

**Assessment of the Effectiveness of
Internal Auditing in the Public
Sector, A Case Study of Adamawa
State Parastatals**

BY

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TITLE PAGE

ASSESSMENT OF THE EFFECTIVENESS OF

INTERNAL

AUDITING IN THE PUBLIC SECTOR

A CASE STUDY OF ADAMAWA STATE

PARASTATALS

BY

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ADAPOLY/PGD PAD/201205

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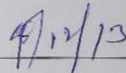
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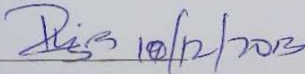
This research study titled "Assessment of the Effectiveness of Internal Auditing in the Public Sector. A Case Study of Adamawa State Parastatals. By Mohammed Ibrahim Ishiyaku with ID No ADAPOLY/PDG PAD/201205 has been approved as having met the requirements in partial fulfillment for the award of post Graduate Diploma in Public Administration. Adamawa State Polytechnic Yola.



Mr. Timothy Siya



Date



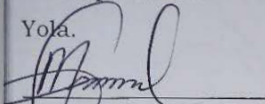
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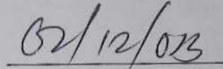
DECLARATION

I declare that this work was carried out by me and is hereby presented in its original form by Mohammed Ishiyaku Ibrahim of the Department of Management Studies Adamawa State Polytechnic

Yola.



Sign



Date

DEDICATION

This project is especially dedicated to my entire family, for their care and patience during my course of studies that laid the foundation for this work and its success I thank you all.

ACKNOWLEDGEMENT

My sincerest thanks to Allah Subhanahu Wata'ala and his Messenger (P.B.U.H) who has continue given me guidance, hope protection and courage during the period of writing this project. His grace alone is my sufficiency.

My profound gratitude goes to my project supervisor Mr. Timothy for his best guidance in the conduct of this research and who took the pain to read through this project and guide me toward the success of this project.

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My special thanks also goes to all my lecturers for the knowledge imparted in me and their patiences exercise during period of my course.

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My profound gratitude goes to my family especially my wife Aisha and my children Mohammed Amir, Ibrahim Khalil, and Yusuf Ibrahim for their patience, guidance and prayers during the period of my study.

ABSTRACT

In the study the researcher has tried to critically examine some of the appraisals and how effectively the internal auditor plays his role in regards to fraud, prevention and detection and how to institute an adequate internal control system in public sectors. In the course of the research, the writer used questionnaire and interviewed methods as the source of data collection and for the analysis. Base on the analysis, the researcher, came out with the following findings

- (a) The internal Auditors lack independence and competence when carrying out their duties effectively.
- (b) There is lack of good welfare and incentives that will motivate them.
- (c) The existence of selfish interest of top management officers in the parastatals.

The researcher hopes the internal audit unit in the public sector to be autonomous from management to ensure their independence.

TABLE OF CONTENTS

Title page - - - - -	i
Approval page - - - - -	ii
Declaration - - - - -	iii
Dedication - - - - -	iv
Acknowledgement - - - - -	vi
Abstract - - - - -	vii
Table of contents - - - - -	viii

CHAPTER ONE

1.0 Introduction - - - - -	1
1.1 Background of the Study - - - - -	1
1.2 Statement of the Problem - - - - -	2
1.3 Purpose of the Study- - - - -	3
1.5 Research Question - - - - -	4
1.6 Scope of the Study - - - - -	4
1.7 Limitation of the Study - - - - -	4
1.8 Defination of Important Terms - - - - -	5

CHAPTER TWO

2.0 Literature Review - - - - -	7
2.1 Main Review - - - - -	7
2.2 External and Internal Auditors Compared and Contrasted	9
2.3 Reliance and Internal Audit - - - - -	11
2.4 Summary - - - - -	12

CHAPTER THREE

3.0 Research Methodology - - - - -	15
3.1 Research Design and Procedures - - - - -	16

3.2	Population of the Study and Sampling	-	-	-	-	-	-	16
3.3	Methods and Source of Data Collection	-	-	-	-	-	-	16
3.4	Method of Data Analysis	-	-	-	-	-	-	17
CHAPTER FOUR								
4.0	Presentation & Data Analysis	-	-	-	-	-	-	18
4.2	Data Analysis	-	-	-	-	-	-	25
4.3	Basic Principles and Internal Audit	-	-	-	-	-	-	26
4.4	Discussion of the Findings	-	-	-	-	-	-	27
4.5	Hypothesis	-	-	-	-	-	-	28
CHAPTER FIVE								
5.0	Summary, Conclusion and Recommendations	-	-	-	-	-	-	29
5.1	Summary of the Study	-	-	-	-	-	-	29
5.2	Conclusion	-	-	-	-	-	-	31
5.4	Recommendations	-	-	-	-	-	-	32
REFERENCES								34

