



KWARA STATE UNIVERSITY, MALETE, NIGERIA

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**ORGANIZATION ATTRIBUTES, ETHICAL FACTORS AND INTERNAL AUDIT
EFFECTIVENESS: EVIDENCE FROM DEPARTMENTS AND AGENCIES IN KWARA
STATE.**

Khadijat Olowu JAWONDO

16/27/MAC018



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**ORGANIZATION ATTRIBUTES, ETHICAL FACTORS AND INTERNAL AUDIT
EFFECTIVENESS: EVIDENCE FROM DEPARTMENTS AND AGENCIES IN KWARA
STATE**

A M.Sc. THESIS SUBMITTED

BY

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AUGUST, 2021.

DECLARATION PAGE

I hereby declare that this thesis titled “Organization Attributes, Ethical Factors and Internal Audit Effectiveness: Evidence from Departments and Agencies in Kwara State” is a record of my research. It has been neither been presented nor accepted in any previous application for higher degree.

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APPROVAL PAGE

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DEDICATION

This research work is dedicated to Almighty Allah, the most beneficent, the most glorified.

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TABLE OF CONTENTS

Title page	i
Title Page	ii
Declaration	iii
Approval page	iv
Dedication	v
Acknowledgement	vi
Table of contents	vii
List of Table	x
List of Figures	xi
Abstract	xii
CHAPTER ONE: INTRODUCTION	
1.1 Background to the Study	1
1.2 Statement of the Problem	4
1.3 Research Questions	6
1.4 Objectives of the Study	7
1.5 Research Hypotheses	7
1.6 Justification of the Study	8
1.7 Scope of the Study	10
CHAPTER TWO: LITERATURE REVIEW	
2.1 Conceptual Review	11
2.1.1 Internal Audit Effectiveness	11
2.1.2 Organizational Attributes	13
2.1.2.1 Information Technology	14
2.1.2.2 Internal Auditor's Remuneration	15
2.1.3 Ethical Attributes	15
2.1.3.1 Internal Auditor's Integrity	16
2.1.3.2 Competency of Internal Auditors	16
2.2 Theoretical Review	18
2.2.1 Agency Theory	18

2.2.2	Resource-Based Theory	21
2.2.3	Deontology Ethic Theory	23
2.3	Empirical Review	23
2.3.1	Studies on Developed Countries	25
2.3.2	Studies on Developing Countries	28
2.4	Summary and Gaps Identified in the Literature	51
2.5	Theoretical Framework	53
2.6	Conceptual Framework	55
CHAPTER THREE: METHODOLOGY		57
3.1	Research Design	57
3.2	Population of the Study	57
3.3	Sample Size and Sampling Techniques	58
3.4	Sources and Method of Data Collection	58
3.5	Validity and Reliability Test for the Instrument	59
3.6	Measurement of Variables	60
3.7	Model Specification	62
3.8	Data Analysis Techniques	63
CHAPTER FOUR:		
DATA PRESENTATION, ANALYSIS AND INTERPRETATION		65
4.1	Analysis of Data Samples	65
4.1.2	Descriptive Analysis of the Respondents' Demographics	66
4.1.3	Descriptive Statistics of the Indicators of the Variables	68
4.1.4	Descriptive Statistics of all Measurement Items for Integrity	68
4.1.5	Descriptive Statistics of all Measurement Items for Information Technology Penetration	69
4.1.6	Descriptive Statistics of all Measurement Items for Internal Auditor's Remuneration	70
4.1.7	Descriptive Statistics of the Measurement Items for Internal Auditor's Competency	70
4.2	Preliminary Analysis of Data	72
4.2.1	Normality Test	72

4.2.3	Assessment of Measurement Model	73
4.3.1	Internal Consistency Reliability	76
4.4.1	Discriminant Validity	78
4.4.3	Structural Model and Hypotheses Testing	79
4.4.5	Re-Statement and Testing of Hypothesis One	81
4.4.6	Re-Statement and Testing of Hypothesis Two	82
4.4.7	Re-Statement and Testing of Hypothesis Three	83
4.4.8	Re-Statement and Testing of Hypothesis Four	83
4.5	Discussion of Findings	83
CHAPTER FIVE:		
SUMMARY, CONCLUSION AND RECOMMENDATION		87
5.1	Summary	87
5.2	Conclusion	88
5.3	Recommendations	90
5.4	Contributions to Knowledge	91
5.5	Limitations	92
5.6	Delimitation to the Study	92
5.7	Suggestions for Further Studies	93
	References	94
	Appendix	100

