

**INTERNAL AUDIT AS AN INSTRUMENT OF FINANCIAL CONTROL IN
BORNO STATE MINISTRY OF FINANCE**

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Abstract

The paper assesses the role played by internal audit as an instrument of financial control in Borno state Ministry of Finance. This paper utilized both primary and secondary mode of data collection. The survey design method was used to collect primary data using a closed ended (structured) questionnaire. The study employed both descriptive and inferential statistics in form of simple percentage and chi-square respectively. The result showed that there is a significant relationship between internal audit, financial control and the Borno state Ministry of finance. Internal audits are conducted by an entity's own personnel to uncover bookkeeping errors and also to check the honesty of employees. In large companies, internal auditing is an ongoing procedure. Internal auditing helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. An internal auditor is a person or an auditor within an organization who reviews the system of internal control and quality of performance of such an organization. He examines, evaluates and reports on the adequacy or inadequacy, transparency or lack-of-transparency and authenticity or inauthenticity of financial transactions as a service to the management of the organization to ensure financial discipline and as well as the development of such an organization. Financial control refers to facts that show whether or not the business has the right to control the economic aspects of the worker's job.

Key Words: *internal audit, internal auditor and financial control*

I. Introduction

Private businesses and all levels of government conduct internal audits of accounting records and procedures. Internal audits are conducted by an entity's own personnel to uncover bookkeeping errors and also to check the honesty of employees. In large companies, internal auditing is an ongoing procedure. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations (Abadam & Zangina, 2014). Internal audit helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. An internal auditor is a person or an auditor within an organization who reviews the system of internal control and quality of performance of such an organization. He examines, evaluates and reports on the adequacy or inadequacy, transparency or lack-of-transparency and authenticity or inauthenticity of financial transactions to the management of the organization to ensure financial discipline and as well as the development of such an organization. Internal auditing is "an independent appraisal function within an organization for the review of system of control and the quality of performance as a service to the organization (Millichamp, 2000, p. 35). It objectively examines, evaluates and reports on the adequacy or otherwise of internal control system for the proper, economic, efficient and effective use of resources to the management". Internal audit is concerned with the examination of the system and procedure in place so as to ensure their conformity with the regulations, as the case may be, that the system of internal control is adequate and that it is a continuous operating exercise in accordance with government regulations. It is the job of internal auditor to ensure that all financial transactions are in accordance with the approved regulations and that adequate system of security exists in the establishment (Adams, 2002). Financial control refers to facts that show whether or not the business has the right to control the economic aspects of the worker's job. Managers use financial statements (a budget being the primary one), operating ratios, and other financial tools to exercise financial control. There are empirical evidences that show how ineffective and passive the internal audit departments of state ministries were relegated to, nowadays. Internal audit is one of the cardinal instrument a manager needs in financial control, with a strong and efficient internal audit department, custodians of the ministry of finance Borno state will be more successful in their quest for greater and frugal financial control.

Statement of Problem

An internal audit department is an independent department shouldered with the huge responsibility of frugal control of finances and a vital aspect of the internal control system. The way things are run and reported empirically nowadays, the confinement of internal audit responsibilities to the whims and caprices of directors' and at times relegated to clerical assistants (as opposed to an instrument for financial control) and the lack of adequately qualified internal audit staff and internal audit department platform with the necessary skill and qualification needed to carry out the task at hand constitute a major problem and the order of the day. Problems associated with the incoherent claim (farce) that, duties of internal audit are so wide and their scope and scale of operations are too low and does not include value for money audit also constitute a major problem that instigates the researchers to carry out the study, coupled with the huge financial and human resources being allocated to this ministry by both state government, federal government and non-governmental organizations, it is against this background that this research seeks to ascertain the perception of the staff of the ministry of finance Borno state on the effect of internal audit as an instrument of financial control in Borno state ministry of finance.

