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THE ROLE OF INTERNAL AUDITORS IN  
ENSURING EFFECTIVE FINANCIAL

CONTROL AT LOCAL GOVT. LEVEL

(A Case Study of Hawul L.G.A. Borno State)

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AUGUST, 2015.

**THE ROLE OF INTERNAL AUDITORS IN ENSURING EFFECTIVE FINANCIAL  
CONTROL AT LOCAL GOVERNMENT LEVEL**

**(A CASE STUDY OF HAWUL LOCAL GOVERNMENT AREA BORNO STATE)**

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**2012/ND/ACCT/045**

**BEING A RESEARCH WORK SUBMITTED TO THE DEPARTMENT OF  
ACCOUNTANCY, SCHOOL OF MANAGEMENT STUDIES, FEDERAL POLYTECHNIC  
DAMATURU, YOBE STATE, IN PARTIAL FULFILLMENT OF REQUIREMENTS FOR  
THE AWARD OF NATIONAL DIPLOMA (ND) IN ACCOUNTANCY.**

**AUGUST, 2015**

## APPROVAL PAGE

This is to certify that this project work has been read and approved by the undersigned persons in partial fulfillment of the requirements for the award of National Diploma in Accountancy Department, Federal Polytechnic Damaturu, Yobe State.

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## DEDICATION

*This research work is dedicated to my parents: Balami Alhaji Sa'eedu Adamu Kura and Hajiya Zainab for their support and encouragement in the pursue and success in my academic studies. I also dedicate this to my uncles, brothers, friends and sisters uncle Mamuda Alhaji sa'eedu shaffa, Alhaji Abdullahi Garba; Alhaji yusuf Garba, Abdulaziz (charmor), Shu'aibu Musa (Gumi), Nurdeen Mamuda (kwata), Hussaini Usman (Dan toro), Hassan Ali Msheliza (Elgwaja), Umar Adamu (H.R.H), Ibrahim Adamu (Don One), Mamman Adamu (Loya), Adama Adamu (Adda) Sullaiman Bukar (Gattuso), Aliyu Alhaji Muhammadu (Scienties) Binta Sa'eedu , Zainab Hassan (chopnise) Usman Adamu (Nglum) Saidu Bala (Didish) Adamu Muhammad Akhali (Shehu) Saffa South Foot ball Club (Bufana Bufana), for their moral and financial support toward achieving my programe .*

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## ABSTRACT

*This study examines the role of internal auditors in ensuring effective financial control at local government level, with reference to Hawul Local Government. The population of the study is the entire staff of audit and account department of Hawul local government at 2015 totaling (100). A sample size of fifty (50) were drawn using simple random technique of which thirty five (35) questionnaire were duly completed and returned. The study uses primary and secondary source of data. The study use simple percentage to analysis the data. One among the major finding is that there is improper evaluation of internal control system in Hawul Local Government .Therefore the study recommends among others that there shall be regular evaluation of internal control system in order to determine their effectiveness in operation and identify weakness, so that corrective action can be made.*

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## CHARTER ONE

### INTRODUCTION

#### 1.1 Background of the Study

The Role of Internal Auditors in Ensuring Effective Financial Control at Local Government Level cannot be emphasized; auditing is the examination of accounting records with a view to ascertaining their professional pronouncements, and the organizational policies. The Chartered Institute of Public Finance and Accountancy (C I P F A), as cited by Johnson (1996), defines Internal Audit as "an independent appraisal function within an organization for the review of activities as a service to all levels of management. It is a control which measures, evaluates and reports upon the effectiveness of internal control, financial and otherwise, as a contribution to the efficient use of resources within an organization."

Jocelyn (2003) noted that internal auditing given by the Institute of Internal Auditors as "an independent appraisal function established within an organization to examine and evaluate its activities as a service to the organization." The objective of internal auditing is to assist members of the organization in the effective discharge of their responsibilities.