LIST OF TABLES

Table 3.1	Measure of variables	60
Table 4.1	Analysis of questionnaire distributed	65
Table 4.1.2	Summary of respondents demography	66
Table 4.1.3	Descriptive statistics of all measurement items for internal auditor's integrity	66
Table 4.1.4	Descriptive statistics of all measurement items for internal auditor's Information Technology	68
Table 4.1.5	Descriptive statistics of all measurement items for internal auditor's Remuneration	68
Table 4.1.6	Descriptive statistics of all measurement items for internal auditor's Remuneration	71
Table 4.2.1	Normality Distribution Result	72
Table 4.2.2	Multicollinearity Result	73
Table 4.3	Results for Cross Loading of the Latent Variables	76
Table 4.4	Summary of Measurement Model (Composite Reliability and Average Variance Extracted)	77
Table 4.4.2	Discriminate Validity (Fornell-Larcker Criterion)	79
Table 4.4.3	Results of the Regression Analysis	80

LIST OF FIGURE

Figure 2.1	<i>Conceptual frame work of the study</i>	55
Figure 4.1	Diagrammatic Representation of the Cross Latent Variables	75

ABSTRACT

The presence of effective internal audit unit or department in organisation, government parastatals, or corporate organisations, is to ensure reduction in any form of irregularities. However, there has been serious financial and material wastages, and risk management issues, in many government departments and agencies. Constant reported cases of irregularities, fraud and misappropriation of public funds in different national dailies by the Nigerian public sectors are rampant, especially in Kwara State government departments and agencies. The main objective of this study is to examine the effect of organizational and ethical factors on internal audit effectiveness of government departments and agencies in Kwara State. This study adopts cross-sectional research design using eighteen (18) government agencies and departments that have been in existence for more than ten (10) years with a total number of four hundred and sixty-eight (468) respondents. However, sample size for the study was two hundred and sixteen (216) respondents. Partial least square-estimation technique was used in the analysis of the data collected through the use of questionnaire administered to chief executive of the departments and agencies, directors of finance, works and administrative section from each department and agencies, the heads of department and senior staff from each audit department. This study revealed that internal auditor's integrity has a positive and significant effect on internal audit effectiveness of government departments and agencies in Kwara State as shown by t-value of 3.981 with p-value of 0.000. This study showed that internal auditor's remuneration has a significant effect on internal audit effectiveness of agencies and departments in Kwara State as shown by t-value of 5.108 with p-value of 0.000, it could also be deduced that internal auditor's competence has a positive and significant effect on internal audit effectiveness as indicated by t-value of 6.298 with p-value of 0.000 at 5% significant level. Lastly, the study revealed that information technology utilization in Kwara State government departments and agencies has no significant effect on internal audit effectiveness as supported by t-value of 1.497 with p-value of 0.135. The study therefore concluded that internal auditor's integrity, internal auditor's remuneration, internal auditor's competence are influential determinants of internal audit effectiveness of agencies and departments in Kwara State while information technology utilization is not a significant factor for internal audit effectiveness in Kwara state departments and agencies. Therefore, this study recommends that the regulatory bodies such as Institute of Chartered Accountants (ICAN) and Association of National Accountants (ANAN) should continue to monitor the activities of their members and ensure strict penalty for any member that violate the code of ethics of their professions.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Government is saddled with the responsibility of securing, utilizing as well as ensuring effective management of public fund and resources for the growth and development of the society. One of the ways in which this is achieved is through the formulation of a monitoring department (internal audit department) for the purpose of ensuring reduction in any form of irregularities, financial and material wastages, risk management, strengthening internal control systems and sound corporate governance (Abdullah & Mustapha, 2020). However, the purpose for which this department is formulated seems not to be yielding the expected outcome due to various cases of financial misappropriation and other forms of irregularities in the government departments and agencies that had rocked national dailies in different parts of the world.

A global fraud survey conducted by the Association of Fraud Examiners in 2016 showed that government and public administration sector was ranked second (2nd) after banking and financial services industry that is exposed to cheque tampering, payroll schemes, skimming and cash theft (Centre for Financial Reporting Reforms, 2018). Furthermore, the report of Association of Certified Fraud Examiner (ACFE, 2020) showed that the United States lost more than seven hundred and fifty (\$750 billion) billion dollars to fraudulent activities which represents 5% of the gross domestic product.