CHAPTER ONE

1.0 Introduction

1.1 Background of the Study

In any contemporary economic and business world today one may have a general knowledge of who is an "Auditor" and why are his duties considered important in any organization ministries, Boards and parastatals etc.

However, for the purpose of the research, the study is on the internal auditing. An internal auditor is an independent agent entrusted with the "thankless" responsibilities that examines financials statement, book of accounts and ensure that the assets of the organization are safe-guarded, so as to ascertain the reliability and accuracy of the financial statements. And they are answerable to the management. As per definition of Obiya (1980) in his 2nd edition of practical auditing Zewood ltd publishers.

Since the objective of any audit is to examine relevant documents evidence and correctness and not for the prevention of fraud and errors as in the early days. But to express opinion on the financial statements as to the true and fairness of the state of affairs of the parastatals.

Therefore, the primary objectives of audit is not for the detection of fraud and errors as most people assumed it to be the detection of fraud and errors are secondary aim of audit.

Similarly the internal audit plays an important role in the public sector in control of assets and funds of the government and hence encourages prudent management of resources and promotion accountability.

1.2 Statement of the Problem

As a result of problems which induces mostly the miss management of public sectors funds in the state, there is need for internal auditors services in order to monitor the activities of some of those staff that are incompetent which normally result in their inability to present the true and fair position of statement affairs of the parastatals.

The research chooses this particular topic ie. Assessment of the effectiveness of internal auditing in the public sector, a case study of Adamawa state parastatals, in fraud detection and prevention in the parastatals, in order to known the need of internal audit in any organization such as government parastatals like pension board to enhance the effective auditing and management of this parastatals. And how the internal auditing can also help in alleviation more problems uncounted by the parastatals such as miss-appropriation of government stock, poor management of government properties by some reckless staff.

1.3 Purpose of the Study

The purpose of this study was to assess the effectiveness of internal auditing in the public sector/parastatals, that is to examine critically how effective the internal auditor plays his/her roles in regards to detection and presentation, and how to institute an adequate internal control system in a government organization, so as to safeguard assets and funds of the government in every accounting system.

1.4 Significance of the Study

In writing up the importance of the study such contributions which the study made to the field of study are mentioned as follows:

It helps in the regulation of funds wastage and money or funds safeguarded from such wastage may be used in providing basic social amenities to the communities such as water, health facilities. It may also help in upgrading the standard of our schools e.g. primary schools.

The secondary value of this study is on how boards and ministries, achieved or benefits in audits programmes. The institution of an adequate internal control system in a government organization helps in safeguarding the assets and funds of the government. Furthermore secondary value of the study helps government to determine the occurrence of

budgets surplus/deficits in some parastatals/ministries and alleviate it at the same times.

1.5 Research Question

- i. Why internal auditing is consider so important in an organization?
- ii. What role does the internal auditor performs in the public sector?
- iii. Is the internal auditor independent from management influence in trying to discharge his/her responsibilities?
- iv. What powers do internal auditors have against their duties?

1.6 Scope of the Study

Critically this study was restricted to state government direction of audit department of Adamawa state. The study also critically locked in to the importance or need of internal auditing in parastatals as a tool for curtailing loop holes and weakness in some vital areas of some government agencies to maintained good according system.

1.7 Limitation of the Study

With particular reference to state government pension board Adamawa state.

I tried my effort to cover the exact activities of some other parastatals and board but unfortunately pen city of in health,

made me covered only the pension Board Department to here I met some of the officers on sits.

1.8 Defination of Important Terms

Vouching: - Vouching can be defined as an examination of a document so as to ascertain the nature, propriety, and the value of items of revenue or expenditure, through supporting vouchers or documentary evidence as well as information and explanations necessary to confirm that the record entered in the books of accounts are authenticated.