The Local Government as a segment of the public sector is the third tiers of government in Nigeria. At that level, the authority is entrusted with public resources and charged with the task of ensuring their proper utilization. To optimize the utilization of resources entrusted to the officials, laws and regulations are enacted to control expenditure and sources financing these expenditure.

### **1.2 Statement of Research Problem**

The role of internal auditors has been on the lopsided affairs especially in the local government. This research is therefore aimed at assessing to look in to how internal audit comply with general standard; Are there proper checking of financial records; did the local government make a provision for flow of information; independency of the internal auditors; and to assess the evaluation of internal control system in the local government.

### **1.3 Objective of the Study**

The main objective of the study is to examine the role of internal auditors in ensuring effective financial control at local government level.

The specific objectives are as follows:

1. To examine the effect of improper checking of financial records on the financial control of Hawul Local Government.

2. To assess the level of independency of internal auditors in the local government.
3. To assess the evaluation of internal central system in the local government.
4. To examine the level of financial control.

#### **1.4 Research Question**

1. To what extent does improper checking of financial records affect the success of Hawul Local Government?
2. To what extent does evaluation of internal control system affect the success of Hawul Local Government?
3. To what extent does independency of internal auditors affect the financial record of Hawul Local Government?
4. To what extent does the level of financial control affect the success of Hawul Local Government administration?

#### **1.5 Significance of the Study**

The research work will be great benefit to student who are interested in carrying out similar or related research in the future to the rest of people the findings and recommendation of this essay will lead to an extend that will make the chairman accountant, and the general public to have a great benefit from it.

This will also be prevails by knowing the strength and weakness of the internal audit system currently in operation and also taking measure to correct the weakness.

### **1.6 Scope of the Study**

This project is centered on the role of internal auditors in ensuring effective financial control in Hawul local government level for the period 2015.

### **1.7 Definition of Operational Terms**

**Internal Audit:**-is an additional safeguard for proper financial control in the public sector. Each ministry, parastatals and local government is expected to establish an internal audit division.

**Financial control:**-Financial controls are the policies and procedures put in to place by a business or organization to track, manage and report its financial resources and transactions. **Local Government:-** Is the tiers of government and the closes government to people.

## CHAPTER TWO

### Literature Review

#### 2.1 Introduction

This chapter is to examine the information from past study and relate works on concept of internal audit; concept of financial control; concept of local government and internal audit at local government level.

#### 2.2 Concept of Internal Audit

The concept of internal audit is viewed differently by different authors:

Dandago (1999) and Mainoma (2007) noted that auditing is an independent examination of and the expression of an opinion on the financial statement of an enterprise by an appointed auditor, in accordance with his terms of engagement and the observance of statutory regulations and professional requirement.

Millichamp (2000) defined internal auditing as an independent appraisal function within an organization for the review of system of control and the quality for the review of system of control and the organization. It objective examines, evaluate and report on the adequacy of internal control system to the proper economic, efficient and effective use of resources.

It is concerned with the examination of the system and procedure in place so as to ensure their conformity with the regulation, as the case may be, that the

system of internal control is adequate and that is the continuously operating in accordance with government regulations. It is the job of the internal auditor to ensure that all financial transaction are in accordance with the approve regulations and that adequate system of security exist in the establishment.

Internal auditing is an independent appraisal function established within an organization with the view to examining and evaluating its activities in the organization. The objective of internal auditing is to assist members of the organization in the effective discharge of their responsibilities. In view of this, internal audit furnishes them with analysis, appraisal, recommendations, counsel and information concerning the activities reviewed (Institute Of Internal Auditors 1991).

Johnson (1996) defines internal audit as an independent appraisal of activities as service to all level of management. It is a control which will be financial or otherwise as contribution to the efficient use of resource within an organization.

Danbatta (2004), conclude that a properly conducted internal audit is expected to reveal errors, strengths or weakness of internal control system of the organization. Base on his conclusion, there is significant positive relationship between internal audit and internal control.