The Nigerian public sector had also recorded series of irregularities. For instance, the arrest of the former Nigerian petroleum minister (Mrs. X) by the National Crime Agency in London for

corruption and bribery (Punch October, 2 2015); Misappropriation of over N1 trillion by the former Economic and Financial Crime Commission (EFCC) boss (MrA) (Udoh, 2015); diversion of USD 2.2 billion meant for the procurement of war equipment to wage war against insurgency by the former National Security Adviser to President, The Nation (2015, December 2).

In the same vein, the issue of irregularities have also rocked Kwara state public sector. This is evident from the recent reports of one thousand (1,000) ghost workers found on the payroll of the Kwara State Universal Basic Education Board which led to loss of ₦1.1 billion naira and arrest of three officials of the body (Punch, June 12, 2020). Furthermore, alleged irregularities through misappropriation of fund and forgery of receipts by some staff of the state owned polytechnic was also reported. This Day (2020, November 25).

These irregularities are usually discovered through whistleblower, external audit service or financial inspections. These have resulted to loss of huge sum of monies and consequently inefficiencies, uncompleted project and organizational failure. This has raised serious concerns on the existence and effectiveness of the internal audit department by various government stakeholders.

In order to curb these problems of irregularities as well as ensuring effective internal audit services around the globe, the Institute of Internal Auditors (hereafter, IIA) provides mandatory guidance for internal auditors in its International Professional Practices Framework (IPPF) through the International Standards for the Practice of Internal Auditing (Standards) (IIA 2009a).This clearly spelt out the qualities required of internal auditors such as professional due care, having sufficient

knowledge, analytical skill, how to report to the management and the Board as well as risk assessment (IIA, 2017).

This Standard requires that to ensure internal auditor's independence, the internal auditor can have two reports which are administrative report (by reporting to the management) and functional reports (by reporting directly to the members of the Board of Directors). This has been largely complied with in the developed economies. The chapter of the IIA was also established in Nigeria in 2002 and became affiliated to the global IIA in 2013 but is yet to be statutory listed as a professional auditing body in Nigeria. This could have contributed to the low level of compliance with the requirements of the IIA framework in Nigeria (Olaoye & Dada, 2017).

The guidelines and the standards issued by the global IIA are not mandatory for operational use in Nigeria especially in the public sector. However, the regulatory and statutory guide of Accounting and Auditing in Nigeria are conferred on the Institute of Chartered Accountants of Nigeria (ICAN), the Association of National Accountants of Nigeria (ANAN), and different enactment, rules and regulations emanating from the Government. This is to ensure strong professional ethics like integrity, objectivity, professional competence and due care, confidentiality and professional behavior (IFAC Code of Ethics; Ardelean, 2013) This study focused on integrity and competence of the internal auditor.

These bodies had formulated various standards guiding the conduct of the internal auditing profession such as the Nigerian Standards on Auditing (2013) issued by ICAN and the Professional Code of Conduct and Guide for Members by ICAN (2009), and ANAN (2014). However, the

standards, just like it is in the other global accounting standards, the application of the codes are skewed towards external auditing. Despite these regulations, the problems of internal audit ineffectiveness still persist. This study therefore examines the effects of organizational attributes and ethical factors on internal audit effectiveness of the government departments and agencies in Kwara State.

1.2 Statement of the Problem

The constant reported cases of irregularities, fraud and misappropriation of public funds in different national dailies by the Nigerian public sector, especially in Kwara State government departments and agencies, have raised series of questions on the presence and effectiveness of internal audit department in various government departments and agencies . An internal audit that is effective would be able to reduce fraudulent activities, improve internal control systems; assess risk management as well as strengthening the corporate governance activities of the organization (IIA, 2017).

However, an internal auditor that lacks the required resources as well as ignore the ethical requirements of its profession may not be able to discharge his duty effectively thereby leading to slack in internal control systems, ineffective risk assessment, hence create room for any form of financial and resources irregularities.

This could be evident from the recent reports of one thousand (1,000) ghost workers found on the payroll of the Kwara State Universal Basic Education Board which led to loss of ₦1.1 billion naira and arrest of three officials of the body (Punch, June 12, 2020). Furthermore, alleged irregularities through misappropriation of fund and forgery of receipts by some staff of the state owned polytechnic was also reported by This Day, Newspaper of November 25th, 2020. These cases

have posed serious challenge on the effectiveness of internal auditors in Kwara State government departments and agencies. This may be as a result of inadequate organizational resources and non-compliance with the ethical requirements by the internal auditor.