Verification:- Start where vouching stops in the case of assets, physical inspections is often necessary verifications, is concerned with the providing of the authenticity of the recorded account of assets liabilities balance verification of assets is achieved by considering the following factors e.g.

Cave Bop: - Cost authorization valuation existence, beneficial ownership and presentation in the account.

Fraud:- Fraud has been described as any deceitful and dishonest act or omission to act of a deceitful nature or negligent so gross as to constitute fraud. It can also be defined as international acts for person gain.

Errors: - Errors can simply be described as an un-intentional mistakes and it can be due to mathematical, clerical or in the application of accounting principles. We have errors or

principles errors of omission, error of compensation, error of complete reversible entry and of omission etc.

Fraudulent Manipulation: - These types of fraud are usually embarked by the top management of an organization with the intension of producing a financial statement that would show. "A healthy financial state of affairs e.g. by overstating of other assets or by overstating the value of stock.

Carry over Fraud: - This type of fraud known as "Teeming and lading" or substituting and banking of cash/cheque received at a later days for the cash/cheque miss-appropriated. E.g. where a cashier borrow money, without due authorization and makes up a one days collection with the collection of the following day. Assuming a cashier collects N7, 000.00 and takes N500. To meet personal and urgent needs and then holds book N700 in the safe instead of lodging it to bank account, in the subsequent days he continue to borrows more and the debt continue to grow until become difficult, if not impossible to pay. This is common among cashiers an revenue collectors etc.

CHAPTER TWO

2.0 Literature Review

In this chapter the researcher try to provide support literature to the issue being investigated, he further try to review some existing literature book, published articles or project that related to the topic of the research work.

Decree No. 33 (1979) said every polytechnic must here an internal audit section. The internal auditor in change will be directly responsible to the rector for a detailed audit of the account and records for the examination of the system and procedure in force". It is expected that all payment made will be pre-audit.

Millichamp (1978) in his book titled auditing, an instructional Manual for accounting students, defines internal auditor as" a private sector as one who is charge with independent appraisal activities within an organization for the review of accounting, financial and other operation as a basis for service to management".

2.1 Main Review

Millichamp (1978), report that "essential element of internal auditing most includes independency, i.e independent of management who appoint the auditors. The internal audit section should here adequate number of staff and were granted base on their qualification and experience".

And all internal auditor should be fully trained, internal auditor should foster constructive working relationship and mutual understanding with management, Emile (1986) in his book auditing today practice hall international (UK) write on the assessment of internal audit where he said. "An assessment of the quality and effectiveness of internal auditors practice is necessary since internal auditors often covers a wide variety of assignments not all of which will necessary relate to the accounting areas in which external auditor is especially interested.

Emile (1986), relates that the detail nature of the control operative within any organization will depend upon the following:

- The nature and size of the business
- The members of administration staff employed
- The materiality of transaction concerned
- The importance place upon internal control by the organization on management".

So also Ahura (1966), gives his different system of control despite many questions in internal control which will be manifested in all different situation, as reported in his edition titled: internal control in government, Accounting system where he says "All internal control system will posses one inviolable principle, this are the principle of separation of functions, which aids in rational recognition of all commercial

transactions in practice which entails three fundamentals statements like authorization, custody and recording”

2.2 External and Internal Auditors Compared and Contrasted

When we mentioned external and internal auditing there is need also to know their common interest as state by Emile (1986) as follows “An effective system of internal control

- Continuous effective operation of such system
- Adequate management information flows
- Assets safeguarding
- Adequate accounting system e.g. that comply with CAMP (1920)

Emile (1986) further states that in term of responsibility between the external and internal auditors.

The internal auditors is answerable only to management, while the external auditor is responsible to shareholders and equable to an wider public both are of course answerable to their conservancies and the ethical conception of their professional bodies, the following can be apply during or at the area of their work:-

- a. Examination of the system of internal control
- b. Examination of the accounting record and supporting documents
- c. Verification

d. Observation enquiring and the making of statistical and accounting ration measurement

Limitation on the effectiveness of internal control Liestie (1973) narrated in his book titled Auditing MacDonald that "no internal control system however elaborated can be itself guarantee efficient administration, and the completeness and accuracy of the records can it be proof against fraudulent collusion"

As in the case of control abuse Howard (1973) wrote that "Authorization control can be abused by the person in whom the authority is vested" management is frequently in a position to override control which it has itself set up whist the competence and integrity of the personnel operating the control may be ensured by selection and training, these qualities may after due to pressure exerted both within and without the enterprise.