The Financial Memorandum (1999), however, states that an internal audit unit shall be responsible for carrying out an independent appraisal of we accounting, financial and other processes of the local government with the objective of assisting to protect the assets and interest of the local government through a process of continuous examination of its of its activities, securing a continuous operation of a sound internal control system within each department.

### **2.3 Concept of Local Government**

The local government carries into existence as a result of 1961 local government reform; the reform was aimed at bringing people closer to the government so as to increase wider participation in the government of the state. Local government is the third tier of government in a federal system of government in Nigeria. The local government is headed by a chairman and assisted by the vice chairman while the councilors are the legislation arm of the local government.

The management of the local government is entrusted with public resources and saddled with responsibilities of managing these resources effectively and efficiently. It is expected that, the local government officials entrusted with the management of public resources are being manage. In order to ensure proper

utilization of these resources entrusted to the local government officials, laws are enacted to control the local government revenue and expenditure.

The International encyclopedia of social science (2000) has this as its definition. Local government may be loosely defined as a public organization authorized to decide and administer a limited range of public policies within a relatively small territories which is a sub-division of regional or national government. Normally local government has general jurisdiction and is not confined to the performance of one specific function or service.

The United National Office for public Administration defines local government as a political subdivision of a nation or (in a federal system) state which is constituted by law and has substantial control of local affairs including the power to impose taxes or execute labor for prescribed purpose. The governing body of such an entity is elected or otherwise totally selected.

The only objection to the above definition has to do with the idea of selecting people to the local government. This is based on the level at a political awareness these days. It has to be noted that the above definition has been relatively accepted by both Cambridge (U.K) conference on local government in Africa and United Nations conference of the Hague on Administration Aspect of Decentralization 1961.



Olowononi (2004) "The evaluation of local government finances" sees local government as an agent of promoting, coordinating and providing community services as well as encouraging (greater decentralization) in the running of local affairs and the use of local government resources to the optimal level cannot be over emphasized.

The definition of Olowononi sees local government as an agent at development and rural transformation by providing electricity, good roads, and pipe-lines borne water, health facilities and other infrastructural amenities.

To ensure adherence to financial regulations, laid down procedures, policies and plans, internal audit units are established. According to the institutes of Internal Auditors (1991), the internal audit unit is expected to review the means of safeguarding assets and where appropriate, verify the existence of such assets. Financial control has concentrated on the cash out flow, purchasing procedures and accountability of budget holders for current expenditure on resources input Haruna (2007) and Buhari (2001). Therefore, internal auditing furnishes authorities with analysis, appraisal, recommendation and information concerning all activities reviewed. The survival of every organization depend on its effective and efficient utilization of resources (both financial and non financial). The internal audit unit is vested with the power of independent checks, in order to

assess compliance with established rules and regulations of the organization. Hawul Local Government was created on the 11 September 1991 by the then General Ibrahim Badamasi Babangida. Hawul Local Government is one among the 27 local governments in Borno State, Hawul got its name from River Hawul which passes from River Benue in Benue State. Hawul Local Government composes of Ten (8) district, namely, Kwajaffa, Shaffa, Bulgwi, Pama, Kwaya bura, Kidang, Sakwa and Mbulatawiwi. Its major tribe is Bura, Karekare and Fulani.

#### **2.4 Concept of Financial Control**

Buhari (2001), defines financial control as "the process of ensuring that cash and other financial resources of government are in accordance with the legislation, regulation and accounting manual which constitute legal and administrative framework of a particular entity."

Anfayo (1994), defines financial controls as "a process of assuring that cash is use properly and for authorized programs , i.e involves observation and measurement by comparing actual performance against the planned and correcting variances.

Akpa (2001). Anfayo (1994), said" financial control is an essential element that require due consideration in the public sector, because no organization can operational activities." In view of the above, we can understand that financial

control is very important in organization operation because it concerned with the steps taken to ensure maximum safe custody of financial resources.