Furthermore, an internal auditor who lacks integrity may not be able to discharge his duty effectively. This is because an internal auditor who does not discharge his service with honesty as required by the professional ethics can make his objectivity to be called into question, hence weak internal audit service. More so, the remuneration package of the internal auditor may also influence the effectiveness of internal audit service. Any discouraging remuneration given to an internal auditor can make his independence to be impaired and this can subject him to take bribe thereby turning a blind eye to any irregularities perpetrated by staff in the organization and consequently, ineffective internal audit service.

In addition, the competency level of the internal auditor can also affect the effectiveness of internal audit service. This is because an internal auditor who lacks the required knowledge, experience and adequate certification would find it difficult to deal with complex audit matter as well as provide relevant recommendation to reduce risk and irregularities perpetrated by the management. Furthermore, the ability of the internal auditor to use information technology can also influence internal audit effectiveness.

Due to advancement in information technology, most of the transactions are done online (such as payment of school fees, awarding of contracts through e-transact, remitta, amongst others), inability of the internal auditor to keep pace with this advancement can make difficult for him to track relevant online information through audit trail, hence create room for more irregularities in the government departments and agencies. More so, unwillingness of the government to provide

the required resources through provision for information technology that can aid effective internal audit service may also lead to ineffective internal audit service. In addition, the difference in the size, funding and structure of federal and state government departments and agencies in Kwara State would also affect the effectiveness of the internal audit effectiveness.

Prior empirical studies (such as Unegbu and Kida, 2011; Abu-Saeed and Kabir, 2012; Abiola and Oyewole, 2013; Joseph, Albert and Byaruhanga, 2015; Sorunke, 2016; Fitryah, 2016; Goerge, Purnamasari, Arezona, Lestira and Mey, 2018) examined the impact of internal audit characteristics on fraud prevention and had reported conflicting outcomes ranging from positive to negative results. Based on the extant literature reviewed and to the best of the researcher's knowledge, it was observed that little or no study had been conducted on the effect on internal auditor's integrity and remuneration package on internal audit effectiveness as the prior studies (Onoja and Haruna, 2015; Sorunke, 2016; Oyewumi, Ayoib and Popoola, 2017) reviewed centered on independence, experience and qualification of staff, management support and size of the internal audit department.

1.3 Research Questions

The following research questions were raised and answered in the course of the study:

- i. To what extent does internal auditor's integrity affect internal audit effectiveness of government departments and agencies in Kwara State?
- ii. How does internal auditor's remuneration package have effect on internal audit effectiveness of Kwara State government departments and agencies?
- iii. What is the effect of internal auditor's competence on internal audit effectiveness of government departments and agencies in Kwara State?

- iv. To what extent does information technology penetration affect internal audit effectiveness of Kwara State government departments and agencies?

1.4 Objectives of the Study

The main objective of this study is to examine the effect of organizational and ethical factors on internal audit effectiveness of government departments and agencies in Kwara State. To achieve the objective, the following specific objectives were spelt to:

- i. Examine the extent to which internal auditor's integrity affects internal audit effectiveness of government departments and agencies in Kwara State;
- ii. Evaluate the effect of internal auditor's remuneration` package on internal audit effectiveness of Kwara State government departments and agencies ;
- iii. Investigate the effect of internal auditor's competence on internal audit effectiveness of government departments and agencies in Kwara State and;
- iv. Examine the extent to which information technology penetration affect internal audit effectiveness of Kwara State government departments and agencies ; and

1.5 Research Hypotheses

To provide answers to the research questions as well as achieve the objectives stated, the following hypotheses were tested in the course of the study;

H₀₁: Internal auditor's integrity has no significant effect on internal audit effectiveness of government departments and agencies in Kwara State;

H₀₂: There is no significant effect of internal auditor's remuneration package on internal audit effectiveness of Kwara State government departments and agencies;

H₀₃: Internal auditor's competence has no significant effect on internal audit effectiveness of government departments and agencies in Kwara State; and

H₀₄: Information technology penetration has no significant effect on internal audit effectiveness of Kwara State government departments and agencies.

1.6 Justification for the Study

The continuous reported cases of fraud and irregularities especially in the government departments and agencies which has raised concern among various stakeholders in the state necessitated the need for this study. This has posed adverse effect on the growth of government departments and agencies in the state. The studies reviewed on organization and ethical factors on internal audit effectiveness had reported divergent results ranging from positive, negative and indifference results (Daniela & Alexandra, 2014; Faiz, Nabella & Rudi, 2016; Drogalas et al 2017; Sholadoye, Abdullah & Isa, 2018). There are scanty literature on the effect of organization and ethical factors on internal audit effectiveness.