Objective of the study

The main objective of the paper is to assess the effect of internal audit on financial control in Borno state ministry of finance. The specific objectives are;

- ❖ To examine the relationship between internal audit and financial control.
- ❖ To assess and appraise how internal audit assist in financial control of a public sector organization.
- ❖ To ascertain whether value for money is one of the cardinal responsibilities of an internal audit department.

Research Hypothesis

H₀₁: There is no significant relationship between internal audit and financial control.

H₀₂: There is no significant relationship between internal audit and the public

Significance of study

The study will be a reference to scholars in their quest to carry-out a research on internal audit department of the ministry of finance, Borno State.

The study highlights the benefits of establishing an internal audit department to public sector organizations that already have it (constitutionally) but are not making good use of it, as it is very crucial (nowadays) in their quest for a better financial control.

The study will be of immense benefit to the public as it is imperative to let the public know that value for money checks, efficient accounting and internal control system enforcement, initial prevention of institutional, syndicated or individual fraud or its detection and subsequent prevention are some of the duties that an efficient internal audit department can perform meticulously and meritoriously.

Scope of study

The scope of this study is the Borno State Ministry of Finance which includes the States and Local Governments parastatals of the Ministry. Only the Accountants, Auditors and Cashiers of the Borno State Ministry of Finance constitute the respondents to the questionnaire administered. The variables being assessed are internal audit and financial control.

II. Review of Related Literature

Conceptual Framework

Internal Audit

Internal auditing was designed to evaluate the effectiveness of a company's accounting system, is relatively new. Perhaps the most familiar type of auditing is the administrative audit, or pre-audit, in which individual vouchers, invoices, or other documents are investigated for accuracy and proper authorization before they are paid or entered in the books. In addition, the assurance services of professionally certified accountants include all of the following: financial, compliance, and assurance audits; less-formal review of financial information;

attestation about the reliability of another party's written assertion; and other assurance services not strictly requiring formal audits (e.g., forward-looking information and quality assertions).

Origins of the audit

Historians of accounting have noted biblical references to common auditing practices, such as dual custody of assets and segregation of duties, among others. In addition, there is evidence that the government accounting system in China during the Zhao dynasty (1122–256 BC) included audits of official departments. As early as the 5th and 4th centuries BC, both the Romans and Greeks devised careful systems of checks and counterchecks to ensure the accuracy of their reports. In English-speaking countries, records from the Exchequers of England and Scotland (1130) have provided the earliest written references to auditing. Despite these early developments, it was not until the late 19th century, with the innovation of the joint-stock company (whose managers were not necessarily the company's owners) and the growth of railroads (with the challenge of transporting and accounting for significant volumes of goods), that auditing became a necessary part of modern business. Since the owners of the corporations were not the ones making the day-to-day business decisions, they demanded assurances that the managers were providing reliable and accurate information. The auditing profession developed to meet this growing need, and in 1892 Lawrence R. Dicksee published *A Practical Manual for Auditors*, the first textbook on auditing. Audit failures occur from time to time, however, drawing public attention to the practice of accounting and auditing while also leading to a refinement of the standards that guide the audit process.

Objectives and standards

An entity's internal accountants are primarily responsible for preparing financial statements. In contrast, the purpose of the auditor is to express an opinion on the assertions of management found in financial statements. The auditor arrives at an objective opinion by systematically obtaining and evaluating evidence in conformity with professional auditing standards. Audits increase the reliability of financial information and consequently improve the efficiency of capital markets. Auditing standards require that all audits be conducted by persons having adequate technical training. This includes formal education, field experience, and continuing professional training. In addition, auditors must exhibit independence in mental attitude. This standard requires auditors to maintain a stance of neutrality toward their clients, and it further implies that auditors must be perceived by the public as

being independent. In other words, it mandates independence in fact and in appearance. Thus, any auditor who holds a substantial financial interest in the activities of the client is not seen as independent even if, in fact, the auditor is unbiased. The issue of auditor independence grew more difficult toward the end of the 20th century, especially as auditing firms began offering non-attestation functions (such as consulting services) to new and existing clients—particularly in the areas of taxation, information systems, and management. While there was no legal reason for preventing accounting firms from extending their business services, the possibilities for a conflict of interest made it increasingly necessary for auditors to indicate the nature of the work performed and their degree of responsibility.