Adams, (2004), Buhari, (2001), and Sani, (2009), agreed that financial control at local government level are of two ways; internal and external control. Internal financial control includes; issuance of financial authorities e.g warrant, appointment of committee for different service, centralization of all payment to and out of council, preparation of estimate of income and expenditure for the year and establishment of authority limit. While the external financial control includes; parliamentary control, control by general public and external auditors control. Local government service are finance through internally generated revenues, share from federal Account, borrowing leasing among others.

From the above concept of financial control, it is clear that financial control is all about proper utilization of financial resources in accordance with legislation, accounting manual and even organizational policies in order to avoid waste, misuse, embezzlement and misappropriation of financial resources.

Adams (2004), and (Mainoma 2007), defines financial control as "the steps taken to ensure maximum safe custody of financial resources in order to avoid waste, misuse, embezzlement, misappropriation or illegal disposal of public finance". Government enforces financial control through the use of such instrument like

civil service rule, financial instrument, financial memorandum treasury accounting manual, financial regulation, e.t.c. When these documents are issued, it is expected of all of public service to comply and be guided by them. Therefore, financial control is the financial report utilized by an organization to monitor, measure, and manage its financial resources.

## **2.5 Types of Audit**

Internal audit can be divided in to the following categories, base on audit technique or objective (Aren, 1999; Dandago, 2002 and Sabari 2003).

**2.5.1 Management Audit:-** It involves a review of each and every facet of management activities and its objectives is to ascertain whether or not the resources of an organization are used by its management in the most economic way to produce the maximum possible result in the shortest possible time in accordance with its goals.

**2.5.2 Performance Audit or Operational Audit:-** This assesses whether the activity, program or body has been manage economically and effectively. A particular performance audit will not necessary seek to reach conclusion about all three aspect above; it should be clear from the audit objective, which need to be examined.

**2.5.3 Financial or Accounting Audit:-** This evaluate the accuracy of the accounting and related procedures and policies. It assess the accuracy and completeness of the financial statement of the activity, program or body being audited, and/or evaluate whether the transactions underline the financial statement are legal and regular. However, according to the definition of internal auditing, internal auditors are mainly evaluating the system of internal control.

**2.5.4 Compliance Audit:-** This evaluates how relevant policies, plans, procedures, laws, regulations and contracts, usually all audits includes the compliance element, because the auditors uses the laws, policies and regulation as a yards stick to measure the performance of the organization.

**2.5.5 System Based Audit:-**This refers to an indent evaluation of the internal control system with the objective to assess to extend to which the controls are functioning effectively.

## **2.6 Benefit of Internal Audit**

The benefits that may be derived in establishing internal audit are numerous. Tijjani (2003), observes the setting up of an efficient and effective internal audit department involves huge cost in form of salaries for personnel, stationeries, travel allowance and other departmental over head cost.

But if analyzed critically, the benefits of an internal audit unit to an organization, be it private or public, outweighs the cost at its maintenance. Some of the benefits that may accrue to organization with good internal audit departments include among others: Improved efficiency shall accrue from investigation and reports of the internal audit department, the existence internal audit crates control, which acts as a deterrent to inefficiency, waste and fraud, the internal audit department serves as a pool from which high caliber staff can be seconded to other units within the organization to fill management position, the work of the external auditors is made easier, training and experience acquired by internal auditors on the job combine to provide a secure foundation for career advancement. From the above contribution it can be seen that the benefit at internal audit outweigh the cost of maintenance, if utilized properly, assisting in the implementation of new accounting system, examination of financial and operating information for management, review of economy, efficient and effectiveness of operation of the management.

## **2.7 Features of an Effective Internal Audit**

Laker (2006) identifies the following as the essential features of internal audit.