More so, it was also discovered that most of the studies (see Muazu, 2012; Olowolaju, 2013; Onoja & Haruna, 2015; Sorunke, 2016; Okaro, Okafor, Nwanna & Igbinovia, 2017; Taiwo, 2019; Ojo, 2019; and Ezekiel, 2019) conducted in the Nigerian context were carried out in other States of Nigeria. Methodologically, a very large numbers of studies in Nigeria employed chi-square statistical method (Unegbu & Kida, 2011; Abu-Saeed & Kabir, 2012; Onoja & Haruna, 2015; Sorunke, 2016; Udeh & Eugene, 2016); Descriptive analysis (see Muazu, 2012; Olowolaju, 2013; Okaro, et al., 2017) and ordinary least square regression analysis (Bello, Che-Ahmad & Mohamad Yusof, 2012; Abiola & Oyewole, 2013; Olaoye & Dada, 2017) to test the hypotheses of their studies. This study employed partial-least square – structural equation modeling (PLS-SEM) to

test its hypotheses in order to answer the research question as well as achieve the objectives of the study. Therefore, this study filled the gaps identified in the literature by investigating the effect of organization and professional ethics on internal audit effectiveness in government departments and agencies in Kwara State.

These divergent outcomes justified the need for empirical study on the effect of organizational and ethical factors on internal audit effectiveness of government agencies and departments in Kwara State. The outcome of this study would be of great importance to policy makers, management/practitioners and the academic field of knowledge. The result of this study would contribute to the academic field of knowledge by adding to the scanty literatures on the effect of internal auditor's integrity and remuneration on internal audit effectiveness of government departments and agencies in Kwara State. In addition, it will serve as a body of reference for future researchers in the area of

ethical factors and internal audit effectiveness.

The outcome of this study would provide relevant information to the management of the sample government departments and agencies regarding some of the items that are needed to be put in place such as provision of information technology in order to assist effective and efficient functioning of the internal audit department of their organizations. It will also assist the management on how to give proper attention to various internal audit attributes in order to ensure their efficient and effective management for the purpose of reducing the level of fraud perpetration and building of strong internal control system.

The study would assist regulators and policy makers, that is, the government, Institute of Chartered Accountants of Nigeria and the Institute of Internal Auditors in Nigeria, on how to ensure that the

internal auditors discharge their duties in line with the required ethics of their profession by putting adequate remuneration in order to prevent their objectivity from being jeopardized as well as their independence from being impaired.

1.7 Scope of the Study

The study investigates the effect of organizational and ethical factors on internal audit effectiveness of government departments and agencies in Kwara State, but this study focused on determinants such as; internal auditors' integrity, internal auditor's competency, as well as internal auditors' remuneration and information technology penetration. The study also focused on state department and agencies in Kwara State. The justification for employing Kwara State is evidenced from the recent reports of one thousand (1,000) ghost workers found on the payroll of the Kwara State Universal Basic Education Board which led to loss of ₦1.1 billion naira and arrest of three officials of the body (Punch, June 12, 2020). In addition, alleged irregularities through misappropriation of fund and forgery of receipts by some staff of the state owned polytechnic was also reported (This Day, November 25, 2020). This study did not examine the effects of organization attributes on fraud prevention and detection. This study covered up to the period of December, 2020.

CHAPTER TWO

LITERATURE REVIEW

This chapter deals with the conceptual review which focused on the review of the determinants of internal audit effectiveness, various theories in relation to the study and empirical studies related to the topic.

2.1 Conceptual Review

2.1.1 Internal Audit Effectiveness

Adeniji (2004) perceives internal audit as a review of organization of a business which may be in many respects similar to a statutory audit, but which is carried out by the employees of the business who are responsible only to management. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. Its role includes detecting, preventing, and monitoring fraud risks and addressing those risks in audits and investigations (IIA, 2017).

Onoja and Haruna (2015) in Jurchescu (2010) defined internal audit as an independent and objective functional activity which provides security and management advice with the aim of ensuring effective management of public income and expenditure, ensuring proper activities within public organization, helps the public organization to achieve their objective through systematic and methodical approaches, evaluate and improves the efficiency and effectiveness of internal control system, risk management and management processes. Unegbu and kida (2011) defined internal audit as an aspect of the internal control system established by management of an organization in order to ensure proper compliance with the stipulated policies and procedure in order to achieve management objectives.