Internal Check Control

Emile (1986) state that "aspect of internal control which is exclusively concerned with the prevention and early detection of errors and fraud is usually referred to as internal check. But in the case of Lestie (1973), he said that this will therefore involve the management of book-keeping and other clerical duties in such a way as to ensure that "no single task

is executed from its beginning to its conclusion by only one person.

2.3 Reliance and Internal Audit

Millichamp (1987) wrote in his book titled: an instructional manual for accounting students says that "Many large organizations have an internal audit section. The personnel of the department/section will be employee of the organization and their work will be directed by the management.

However, Leslie (1973), said internal auditor and external auditors often have a degree, of independents and may report to the board directly or at least to top management. To make special investigation for management the internal auditor must hold himself out as being available for any type of investigation on that management requirements.

The internal auditors is a privilege person in as much that he has the opportunities of examining system and method in operation at any points of verifying condition. He thus becomes the repository of such knowledge which he should dismitate as occasional demand, there are in line with the statement. The work of an internal auditors is evidential material whether it is good evidence supplying a reasonable basis for conclusion to be reached is a matter of judgement.

According to a paper presented by the accountant general of the federation in 1993 at a three days works shop in Bauchi, organized for internal and external auditors, "he said" it may be described for the external auditors to test the work of the internal auditor by supplementary procedures or by transactions" here the accountant general wants to brings relationship between internal and external audit in working relationship i.e they on each other to achieved meaningful goal.

Robert (1992) in his book title auditing and investigation (introduction) says that "External auditor may place reliance on the work of internal auditors" in another way Robert says "External auditor should record the fact of his intended reliance and reason for fact" here the writer simply verify that in order to be able to ultimately to place reliance on the work of the internal auditor the external auditor should consider whether the work has been properly planned, supervised, and recorded and compared the result with other evidence.

2.4 Summary

In verifying the review literature some aspect of auditors were found mostly in published books, because it is an appraisal activity, as per the saying of the deputy chairman of audit department in his speech delivered during his public enlightenment at his department, pertaining their duties where he talk, mainly on appraisal activities, he says that "An

internal auditors is to appraise the activity of other not to perform a specific part of data processing”.

Millichamp (1987) in his book titled: An instructional manual for accounting students, spoke on the work of an internal auditor where he says that “the work of an internal auditor varies greatly between organizations but there is a general Definition”.

Accounting to Tunji a special assistant to the president on the national economic intelligence committee (NEIC) published in the daily trust of Nigeria where he said “To analyze and improve the system of internal check. The internal auditor should be the organization expert on internal check”

Also Musa (1992), director of statistic department of statistics in the ministry of finance and economic planning in his speech at the work-shop organized for members of the third tier of government titled: Establishment of P R S department in local government councils spoke on relationship of auditors with public sector “Internal auditors should foster constructive working relationship and mutual understanding with governmental parastatals. The work of internal auditors varies greatly between organization but there is general Definition.

Emile (1986) in his book Auditing today practice hall international in a titled: common interest of auditors wrote

that: "External and Internal Auditors have common interest and co-operation is desirable.

CHAPTER THREE

3.0 Research Methodology

In carrying out this project the research obtained some of the data and information through secondary sources, that is by consulting books and relevant written literatures primary data were also obtained through the administrative and personal interview which was had with some public sectors.

For the purpose of witting the project the data used was collected through: -

- i. Administering of questionnaires
- ii. Interviewing

- **Administering of questionnaires:** some questionnaire were prepared and administered to the relevant department of some ministries. The departments involved are accounts and audit department. The questionnaires were personally distributed.
- **Personal observation of record:** during the study some of the ministry records pertaining to internal audit were observed and some information considered essential for the purpose of writing the essay were extracted in addition the sources and structure of the internal control was made available.
- **Interviewing:** Personal interview was done with some employee of the public parastatals/board in yola.

3.1 Research Design and Procedures

Research design and procedures primarily deals with the method and procedures used in the collection of data of this research. The research was an investigation on how the head of an internal audit unit in a public sector is responsible for planning of the work of his department. And how he design and make procedures for his team or subordinates to follow such principles, which includes accounting system preservation of audit evidences, internal control and staff development.