Incidences and debates on internal audit

Inaccurate financial reporting can be the result of deliberate misrepresentation, or it can be the result of unintended errors. One of the most egregious recent examples of a financial reporting failure occurred in 1995 in the Singapore office of Barings PLC, a 233-year-old British bank. In this case fraud resulted from a lack of sufficient internal controls at Barings over a five-year period, during which time Nicholas Leeson, a back-office clerk responsible for the accounting and settlement of transactions, was promoted to chief trader at Barings's Singapore office. With his promotion, Leeson enjoyed an unusual degree of independence; he was in the exceptional position of being both chief trader and the employee responsible for settling (ensuring payment for) all his trades, a situation that allowed him to engage in rogue (unauthorized) trades that went undetected. As if to condone Leeson's actions, his managers at Barings had given him access to funds that could cover margin calls (purchases made with borrowed money) for his clients. Although Leeson was losing huge sums of money for the bank, his dual responsibilities allowed him to conceal his losses and to continue trading. When the collapse of the Japanese stock market led to a \$1 billion loss for Barings, Leeson's actions were finally discovered. Barings never recovered from the loss, however, and it was acquired by Dutch insurance company ING Group NV in 1995 (sold again in 2004). Interestingly, in this case internal auditors did warn management about the risk at the Singapore office months before the collapse, but the warnings went unheeded by top executives, and the audit report was ignored as in the case of the prevailing situation in the Ministry of finance where no regard or even second-thought is given to the internal audit department.

In 2001 the scandal surrounding the Barings collapse was dwarfed by discoveries of corruption in large American corporations. Enron Corp.—an energy trading firm that had hidden losses in off-the-books partnerships and engaged in predatory

pricing schemes—declared bankruptcy in December 2002. Soon after Enron became the subject of a Securities and Exchange Commission (SEC) inquiry, Enron's auditing firm, Arthur Andersen LLP, was also named in an SEC investigation; Arthur Andersen ultimately went out of business in 2002. In roughly the same period, the telecommunications firm WorldCom Inc. used misleading accounting techniques to hide expenses and overstate profits by \$11 billion. Instances of accounting fraud uncovered in Europe in the early 21st century included Dutch grocery chain Royal Ahold NV, which in 2003 was found to have overstated profits by roughly \$500 million. This is a classic case of an inefficient or compromised internal audit department.

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No auditing technique can be foolproof, and misstatements can exist even when auditors apply the appropriate techniques. The internal auditor's opinion is, after all, based on samples of data. A management team that engages in organized fraud by concealing and falsifying documents may be able to mislead internal auditors and other users and go undetected. The best any auditor can provide, even under the most-favorable circumstances, is a reasonable assurance of the accuracy of the financial reports. Accounting systems must provide means of reducing the chance of losses of assets due to carelessness or dishonesty on the part of employees, suppliers, and customers. Asset protection devices are often very simple; for example, many restaurants use numbered meal checks so that waiters will not be able to submit one check to the customer and another, with a lower total, to the cashier. Other devices entail a partial duplication of effort or a division of tasks between two individuals to reduce the opportunity for unobserved thefts. These are all part of the entity's system of internal controls. Another important element in this system is internal auditing. The task of internal auditors is to see whether prescribed data handling and asset protection procedures are being followed. To accomplish this, they usually observe some of the work as it is being performed and examine a sample of past and future transactions for accuracy and fidelity to the system. Internal auditors might also insert a set of fictitious data into the system to see whether the resulting output meets a predetermined standard. This technique is particularly useful in testing the validity of new computer systems.