From the above definitions, internal audit can be seen as an independent appraisal established within the organization with the aim of reviewing the effectiveness and efficiency of the activities of an organization, ensuring compliance with established regulations, evaluation of risk management and internal controls system of the organization. Millichamp (2000) however, identified the common areas covered by internal auditing, which include among others; reviewing the internal control system with a view to determining its adequacy, reviewing compliance with government regulations and accounting rules and standards, absence of which would undermine audit effectiveness. It further asserts that the role of internal audit encompasses checking compliance with policies and procedures, safeguarding the asset of the organization to prevent and detect errors, frauds and theft, appraising the effectiveness and efficiency in the use of resources.

The unit also needs to ensure that the goals and objectives of the organization are attained by making recommendations on improvement in the operation of the organization, acting as an in-house consultant on control matters so as to achieve effectiveness. On the other hand, Badara (2012) stipulates the essential elements of internal audit such as independence, staffing, training, relationship, due care, planning, controlling, recording, system control, evidence and reporting. It can be deduced from these essential elements, if available that the internal audit can perform its duties effectively. Effectiveness is the achievement of goals and objectives using the factor measures provided for determining such achievement. Internal audit effectiveness can be accomplished by evaluating the quality of internal auditing procedures (Dittenhofer, 2001). However, if the internal audit department is to be effective in providing assurance, it needs to be sufficiently resourced in terms of budgets and people, well organized so that it has well developed

work practices, competent staff who receive high quality training, independent and objective (ACCA 2008).

Internal audit is effective if it provides the audit committee and executive management with the assurance needed in terms of providing a reliable and organization's processes and systems to manage risks to the achievement of the organization's objectives (IIA, 2017). The Institute of Internal Auditor (2017) states that for an internal audit to be considered effective, all principles (such as integrity, competence, independence, provide risk-based assessment, objective and free from undue influence) should be present and operating effectively. Therefore, this study hinges its definition of internal audit effectiveness on the definition of Institute of Internal Auditors.

2.1.2 Organizational Attributes

Organizational characteristics are factors that are possessed or provided by the organization in order to aid the service of internal audit as well as function effectively. There are various organization attributes that had been considered (such as size of internal audit department, management support, ownership structure, information technology, remuneration, amongst others) by previous studies (see Alzeban & Gwilliam, 2014; Asiedu & Deffor, 2017; Drogolas, et al., 2017; Khaled & Mustapha, 2020; Abrar, 2020).

However the organization attributes could be physical attributes or the process attributes, this study is based on process organization attributes which are those attributes like remunerations, information technology penetration unlike management support, ownership structure among others that represent physical organizational attributes.

2.1.2.1 Information Technology

Information technology can be defined as a combination of computer technology and telecommunication with other technologies such as hardware, software, databases, network technology, and other telecommunications equipment in performing the required task (Stanic, 2020). Information technology is used in organizational information systems to provide information to users in the framework of decision making (Maharsi, 2000).

The IIA (2016) defines technology-based tools as any automated audit tool, such as generalized audit software (GAS), test data generators, computerized audit programs, specialized audit utilities, and computer-assisted audit techniques (CAATs). The most popular and frequently used of these technology-based tools is GAS (Mahzan & Lymer, 2014; IIA, 2016; Nest, et al., 2017). Generalized Audit Software enables the internal auditor to extract data from multiple sources (i.e., databases and files) from an organization's integrated systems in order to conduct detailed analyses of this data (Lin & Wang, 2011; Ahmi & Kent, 2013).

Furthermore, the International Auditing and Assurance Standards Board (IAASB), (IAASB, 2015 International Standard on Auditing (ISA) 330 par.A16) also drew attention to the use of CAATs by auditors especially in cases where they want to increase the extent of testing for the purpose of gathering persuasive audit evidence during the execution of their duties. With the rapid advances in technology, most organizations are currently impacted by changes in information technology (IT), and these changes usually result in the generation of an increasing volume of audit evidence which is now almost exclusively available in electronic format (Ahmi& Kent, 2013; Committee of Sponsoring Organizations of the Tread way Commission (COSO), 2013; PwC, 2014; Institute of Internal Auditors (IIA), 2015; Nest, Smidt & Lubbe, 2017). Therefore, this study focused on the use of GAS and CAAT as a technology-based audit tool.