3.2 Population of the Study and Sampling

As mention under the scope of the research that some government parastatals or sector will be used so that sampling procedure is at a total population, similarly all the cashiers, audit staff, Director finance, Accountants and Senior audit officers were all involved in giving their views on the research.

Personal interview was carried out, the research to the following respondents were as follows: -

Two (2) cashiers, Ten (10) audit staff, One (1) Director finance, five (5) accountant, two (2) Senior audit staff making a total of twenty (20) respondents from different public parastatals.

3.3 Methods and Source of Data Collection

Here questionnaire and interview method were used for the collection of data. A letter of grand of permission to interview and filled in questionnaires was presented to the director finance and senior audit staff to grand or allow the

researcher to conduct the research, and the questionnaire were personally distributed to some audit staff and accountant.

The questionnaires were mostly on basis of ticking AB or C system. Ticking the correct box while the interview method was done by contacting some audit staff and inspectors at the directorate of audit department face to face, asking them question in a short manner which they respond at a spot.

3.4 Method of Data Analysis

As per law of research, when a data is observed and tested valid such is no longer a hypothesis.

As the process was described the qualification and effectiveness of internal control is practice in necessary since auditor covers a wide variety of assignment not all of which will necessary relates to the accounting areas in which the external auditor is specially interest.

In this project the researcher use a simple statistical method specifically in tabular form in respect of his assignment. Therefore inferences are made on the basis of sample population which is been arranged in two categories i.e number of people who responded those that didn't respond.

The research work lighted details of the primary duties of internal auditors in regards to internal auditing in a public parastatals and the behaviuor toward an appraisal activities of other to analysed and improve, and provide a clearing house or conduct for new methods.

CHAPTER FOUR

4.0 Presentation & Data Analysis

In this chapter the researcher has intended to analysed and interprets the data collected from the field. Among the data techniques used for data collected, responses from the source are practically analysed that is those on questionnaires, personal interview, observation of records and literature views. The data of these responses from the questionnaires are the finding presented in random sampling in the tables below.

Table 1. percentage distribution of respondents showing how is internal control in your ministry organized.

Particulars	Frequency of respondents	Percentage (%)
Centralized	8	40%
Decentralized	7	35%
Combination of both	5	25%
Total	20	100%

Source field survey 2013

From the table above, 8 respondents representing 40% were of the view that internal control system in the ministry is centralized. 7 respondents representing 35% were of the opinion that internal control procedure in the ministry is decentralized. While the remaining respondents representing 25% said it is both centralized.

Table 2: Percentage respondents of what qualification does your internal auditor hold.

Particulars	Frequency of respondents	Percentage (%)
OND	6	30%
HND	12	60%
Degree	2	10%
Total	20	100%

Source field survey 2013

From the above table, 6 respondents representing 30% were of the view that their internal auditors qualification has OND while 12 respondents representing 60% were of the view that their internal auditors qualification has HND and 2 respondents representing 10% remarks that their internal auditors has degree.

Table 3: Percentage respondents of does the internal audit department carry out it functions effectively?

Particulars	Frequency of respondents	Percentage (%)
Yes	9	45%
No	10	50%
May be	1	5%
Total	20	100%

Source field survey 2013

Based on the above table 9 respondents representing 45% were of the opinion that internal audit department carry out its functions effectively, while 10 respondents representing

50% were of the opinion that it does not carry out the functions effectively and only one (1) representing 5% doubt on the issue.

Table 4: Respondents on is your Audit department has adequate staffed? Source: Field Survey 2013

Table 4 shows that, 10 respondents representing 50% were of the opinion that the audit department is adequately staffed while 8 respondents representing 40% said the department is inadequately staffed. 2 respondents representing 10% gives no idea on the issue of adequate staffing of department.

Table 5: The percentage distribution of, Are the records accurate and reliable?

Option	Frequency of respondents	Percentage (%)
Yes	6	30%
No	12	60%
No idea	2	10%
Total	20	100%

Source field survey 2013

From the above table 6 respondents representing 30% responded that the record are accurate and reliable but 12 respondents representing 60% were of the view that the records are in accurate and not reliable while the remaining 2 representing 10% doubt on the accuracy.