A research conducted, examines the relationship between some components (i.e. risk assessment, control environment and control activities) of internal control system and the effectiveness of audit program in Jordan. Based on 43 usable questionnaires, the results of the study show that the risk assessment does contribute significantly toward an effective audit program. On the other hand, the results of analysis indicate that control environment and control activities do not contribute significantly toward an effective audit program. These results give an indicator that Jordanian companies lack the necessary experience to deal with the current tools of internal control evaluation (Al Sawalqa & Qtis, 2012).

The influence of an internal audit department on formulating organizational policies and their subsequent implementation to achieve the overall objective of the entity in question cannot be under estimated; lack of active and efficient internal audit department will be disastrous, calamitous and catastrophic to the entity's quest to achieve its objective (Abadam & Zangina, 2014). They opined that, an internal audit unit yields an independent, impartial assurance and check-in services designed to add value and improve an entity's overall operations and subsequently helps it achieve its objectives by bringing a systematic approach to evaluate and improve the effectiveness of risk management, internal control and governance process. It was concluded that there is a significant and proportional relationship between an internal audit department and the overall objective of the organization. This research is aimed to fill the gap left by the previous researchers in terms of public sector perspective and the teething problem of financial control problems threatening the existence of some state ministries. The study aims to fill the demographic, time, literature and variable components identified as gaps in knowledge that needs to be filled up. The country really need a system that could arrest the chronic money laundering and financial embezzlement fanned by chronic corruption that is threatening the existence of some state governments in Nigeria, with some states struggling to pay or not even paying salaries for three, four and five months despite the huge amount of money the states received and are still receiving from the federal government. Financial control measures were violated in every possible way and by every possible means with aggressive impunity, hence the need for an effective, robust, frugal and responsible internal audit department for more tighter financial control in the ministry of finance, Borno state.

III. Research Methodology

A survey design method was adopted in this work because the study involves an investigation of people's opinion or other manifestation through direct questioning. Data was collected from both primary and secondary sources. Primary data was collected through questionnaire prepared on 3 licker scales and administered to 84 respondents comprising of Auditors, Accountants and cashiers in the Borno state Ministry of Finance in the North Eastern Nigeria who possess adequate knowledge of both internal audit and financial control. Borno state is one of the Nigerian first generation states created by the Murtala administration in 1976. The state has 27 local government arrears located between the latitude 110:04N and longitude 110:04E and 140:04E respectively. It has a land mass of 69,435 Sqkm² which is 7.69% of the total land area of Nigeria. It shares border with Cameroun republic to the east, Tchad in the North-East, Niger Republic in the North and North-West, Yobe and Gombe in the west while Adamawa in the south. It has an estimated population of 2,163,358 male and 2,007,746 female making the total population of 4,171,104 people. In the same vein, Maiduguri Metropolis has an estimated

population of 282,400 males and 257,607 females, making the total population of 540,007 people. The state has three senatorial districts of Borno North, Borno South and Borno Central. Dominant Kanuris inhabit Borno North and Central, while Babur/Bura, Margi, Chibok Kibaku, Hambagtha and others dominated Borno south. It operates a civil service system of work where the southern tribes dominate the lower cadre with Kanuri at the administrative upper cadre. The questionnaire sought to obtain the respondents' opinion on the anticipated effect of a frugal and efficient internal audit department on financial control in the ministry of finance, Borno state, with special emphasis on internal audit department, financial control and value for money audit. Out of the 84 questionnaire administered, 75 were returned and analyzed. The respondents were made up as follows: auditors in the ministry of finance 29, accountants in the ministry of finance 19 and cashiers in the ministry of finance 27. Secondary data was obtained from text books, journals, published and unpublished research materials, internet articles. Libraries and internets were made use of. Data collected were presented using frequency tables and percentages. In testing the hypotheses, Chi-square was used.