2.1.2.2 Internal Auditor's Remuneration

Internal auditor's remuneration refers to the payment made for services or employment of internal auditor of a company or corporation (Mohammed, Abdullahi & Masuod, 2009). They further explained that, the internal auditors' remuneration includes the basic salary and other monetary and other non-monetary benefits paid to the internal auditor in a financial year. For the purpose of this study, internal auditor's remuneration is define as the basic pay and other intrinsic and extrinsic benefits such as consistent promotion, reward based on effort and risk of job, yearly perquisite, among others

2.1.3 Ethical Attributes

There is need for every accountant or auditor to deliver their duties in line with the profession ethics laid down by the regulatory bodies. Ethics is a set of moral or value principles or rules of conduct established by professional organizations to protect the interests of members and society as service users (Arens, et al. 2011; Kertarajasa, Marwa & Wahyudi, 2019).The obligation of an auditor is to uphold their professional ethical standards for the organization they work for, the community and themselves. However, the difficult problem faced by an auditor to improve audit quality is how to improve the attitude and behavior of auditors in carrying out audits, so that the supervision carried out is reasonable, effective and efficient. The Institute of Internal Auditor Code of Ethics (IIA, 2017) required that for an internal audit to be effective, the internal auditor is expected to apply and uphold the principles of integrity, objectivity and independence, confidentiality, competence and professional due care. This study focused on integrity and competence of internal auditor and their effects on internal audit effectiveness.

2.1.3.1 Internal Auditor's Integrity

One of the major ethical requirements of the auditor, whether internal or external auditor, is to possess high integrity when discharging his duties. Integrity is an element of character that underlies the emergence of professional recognition (Kertarajasa *et al.* 2019). Integrity is a quality that underlies public trust and is a benchmark for members in examining all decisions taken. Integrity requires a member to, among other things, be honest and forthright without sacrificing the secrets of the recipient of services, services and public trust should not be defeated by personal gain (Mulyadi, 2014).

Integrity can accept unintentional errors and disagreements honestly, but cannot accept fraud or abolition of principles, the higher the integrity that an auditor has, the more quality the audit will be. Integrity requires members to comply with technical and ethical standards. This shows that with high integrity, the auditor can improve the quality of audit produced. Effective internal audit may be achieved if the auditor has good integrity. Auditors as the spearhead of the implementation of audit assignments must always improve the knowledge they already have so that the application of knowledge can be maximized in practice (Annisa & Abdul, 2014). In this study, integrity is measured with honesty, fairness, respect for others, work ethics; trustworthiness, credibility and responsibility.

2.1.3.2 Competency of Internal Auditors

Arens, Elder and Beasley (2012) defined competence as the knowledge and skills necessary to accomplish tasks that define an individual's job. Furthermore, competence refers to the ability of an individual to perform a job or task properly with the application of a set of defined knowledge,

skills, and behavior. For an internal audit to function effectively, it becomes an important element in helping an organization achieve its objectives. Competence means having the intelligence, education and training to be able to add value to the organization through performance (Chambers, 2014). MacRae and Van Gils (2014) conclude that organizations with internal audit activities are better able to identify business risks and systems inefficiency, take appropriate corrective action and ultimately support continuous improvement. Skillful staff with sufficient resources enhances the competence of an internal audit department and its effectiveness.

The qualification of the internal audit staff, especially those that are certified internal auditors, is also important. Certified and experienced staff members can have very good knowledge of the operations and systems of the departments and agencies, thus helping to reduce risk and to set proper audit scope of activities. The role of an internal auditor in an institution is to ensure that the organization adheres to all financial, personnel, lending, data processing, and other administrative policies and procedures as well as economy, efficiency and effectiveness with which resources are used (IIA, 2002).

Experienced and certified auditors will understand the system better, apply the necessary technology and database analysis, including all administrative policies and procedures, and will therefore save the departments and agencies a lot of man-hours and resources. The internal audit competence comes from long and intensive preparation, including instruction in the underlying knowledge, skills and methods, as well as scholarly principles, and the commitment to continued study (IIA, 2013a, 2013b). Gramling and Myers (2009) indicated that certification of internal auditors is perceived to be a signal of the significant level of competence and important for advancement within internal audit departments. The attributes that organizations should look for

when hiring internal auditors pertain to education, experience and professional certification, in addition to computer and communication skills (Harrington, 2004). Seol and Sarkis (2005) suggested that the fundamental skills internal auditors should possess include technical, analytical, appreciative, interpersonal and organizational skills. Thus, the level of experience and skills among internal auditors demonstrates the quality of their audits (Gramling&Hermanson, 2009; Zain, Subramaniam & Stewart, 2006).

2.2 Theoretical Review

Relevant theories relating to internal audit effectiveness had been used by previous researchers in order to give a clear picture on the relationship between organization and ethical factors and internal audit effectiveness. These theories include agency theory, virtue theory of ethics and resourced-based theory. The study discussed the originators of these theories, the philosophy behind the theories and their relevance to this study.