50% were of the opinion that it does not carry out the functions effectively and only one (1) representing 5% doubt on the issue. Table 4: Respondents on is your Audit department has adequate staffed? Source: Field Survey 2013

Table 4 shows that, 10 respondents representing 50% were of the opinion that the audit department is adequately staffed while 8 respondents representing 40% said the department is inadequately staffed. 2 respondents representing 10% gives no idea on the issue of adequate staffing of department.

Table 5: The percentage distribution of, Are the records accurate and reliable?

Option	Frequency of respondents	Percentage (%)
Yes	6	30%
No	12	60%
No idea	2	10%
Total	20	100%

Source field survey 2013

From the above table 6 respondents representing 30% responded that the records are accurate and reliable but 12 respondents representing 60% were of the view that the records are inaccurate and not reliable while the remaining 2 representing 10% doubt on the accuracy.

Table 6: Percentage respondents showing can the payroll the inflated?

Option	Frequency of respondents	Percentage (%)
Yes	10	50%
No	7	35%
No idea	3	15%
Total	20	100%

Source field survey 2013

The tabulation above shows that 10 respondents answered "Yes" to the inflation of payroll, 7 respondents representing 35% were of the opinion that the payroll cannot inflated and 3 respondent representing 15% said they have no idea.

Table 7: Shows that, Are stocks protected against loss or misuse?

Option	Frequency of respondents	Percentage (%)
Yes	9	45%
No	10	50%
No idea	1	5%
Total	20	100%

Source field survey 2013

Table 7: Above shows 9 respondents representing 45% were of the opinion that the stocks were protected against loss or misuse, 10 respondents representing 50% were of the opinion that stocks regulations are not followed. While 1 respondents

representing 5% said that stock were protected against loss or misuse when need arise.

Table 8: Can fixed assets be acquired or disposed off without proper authority or record?

Option	Frequency of respondents	Percentage (%)
Yes	13	65%
No	5	25%
No idea	2	10%
Total	20	100%

Source field survey 2013

13 Respondents in table 8 representing 65% were of the opinion that the fixed assets are acquired or disposed off without proper authority or records, 5 respondents representing 25% were of the opinion that it cannot be acquired or disposed off without proper authority or records. 2 respondents having 10% said it may happen if so.

Table 9: Percentage distribution showing how respondents reaction, Do you have training and staff development programme in your working place?

Option	Frequency of respondents	Percentage (%)
Yes	14	70%
No	4	20%
No idea	2	10%
Total	20	100%

Source field survey 2013

From the above table 14 respondents representing 70% were of the opinion that they have training and staff development programme in their working place, 4 respondents representing 20% were of the idea that they don't have training and staff development programme in their working place, while 2 respondents of 10% gave a motion of only a time they do have training and staff development programme in their working place.

Table 10: show that, if Yes above is the majority, how are they trained?

Variable	Respondents	Percentage
On the job	1	5%
By job rotation	6	30%
By formal education or training in an institution	13	65%
Total	20	100%

Source field survey 2013

Above one 1 respondent representing 5% was of the opinion that the staff are trained on the job, 6 respondents representing 30% were of the opinion that staff are trained by job rotation while 13 representing 65% said staff obtained formal education or training in an institution.

Table 11: Representing percentage of, is it true that financial accountability cannot be completed without an audit?

Option	Frequency of respondents	Percentage (%)
Yes	15	75%
No	5	25%
Total	20	100%

Source field survey 2013

From the above table 15 respondents representing 75% were of the opinion that financial accountability cannot be completed without an audit, while 5 respondent with 25% gave an option of financial accountability can be completed even without an audit.

Table 12: Did the work of an internal auditor considered important in an organization?

Option	Frequency of respondents	Percentage (%)
Yes	20	100%
No	-	-
Total	20	100%

Source field survey 2013

Table 12: Shows that the whole 20 respondents representing 100% choose that the work of an internal auditor is considered so important in an organization. With this

option, this shows the important of an auditor is always needed in all the private and public sector.

Table 13: Presenting respondents on: Did you see that internal auditors in the directorate of audit gives advice to management on financial implications is a welcome idea?

Option	Frequency of respondents	Percentage (%)
Yes	15	75%
No	5	25%
Total	20	100%

Source field survey 2013

From the above table, 15 respondents representing 75% were of the motion that internal auditors should give advice to management on financial implications, while 5 respondents representing 25% said that internal auditors should only give report to the management not to give advice on their financial implications.