IV. Hypotheses Testing And Analyses

The ministry has an estimated population of 750 active personnel, spread across all the 27 local government departments and parastatals. During the survey, a total of 84 were sampled from the available population of 101 active staff in the ministry as at the time of conducting the survey. Questionnaires were issued to the sampled staff of the ministry of finance, Borno state.

TABLE 1: QUESTIONNAIRE ADMINISTRATION

Questionnaire Administered	Frequency	Percentage
Questionnaires returned valid	75	89
Questionnaire returned invalid	5	6
Questionnaires not returned	4	5
Total	84	100

Source: Field Survey, 2014

A total of 84 questionnaires were administered out of which 75 representing 89% were returned valid, 5 questionnaires representing 6% were returned invalid and 4 questionnaires representing 5% were not returned by the respondents. It can be concluded that, most of the questionnaires were returned valid.

The hypothesis formulated was tested to provide thesis for conclusion and recommendation.

H₀₁: There is no significant relationship between internal audit and financial control.

TABLE 2: OBSERVED FREQUENCY

Variables	Audit Section	Accounts Section	Cashiers (sub-section)	Total
Disagree	15	14	19	48
Neutral	7	0	4	11
Agree	7	5	4	16
Total	29	19	27	75

Source: Field Survey, 2014

To determine expected frequency, the following formula was adopted.

$$\text{TR} \times \text{TC}$$

$$\text{GT}$$

Where; TR = Total Row

TC = Total Column

GT = Grand Total

TABLE 3: EXPECTED FREQUENCY

Variables	Audit Section	Accounts Section	Cashiers (sub-section)	Total
Disagree	19	12	17	48
Neutral	4	3	4	11
Agree	6	4	6	16
Total	29	19	27	75

Source: Field Survey, 2014

Calculation of chi-square

$$X^2 = \frac{\sum(F_o - F_e)^2}{F_e}$$

Where: F_o = Frequency Observed

F_e = Frequency Expected

TABLE 4: CHI-SQUARE (X²) COMPUTATION

S/No	F _o	F _e	F _o - F _e	(F _o - F _e) ²	$\frac{(F_o - F_e)^2}{F_e}$
1	15	19	-4	16	0.842
2	7	4	-3	9	2.250

3	7	6	1	1	0.667
4	14	12	2	4	0.333
5	0	3	-3	9	3.000
6	5	4	1	1	0.250
7	19	17	2	4	0.235
8	4	4	0	0	0.000
9	4	6	-2	4	0.667
Chi-square (X^2) computed			8.244		

DEGREE OF FREEDOM

$$\begin{aligned}
 DF &= (C-1)(R-1) \\
 &= (3-1)(3-1) \\
 &= (2)(2) \\
 &= 4
 \end{aligned}$$

At an alpha level of significance of both 99.5% and 97.5%, the tabulated value under degree of freedom 4 gives 0.207 and 0.484 respectively

Decision

Since the computed chi-square (X^2) value 8.244 is greater than the table value (or tabulated value) of the chi-square (X^2) 0.207 and 0.84, the Null hypothesis is rejected while the alternative hypothesis is accepted which states that “There is a significant relationship between internal audit and financial control”. This study reveals that, an efficient and frugal internal audit department will aid in tighter financial control.

H₀₂: There is no significant relationship between internal audit and the public sector.

To test this hypothesis, data obtained from the questionnaires returned valid were applied on the tables below;

TABLE 5: OBSERVED FREQUENCY

Variables	Audit Section	Account Section	Cashiers (sub-section)	Total
Disagree	20	13	13	46
Neutral	4	1	6	11
Agree	5	5	8	18
Total	29	19	27	75

Source: Field Survey 2014

TABLE 6: EXPECTED FREQUENCY

Variables	Audit section	Account section	Cashiers (sub-section)	Total
Disagree	18	11	17	46
Neutral	4	3	4	11
Agree	7	5	6	18
Total	29	19	27	75