2.7.1 Independence: The board of institution should ensure that the independent of the internal audit functions are maintained. The internal audit should enjoy the

level of independence like any of the departments. This independence may be compromised if the function is directly involved in risk management or operational processes. The internal audit function may provide valuable input unit should not be saddled with risk management responsibilities.

**2.7.2 Approach:** The approach taken by internal audit should be clear and be one or a combination of risk; risk based and reviewed based. The focus is on the high risk areas of the institution and on the review of various parts of the institution usually chosen both at random or in line with the internal audit plan as well as policies and procedures. The board should have endorsed the approach and there should be sufficient scope to change where the need arise, enquiring internal auditing involvement.

**2.7.3 Structure and Resources:** The structure of the internal audit and its function is established and an assessment is made about the vary audit personnel's their routes responsibilities, skills and experiences. Where the function is out sourced arrangement and how this is monitored.

## **2.7 Internal Audit at Local Government level**

The implementation guideline on the application of civil service reforms in the local government service (1998 ), as cited in Shehu (2004) and Sani (2009) provided that, there shall be established in each local government, an internal

audit unit, headed by a qualified accountant to provides a complete and continuous audit of the accounts, and records of revenue and expenditure. The internal auditor of each local government shall directly be responsible the accounting officer and the auditor general of the local government council, and therefore he shall report monthly to accounting officer, as well as the Auditor General of the local government council, on the true progress of the audit. He shall also issue special reports, if necessary, where, in his opinion, the attention of the Auditor General at local government council shall be drawn.

The main objective of internal auditor at local government level is, to promote accuracy and reliability in accounting and operation data, to safeguard government resources against waste, fraud and inefficiency, to measure the extent of the operating departments compliance with government policy, to evaluate the efficiency of the operating functions Adams,(2004). Shehu,(2004), is of the view that internal auditors at local government should ensure that all officers whose duties include the handing of local government funds are adequately bonded, ensure that the computation and casting have been verified and are arithmetically accurate, ensure that all payments have been entered in the Department Vote Book (D.V.B).



Therefore, it can be seen that the purpose of internal audit is not to discover fraud, as some people assume, but to review and evaluate the activities of the organization with a view to expressing an opinion on the efficiency and effectiveness of management as well as adequacy of internal control within the organization. A properly conducted internal audit is expected to reveal errors, strength or weakness of the internal control system of the organization.

## CHAPTER THREE

### Research Methodology

#### 3.1 Introduction

This chapter discusses the method employed in collecting, grouping and analyzing the data in the course of this study.

#### 3.2 Research Design

This study adopted the survey method, this is because it provides first hand data for the research purpose, and collected the data for the study through primary and secondary sources.

#### 3.3 Population and Sample size

The population of the study is the entire staff of audit and account department of Hawul Local Government, Borno State, which has a total number of one hundred (100) member staff as at 2015. Out of the population size of one hundred staff, the study drawn out a sample size of fifty (50) member staff to be administers question and to comment where necessary, then the account audit and other staff are taken as a sample size.

### **3.4 Sampling technique / Procedures**

For the purpose of this research, the sampling technique adopted is the simple random sampling technique in which the respondents were given equal opportunity of being selected as a sample.

### **3.5 Method of data Collection**

Data collection method plays an important role in research study because an appropriate method of data collection ensures the validity of all information gathered for the study. To produce a comprehensive result, two main source of data collection were adopted namely: primary and secondary source of data.

#### **3.4.1 Primary data**

The method employed for the collection of the primary data is: questionnaire in this method of data collection the researcher makes use of questionnaires simply made an administered to tick "Yes or No" by the respondents this questionnaire are being distributed to the sample size of the study so that the information can be rated.

#### **3.4.2 Secondary data**

Data collected from secondary sources are those already made of which there search has no control over. These data are mostly from population of other

people that have direct relationship with studies. This includes library research, magazine, textbooks and other relevant journalist.