4.2 Data Analysis

In the analysis and interpretation of data, the researcher made used of the information in the tables above. The researcher through the questionnaire method endeavour to administered as many as 100 questionnaires to (100) one hundred individuals and only (20) twenty good ones were selected i.e those that were able to show keen interest in the

exercise by providing the information in the questionnaires and returned them to the researcher.

The opinion of the respondents were scored by using number and percentage respectively. At the end of each scoring there were total number of (20) respondents which represent 100%.

Base on these analysis, the researcher has discovered on the table above or behind proof its findings that there are some basic principles need to be considered.

4.3 Basic Principles and Internal Audit

For proper comparison of which role the internal auditor play in both the public parastatals, we have to consider the basic principle on which internal auditing is formed.

1. An independent status: This is the organizational status of the internal auditor and the support accorded to him by management.
2. Freedom: Freedom should be allowed from the executive functions in order to avoid the destruction of objectivity by the creation of vested interests.
3. Freedom to investigate from a financial view point, any phase of an organizations activities under any circumstances and at any time.

Comparison shall be based on the above principles so as to determine who perform better among the internal auditor in

the public sector and the internal auditor in the private sector. Financial statement prepared from basic financial records must be reliable to internal management and to external users. At this point, one may ask when is a record reliable? Reliable record is not biased and objectively verifiable.

4.4 Discussion of the Findings

The researcher also discovered that internal audit report is not considered in public sector, the correct criticisms and recommendations of internal audit department are conveyed to management through the medium of which it is impossible to be dogmatic as to the contents of internal audit reports. However, apart from a brief general reference to the work performance reports deal with matters arising from the audit rather than with lengthy recitals of the audit check imposed.

Formats of reports: The format of the audit report is important and the following has been found to be satisfactory.

1. Introduction (or terms of reference)
2. Scope of the audit.
3. Review of action taken on recommendation arising from previous audit
4. Matters arising from audit (or result of the investigation)

5. Recommendation
6. General conclusion

4.5 Hypothesis

The hypothesis advanced in respect of the research questions are as follows

1. Internal auditing is an important activity in large organizations.
2. The work of an internal auditor varies greatly between organization but there is a general definition.
3. External and internal auditor have common interest and cooperation is desirable

CHAPTER FIVE

5.0 Summary, Conclusion and Recommendations

In the course of my research I found out that the organizational structure of an internal audit department in both private and public sector is conditioned by the level at which the Accountant General is to report, further more the financial regulation and instruction has granted him freedom to investigate the structure of government ministries, departments and private sectors.

5.1 Summary of the Study

In this chapter five, the researcher has tried to write out the problems confronting the role of internal auditors. The problems are as follows:-

1. The interferences of management on the work of the internal auditors which prevents the internal auditors from exercising their independence in the public sector,
2. Most of the internal auditors are not competent because they lack training of effective and proper accountability on part of the accounting officers,
3. Selfish interest of top management officers in the public sector.
4. Lack of qualified personnel to act as internal auditors, clerks etc in the public sectors.
5. Inefficiency.

Above all the effort we made to give solutions to the above problems is only to recommend that both the private and public sectors should endeavour to recruit qualified internal auditors in their respective set-ups.

Despite the numerous problems encountered in revolving audit programme, there is no standard internal audit programme in the public sector, it is rather conditioned by the number of staff employed at various accounting points in a government ministry or department, infact not even the audit act of 1958 provide for a standard internal audit programme.

The organizational structure of internal audit department in the private sector has no fixed arrangement due to the fact that business undertaking are diverse, therefore their requirement as regards the structure of the internal audit department and is conditioned by the following factors;

- a. The nature of the organization which the internal audit is to serve e.g. the degree of decentralization.
- b. The permanent forms of reference granted to the department by higher management.
- c. The complexity of the industry or trade in which the organization is engaged.
- d. The efficiency of the system of internal check, this will determine the extent of the auditing work.

The headquarters of the internal audit department is normally at the central office of the organizations, in some organizations the whole audit staff are based on the central office, while in other organizations audit staff are grouped under the control of chief assistant, as it appears in appendix B of the back page.

5.2 Conclusion

From the literature review and required knowledge obtained during the researcher the researcher was able to compare and analysed how the role of the internal auditors in both the public and private sectors is.