Source: Field Survey, 2014

TABLE 7: CHI-SQUARE (X^2) COMPUTATION

S/No	F_o	F_e	$F_o - F_e$	$(F_o - F_e)^2$	$\frac{(F_o - F_e)^2}{F_e}$
1	20	18	2	4	0.222
2	4	4	0	0	0
3	5	7	-2	4	0.571
4	13	11	2	4	0.364
5	1	3	-2	4	1.333
6	5	5	0	0	0
7	13	17	-4	16	0.941
8	6	4	2	4	1
9	8	6	2	4	0.667
Chi-square computed				5.098	

Degree of Freedom

$$\begin{aligned}
 DF &= (C - 1)(R - 1) \\
 &= (3 - 1)(3 - 1) \\
 &= (2)(2) \\
 &= 4
 \end{aligned}$$

At an alpha level of significance of both 99.5% and 97.5%, the tabulated value under degree of freedom 4 gives 0.207 and 0.484 respectively

DECISION

Since the computed chi-square (X^2) value 5.098 is greater than the table value (tabulated value) of the chi-square (X^2) 0.207 and 0.484, the Null hypothesis is rejected and the alternative hypothesis is accepted which states that "There is a significant relationship between internal audit and the public sector". The study reveals the need for a robust and efficient internal audit department in all state ministries and parastatals as enshrined in the public service settings' organogram, so that the right things should be done at the right time and according to the

dictates of the law of the land which the respondents unanimously agreed upon.

Findings

- ❖ This study reveals that, an efficient and frugal internal audit department will aid in tighter financial control. This study equally reveals that quality of financial and internal control system will be significantly improved with the introduction and implementation of an active, effective and robust internal control system.
- ❖ The study reveals the need for a robust and efficient internal audit department in all state ministries and parastatals as enshrined in the public service settings' organogram, so that the right things should be done at the right time and according to the dictates of the law of the land which the respondents unanimously agreed upon in order to arrest the chronic financial control crisis that has put some state ministries on the brink insolvency. This study equally reveals that the implementation of a robust and efficient internal audit department in the ministry will significantly improve financial control system in the Borno state ministry of finance.

V. Discussion on Findings

Even though the respondents indicated that implementation of a robust and efficient internal audit department in the Nigerian public sector would significantly improve the existing financial control system but they pointed out challenges that may hinder the implementation and realization of the objective such as insincerity among the government officers, lack of professionals in the field, inadequate training of public accountants. Other challenges pointed out are heavy cost of implementation which will constitute a burden on the part of government; inconsistency and inaccuracy in recording financial transactions; laxity on the part of the public servants in generating accounting information and delay in capturing the system which demands that all financial transactions has to be vetted through the internal audit department for value for money checks; the most worrisome of all is the apparent lack of independence by internal audit department managers. The balance between costs and benefits of introducing and maintaining an efficient, robust and frugal internal audit department in the Borno state ministry of finance, is still a subject of debates among the staff, and those in academia. The country really need a system that could arrest the chronic money laundering and financial embezzlement fanned by chronic corruption that is threatening the existence of some state governments in Nigeria, with some states struggling to pay or not even paying salaries for three, four and five months despite the huge amount of money the states received and are still receiving from the federal government. Financial control measures were violated in every possible way and by every

possible means with aggressive impunity. Lack of infrastructure is another big challenge facing the implementation of a robust, frugal and efficient internal audit department and that ICT must be developed to drive the new system, government business needs to be automated and accounting system must be computerized in order to meet the demand and challenges of new age. A lot of information tracking is required to be able to produce a frugal and effective internal audit department. Lacks of electricity and human resource development that has the capacity for value for money audit impose some big challenges. A bit of training needs to be provided by the ministry for successful implementation of a more capable internal audit department which may be hindered by lack of adequate legal framework to support the adoption and implementation of a robust and frugal internal audit department that will tighten the financial loopholes in the system. The Nigerian Financial Regulations which is a set of rules guiding public expenditure in accordance with prevailing fiscal policies but the constitution of the Federal Republic of Nigeria needs some form of review for implementation of a robust, independent, frugal and effective internal audit department in all federal and state ministries, parastatals and extra-ministerial departments to ensure strict compliance. This will also help to keep the government officers on their toes to ensure that implementation is taken very seriously.