### **3.5 Method of data Analysis**

Analysis and presentation for the raw data of an investigation are the means by which the researchers problem as answered. In the study, the researcher use a sample percentage table to analyzed the data. This method was adopted because it is more concise and simple to understand make-up less space of the information.

## CHAPTER FOUR

### Data Presentation, Analysis and Interpretations

#### 4.1 Introduction

In a previous chapter of the study all the procedure of the research methodology adopted during the research work for the collection and analysis of the research data are interpreted. This chapter presents the primary data which were obtained through the administration of fifty (50) questionnaires of which only thirty five (35) of the questionnaires were duly completed and returned.

#### 4.2 Data Presentation and Analysis

For any part of research work to be completed and to be able to yield solution to the research problems effort will be directed at gathering the data to be presented and analyzed in to objective way. This in other word means the raw data generated will be presented and analyzed to give meaning and substance. To this end the method of data collection, population sample size and sampling technique use in this research study is end at presenting and analyzing research Finding these findings is base of information from the respondents. Fifty (50) Questionnaires were administered to the respondents who are staff under our

Sample area of study and thirty five (35) were duly filed and returned. The analysis is based on the thirty five (35) questionnaire received through the use of simple percentage with the opinion of "Yes or NO".

**TABLE 1 Analysis of Questionnaire**

Particular	Number	Percentage
No of questionnaire administered	50	100%
No of questionnaire returned	35	70%
No of questionnaire not returned	15	30%

Source: field survey, 2015

Table 1: shows the responses rate achieved, out of fifty (50) questionnaire administered only thirty five (35) were filled and duly completed and returned.

Table 2: Is internal control exist in Hawul local government?

Responses	Respondents	Percentage
Yes	35	100%
No	-	-
Total	35	100%

Source: field survey, 2015

On the question as to whether or not the internal audit unit exist in the respective local government, all the respondent (100%) agreed that there is an internal audit unit in there local government.

**Table 3:** Did internal audit comply with general standard?

Responses	Respondents	Percentage
Yes	7	20%
No	28	80%
Total	35	100%

Source: field survey, 2015

Table 3: shows that 20% of the respondents agreed that internal audit comply with general standard, while 80% did not. This implies that internal audit did not comply with general standard in the local government.

**Table 4:** Is the internal auditors independent?

Responses	Respondents	Percentage
Yes	5	14%
No	30	86%
Total	35	100%

Source: field survey, 2015

**Table 4:** shows that 86% of the respondents agreed that internal auditors are not independents in expressing their opinion and judgment, while only 14% was of the view that internal auditors are independent. This implies that the internal auditors are dependent on the local government.

**Table 5:** Is the internal audit department well staffed?

Responses	Respondents	Percentage
Yes	-	-
No	35	100%
Total	35	100%

Source: field survey, 2015

**Table 5:** Shows that in the survey, 100% of the respondents agreed that the internal audit department are under staffed. This shows that their cannot be effective co-ordination of the activities of such organization.

**Table 6:** Is the organization well structure?

Responses	Respondents	Percentage
Yes	-	-
No	35	100%
Total	35	100%

Source: field survey, 2015



Table 6: Shows that in the survey, 100% of the respondent agreed that the organization is not well structure. This shows that there cannot be effective co-ordination in the local government.

**Table 7:** Did the internal auditors make prepayment audit?

Responses	Respondents	Percentage
Yes	29	83%
No	6	17%
Total	35	100%

Source: field survey, 2015

In table 7, the study reveals that 83% of the respondents agreed that internal auditors regularly perform prepayment audit, while 17% of the respondents are of the opposite view. This means that prepayment audit has been comprehensive in the local government.

**Table 8:** Are there proper checking of financial records?

Reponses	Respondents	Percentage
Yes	5	14%
No	30	86%
Total	35	100%

Source: field survey, 2015



In this table, the study reveals that 14% of the respondents agreed that the internal auditors perform proper checking of financial record, while 86% of the respondents are of the opposite view. This implies that the auditors of the local government do not perform their duties with regard to checking of financial records.