After identifying the problems, the researcher tried to find solutions to the management problems due to the complex nature and size of many organizations. This makes top management to find it impossible to exercise direct supervision.

Management must therefore, have to assigned that the policies and regulations that have been laid down are put into operation in the way they were intended. It is the duty of the internal auditor to safe guard the funds earning process and goodwill of the organization by calling the attention of the management to any circumstance which if allowed to be continued could impair efficiency or result in simulation of profits.

5.4 Recommendations

The revelations of the various tribunals of inquiries into the financial mismanagement of some of our ministries and Parastatals have/one in doubt regarding the urgent need for a change to avoid the losing control of the public ping by the government of Nigeria, the following are recommended:-

1. Level independent:- The level in which the internal auditor is expected to report and determine his independence while the constitution of 1979 makes defines for the appointment, duties and tenure of office of the Auditor General/Director of Audit such a defensive stand is completely absent in the case of the internal auditor this make the internal auditor in the public sector to report to an officer i.e. (Director General, Ministry of Finance) who the auditor is also suppose to audit.
2. Financial regulation/instructions: Inspite of the phenomenal growth of the national economy and the constitutional change which have taken place since independent in 1960, we have not change out financial regulations/instructions.
3. Qualification and training: This is a very big problem facing internal audit staff in the public sector. There is no special qualification and training required to assume position of internal auditor in government set up and there are no any serious accept at instructional orientation

after engagement.

This renders the internal auditor from handling his work with professional skill. Also as a short term solution to lack of qualified professionals in the public sector qualified Accountant should be encouraged to take up employment in the public sector either on secondment or on special term contract.

For a long term solution, there is the need to introduce subjects directly pertaining to government accounting in ICAN Examination and government accounting specialization in accounting programme of our higher institutions of learning.

Adamawa State Polytechnic, Yola

School of Management Studies

Dear Sir/Madam,

STUDENT QUESTIONNAIRE

I am a final year Post Graduate Student in Public Administration from Adamawa State Polytechnic Yola, carrying out a research on the Assessment of the effectiveness of internal auditing in the public sector, as part of the course requirements.

This questionnaire contains several questions which you are expected to write, tick or comment as the case may be. I assure you that any information given will be kept confidential. Your cooperation is highly anticipated

PERSONAL DATA

Sex.....
Designation.....
Qualification.....
Years of job experience.....

1. How is internal control in your organization or department is been organized is it?
 - a. Centralized
 - b. Decentralized
 - c. Combination of A and B
2. What qualification does your internal auditor hold
 - a. OND
 - b. HND
 - c. Degree
3. Does the internal audit section carry out it functions effectively?
 - a. Yes
 - b. No
 - c. I think so
4. Is your audit department adequately staff?
 - a. Yes
 - b. No
 - c. No idea
5. Are the records accurate and reliable?
 - a. Yes
 - b. No
 - c. May be
6. Can the paroll be inflated?
 - a. Yes
 - b. No
 - c. No idea
7. Are stocks protected against loss or misuse?
 - a. Yes
 - b. No
 - c. Sometimes
8. Can fixed assets be acquired or disposed off without proper authorization

9. Do your department have training and staff development programmes
- a. Yes () b. No () c. At times
10. If yes above how effective it is
- a. Very effective () b. Not effective not at accurate ()
11. Do you used to acquired training
- a. Yes () b. No () c. Sometimes ()
12. If yes for above how?
- a. On the job training () b. By job rotation ()
- b. Off the job training ()
13. Is it true that financial accountability can not be completed without an auditing
- a. Yes () b. No () c. No idea ()
14. Do you think internal auditing in important to an organization
- a. Yes () b. No () c. Sometimes ()
15. Did you see that internal auditor in the directorate of audit gives advice to management on financial implication is a welcome idea?
- a. Yes () b. No () c. No idea ()
16. What are the major duties of an internal auditors?
- a. Examination of the main cash books and stores controlling fraud ()
- b. Verification of assets and liabilities and control of expenditures? ()
- c. All of the above ()

17. What are your suggestions for the improvement of the duties of internal auditors in the public sectors?
18. Is it good for an internal auditors to be self reliance and a good reporter at all times
a. Yes () b. No ()
19. Internal auditors in your organization do accept the conduct of misappropriation in your accounting system?
a. True b. False
20. Did the work of an internal auditors considered important to an organization
a. Yes () b. No ()

