activities. "1" denotes Strongly Disagree, "2" denotes Disagree, "3" denotes Undecided, "4" denotes Agree and "5" denotes Strongly Agree.

Control Activities						
S/N	STATEMENTS	SD	D	U	A	SA
		1	2	3	4	5
CA01	Policies and procedures exist to ensure critical decisions are made with appropriate approval.					
CA02	Processes exist for independent verification of					

	transaction (to ensure integrity)					
CA03	There is a system in place to ensure that duties are rotated periodically.					
CA04	Processes are in place to ensure that policy overrides are minimal and exceptions are reported to management					
CA05	People in the Polytechnic have the knowledge, skill and tools to support them in their duties in order to effectively manage risk and achieve the Polytechnic objectives.					
CA06	The Polytechnic has employed many security apparatuses.					

5. MONITORING SYSTEM

Please circle the figure in the table below that best describes your organization's Monitoring system. "1" denotes Strongly Disagree, "2" denotes Disagree, "3" denotes Undecided, "4" denotes Agree and "5" denotes Strongly Agree

Monitoring System						
S/N	STATEMENTS	SD	D	U	A	SA
		1	2	3	4	5
MS01	There are ongoing review of due processes within the Polytechnic overall operations and these are addressed by senior management to monitor the effective application of the policies, processes and activities related to internal control and risk management					

MS02	There are processes to monitor the Polytechnic ability to re-evaluate risks and adjust controls in response to changes in its objectives, business, and external environment					
MS03	There are effective follow-up procedures to ensure that appropriate change or action occurs in response to changes in risks and control assessments.					
MS04	Reports on significant failure or weaknesses are reported to management on a timely basis.					
MS05	The company has constitute different Anti-Corruption and Disciplinary Committee who have been very active					

6. ORGANIZATIONAL EFFECTIVENESS

Please use the scale below to rate the performance of your organization. "1" denotes Strongly Disagree, "2" denotes Disagree, "3" denotes Undecided, "4" denotes Agree and "5" denotes Strongly Agree. Please encircle the figure that most accurately describes your performance as at December 31, 2020 compared to December 31 2016.

Organization Effectiveness						
OE01	Compared to last 3 years, our revenue has increased tremendously.	1	2	3	4	5
OE02	Compared to last 3 years, our Institution increases student admitted.	1	2	3	4	5
OE03	Compared to last 3 years, our Institution' salary paid to staff have decreased.	1	2	3	4	5
OE04	Compared to last 3 years, the levels of complaints from our students have	1	2	3	4	5

	decreased.					
OE05	Compared to last 3 years, the numbers of our staff have increased.	1	2	3	4	5
OE06	Compared to last 3 years, the numbers of fraudulent activities have decreased.	1	2	3	4	5