**Table 9:** Evaluation of internal controls system?

Reponses	Respondents	Percentage
Yes	-	-
No	35	100%
Total	35	100%

Source: field survey, 2015

In this table, the study reveals that there is no continues or regular evaluation of the internal controls system. This may lead people to be tempted to violate the normal procedure and practices in the local government.

**Table 10:** Did the local government make a provision for flow of information?

Responses	Respondents	Percentage
Yes	7	20%
No	28	80%
Total	35	100%

Source: field survey, 2015

Table 10 shows that 80% of the respondents believe that there is no free and regular flow of information in the local government, while 20% of the respondents believe there is free and regular flow of information. The implication of this is that, the organization's internal controls system will be effective because of the inter dependency of the different department.

**Table 11:** Are their proper level of financial control in Hawul local government?

Responses	Respondents	Percentage
Yes	5	14%
No	30	86%
Total	35	100%

Source: field survey, 2015

Table 11 Shows that 14% of the respondents agreed that there is proper level of financial of control in Hawul local government, while 86% of the respondents were of the opposite view. This implies that Hawul local governments have improper level of financial control.

#### 4.3 Summary of the Major Finding

Base on the review conducted on related literature and the analysis and interpretation of data made, the following are the major findings of the research work.

1. Improper organizational structure (clear line of reporting and responsibility).
2. There is existence of internal controls system in Hawul local government.
3. Internal auditors do not evaluate the internal controls system of local government to the extent that it can prevent irregularities and fraud.
4. The internal audit units of the local government are unstaffed and they experience excessive work load.
5. Improper information dissemination within the local government on some control majors being taken for other protection.
6. There is improper checking of financial records.
7. The internal auditors regularly perform prepayment audit.
8. There is proper level of financial control in the local government.
9. The internal auditors of the local government are not independent they are depended.
10. The internal auditors do not comply with general standard in the local government.

#### 4.4 Discussion of Result

From the description techniques used with the aid of tabulation, the following results were ascertained.

There is improper organizational (clear line of reporting and responsibility), there should be clear organizational structure at local government area so that the work of internal auditors can be effective.

There is existence of internal audit in the local government, this shows that the local government comply with the requirement of the Civil Service Reform which stated that "there shall be established in each local government an internal audit unit.

There is information dissemination within the local government, proper dissemination of information is necessary for the smooth operation of any control system or the activities of any organization. This will enable thus operating the internal control system to know that is required of them at any moment and in their respective capacities.

The internal audit of the local government thus not comply with the general standard, this general standard relate to: competence, independent and professional care. Competence suggests that the audit staff assigned with the

responsibilities to conduct the audit should collectively possess adequate professional proficiency necessary for the task.

The internal auditors regularly perform prepayment audit, this because repayment audit has been comprehensive in Hawul local government by the internal auditors.

There is improper checking of financial record; this may be due to the fact that the internal auditors of Hawul local government do not perform their duties with regard to checking of financial records.

There is improper level of financial control in the local government; this may be due to the facts that do not have a direct responsibility to maintain accounting record and producing financial management.

Improper evaluation of internal control system, this may be due to the fact that management has deprive the internal auditors, this may lead people to be tempted to violate the normal procedure and practices in the local government.

The internal auditors are dependent in expressing their opinion this may be due to the fact that management has deprive the internal auditors in expressing their opinion and judgment.

## CHAPTER FIVE

### Summary, Conclusion and Recommendations

#### 5.1 Summary

Through- out this project attempt work made to critically examines the role of internal auditors in ensuring effective financial control at local government level with reference to Hawul local government. This research work consists of five (5) chapters.

Chapter one (1) consist of background of the study, statement of research problems, objective of the study as well as the scope of the study were duly discussed, with light been shade on the operational terms used.