VI. CONCLUSION AND RECOMMENDATION

Over the years, financial discipline and financial control has been one of the challenges facing the ministry of finance Borno state and other ministries in the state. The lack of adequate and consistent policies in place was a thorn in the flesh for the past and current government. Poor governance characterized by corruption, embezzlement, wastage of government resources, lack of transparency and accountability in government business transactions ravaged the Nigerian public sector for many decades. The financial reporting system was based on local laws thus the constitution of the Federal Republic of Nigeria and the Financial Regulations. The financial reports produced during the period never achieved the government objectives of measuring performance, frugal financial control and exhibiting accountability and transparency in management of government funds at all levels. Reforms introduced by the government in 2003 came as a result of the world-wide pressure to introduce private sector style of management to the public sector otherwise known as New Public Management (NPM). The zeal to reform the government financial reporting system really came on board in 2009 when a gap analysis was conducted to identify the differences between the IPSAS cash basis accounting and the existing reporting practice, all in the quest for more tighter and frugal financial control. A lot of people still doubt whether the practice of an effective and somewhat independent internal audit department will help to

address the situation of abject lack of financial control in the ministry of finance. The researchers concluded that, a robust internal audit department, being allowed freely the mandate to conduct value for money audit and other checks on financial transactions in the Nigerian public sector will ensure accountability, transparency and improvement in our financial control system; but considering the attitude of Nigerian public officers going to handle the implementation, this study has help to allay this fear as the practitioners, public sector accountants, auditors and cashiers in the ministry indicated that, It is also hoped that poor financial reporting in the public sector will be corrected by establishing an efficient internal audit department which is the missing link in ensuring a frugal control of the ministries finances. The study discovers that there is a significant relationship between internal audit, financial control and the public sector.

Recommendation

From the findings, the researchers extend the following recommendations;

- ❖ There should be a yearly seminar for management and employees and orientation courses for internal auditors organize by the Institute of Chartered Accountant of Nigeria (ICAN) which should focus on the roles of auditors in fraud prevention to enhance financial discipline in our established organizations.
- ❖ The establishment of a robust, efficient and frugal internal audit department in the federal ministry of finance should be a top priority so long as there is the political-will to ensure more tighter and disciplined control of finances.
- ❖ The internal audit department should develop an adequate management control system for monitoring and measuring the economy and efficiency of the various sections or unit. Furthermore, the unit or sections should document internal control procedures and the management should provide sufficient oversight of the unit.
- ❖ A formal and comprehensive accounting manual for Finance and audit department should be developed and used. This should be reviewed periodically and revised and updated as necessary.
- ❖ All voluntary (and non- voluntary- legal or any other) deductions requested by employees or any other entity should be certified by the internal audit unit and relevant accountants before the Payroll units process them in the system; this will eliminate/minimize instances of staff with net pay not less than 1/3 of basic salary as legally required, or deductions not exceeding 2/3 of basic salary
- ❖ Due to changes to job classifications, with new job classification announced periodically, the ministry should clearly state which job classification are eligible for overtime payment in the ministry and other ministries.

- ❖ The ministry of finance should endeavor to be consistent in their policies and methods of preparation of financial statements.
- ❖ There should be a strong and effective internal control system that does not give room for misappropriation.
- ❖ Internal Auditors should abide greatly by the Institute of Chartered Accountant of Nigeria (ICAN) professional ethics in doing their works.
- ❖ Internal Auditors should strive to be independent not only on paper but also in practice, so as to uphold the glorious image of the profession and the unit.
- ❖ Internal Auditors should in no account rely solely on the internal control system without due tests, for the expression of their opinion. This is because a good internal control system can also be a good ground for fraud.

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