Chapter two (2) focuses on the concept of internal auditor, concept of local government, concept of financial control, types of audit, benefit of internal audit, features of effective internal audit and internal audit at local government level.

Chapter three (3) examines the methodology employed in sourcing out data, research design, population and sample size, sampling technique as well as method of data collection and analysis.

Chapter four (4) provides extensive presentation, and analysis of data collected through the questionnaire administered. With the aid of tabulation

and simple percentage, the data source through primary and secondary source.

Chapter five (5) consists of summary; conclusion and recommendations was draw base on the conclusion reached.

## **5.2 Conclusion**

Based on the findings of the study, the researcher concludes that:

1. There is improper checking of financial records in Hawul local government.
2. There is improper evaluation of internal control system in Hawul local Government.
3. The internal auditors are dependent on the management in Hawul local government.
4. There is improper level of financial control in Hawul local government.

## **5.3 Recommendations**

Based on the conclusion reached, the following are some recommendation which Will improves the role of internal auditors with regard to financial control.

1. Prepayment audit and checking of financial records are also function of the internal audit. Financial memorandum states that "before any payment is made, a prepayment audit of voucher and supplying document shall be



- made by the internal auditors". Therefore the local government shall give room to the internal auditors to carry out their duties on prepayment audit.
2. There shall be regular evaluation of internal control system in order to determine their effectiveness in operation and identify weakness, so that corrective action can be made.
  3. The internal auditors at all level should be adequately independent of members of various departments within the organization so that they can carry out their duties effectively.
  4. The local government at all level should make a provision that would allow the internal auditors to attend important seminars, workshop and symposium which will improve their effectiveness on financial control and other controls.

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**APENDIX A**  
**Introductory Letter**

Department of Accountancy  
The federal polytechnic,  
P.M.B 1006  
Damaturu,  
Yobe State.

Dear respondents.

**LETTER OF INTRODUCTION**

I am a student of the above named institution from the department of accountancy, currently undergoing a National Diploma (N.D) program as part of the requirement for the award of the national diploma; I am currently carrying out research on **THE ROLE OF INTERNAL AUDITORS IN ENSURING EFFECTIVE FINANCIAL CONTROL AT LOCAL GOVERNMENT LEVEL.**

You sincere responses to the questions below are expected to assist the researcher obtained the required data to achieve desirable ending.

Please accept my assurance that all information provided will be treated with confidentiality and will only be use for the above mentioned purpose.

Thank you

Yours faithfully

Adamu Garba

2012/ND/ACCT/045

## APPENDIX B

### Questionnaire

Target respondent: The staff of Audit and Account Hawul Local Government Area Borno State.

Instruction: please respond the question below on the role of internal auditors in ensuring effective financial control at local government level.

#### Section 1:

1. Your name or rank (a) chairman [ ] (b) accountant [ ]
2. Which of the following qualification in groups that you belongs. (a) Diploma [ ]  
(b) Degree [ ] (c) above degree [ ].

#### Section 2:

Questionnaires on the role of internal auditors in ensuring effective financial control at local government level.

1. Does internal control exist in your local government? (a) Yes [ ] (b) No [ ]
2. Did internal auditors comply with general standard? (a) Yes [ ] (b) No [ ]
3. Are the internal auditors independent? (a) Yes [ ] (b) No [ ]
4. Is the internal audit department well staffed? (a) Yes (b) No [ ]
5. Is the organization well structured? (a) Yes [ ] (b) No [ ]

6. Did internal auditors make preparation prepayment audit? (a) Yes [ ] (b) No [ ]
7. Are there proper checking of financial records? (a) [ ] (b) No [ ]
8. Evaluation of internal control system? (a) Yes [ ] (b) No [ ]
9. Did the local government make provision for flow of information?  
(a) Yes [ ] (b) No [ ]
10. Is there proper level of financial control in Hawul local government?  
(a) Yes [ ] (b) No [ ].