2.2.1 Agency Theory

The first scholars to propose explicitly that a theory of agency be created, and to actually begin its creation, were Stephen Ross and Barry Mitnick in 1972, independently and roughly concurrently. The researchers introduced the study of agency in terms of problems of compensation contracting; agency was seen, in essence, as an incentives problem. They introduced the now common insight that departments and agencies form around agency, and evolve to deal with agency, in response to the essential imperfection of agency relationships. That is, behavior never occurs as it is preferred by the principal because it does not pay to make it perfect. But society creates departments and agencies that attend to these imperfections, managing or buffering them, adapting to them, or becoming chronically distorted by them. Thus, to fully understand agency, we need both streams

to see the incentives as well as the institutional structures (Ross & Mitnick, 1972). Fama (1980) proposed that separation of security ownership and control can be explained as an efficient form of economic organization within the "set of contracts" perspective. He set aside the typical presumption that a corporation has owners in any meaningful sense and the concept of the entrepreneur for the purposes of the large modern corporation. Instead, the two functions attributed to the entrepreneur, management and risk bearing, were treated as naturally separate factors within the set of contracts called a firm. He proposed that the firm is disciplined by competition from other firms, which forces the evolution of devices for efficiently monitoring the performance of the entire team and of its individual members. In addition, individual participants in the firm, and in particular its managers, face both the discipline and opportunities provided by the markets for their services, both within and outside of the firm.

Agency theory is primarily concerned with the conflicting interest that often arises between principal and agent. According to Jensen and Meckling (1976), the agency problem is usually caused as a result of the problem of separation of power in some organizations. They further emphasized that agency problem often occurs as a result of relationship between owners and managers, which is very similar to relationship between principals and agents. They further postulated that this relationship is such that the owners contract the managers to perform the controlling task of the firm and then both of them seek to maximize their own utility and self-interest. This is because the managers knowing that he has effective control of the firm's resources often develop various way to ensure that they can consume a lot of benefit from the firm at the expense of the owner, while the owners, often develop various means of supervising and monitoring the agent to reduce all his ulterior motive about the business. Jensen and Meckling

(1976), have defined this cost caused as a result of the divergence between owner and managers as agency cost, which consist of monitoring cost incurred by the principal, bonding incurred by the agents and the residual loss.

According to the agency theory, a company consists of a nexus of contracts between the owner of economic resources (the principals) and manager (the agents) who are charged with using and controlling those resources'' (Jensen &Meckling, 1976). Agency theory posits that agents have more information than principal, and that such information asymmetry adversely affects the principals' ability to monitor whether or not their interests are being properly served by agents. Furthermore, an assumption of agency theory is that, principal and agents act rationally and use contracting to maximize their own wealth. A consequence of this assumption may be the ''moral'' hazard problem (Jensen &Meckling, 1976) where to maximize their own wealth; agents may face the dilemma of acting in the interests of their principal. Since principals do not have access to all available information at the time a decision is being made by an agent, they are unable to determine whether their interest is given priority (called adverse selection) and the moral hazard problem, principal and agents engage in contracting to achieve pareto-optimality, including the establishment of monitoring processes such as internal auditing (Adams, 1994).

Specifically, internal auditing is considered a bonding cost borne by agents to satisfy the principals for accountability (Sherer 1983).

The auditor dwindling between the management and board of the government department and agencies. Standard requires that to ensure internal auditor's independence, the internal auditor can have two reports which are administrative report (by reporting to the management) and functional reports (by reporting directly to the members of the Board of Directors).

2.2.2 Resource-Based Theory

This theory was propounded by Wernerfelt (1984). This theory posits how the success of an organization can be explained by its ability to obtain and keep useful resources and in that way be efficient (Pfeffer&Salancik, 2003). According to Pfeffer and Salancik (2003), efficiency in a company is its ability to create positive results and act in a way so that external actors are satisfied. Organization's performance depends on useful and important resources and this affects their behavior (Nienhüser, 2008). The resource-based theory explained behavior of organizations, which include organizational structures, actions and decision-making (Nienhüser, 2008). The organization is characterized as an open system that is affected by events in the external environment (Hillman *et al.*, 2009). The external environment is constantly changing and that makes it uncertain (Pfeffer&Salancik, 2003), and the company need to take action to reduce these uncertainties when they appear (Nienhüser, 2008). All companies depend on the external environment and other organizations, and the relationship to these affects the behavior of the company (Hillman *et al.*, 2009).

Another researcher that recognized the importance of resources in organizations was Newbert (2007) and argued that organization growth is due to how resources are employed. An organization consists of different kinds of productive resources and these resources can contribute to a organization's competitive position if they are used correctly and made available within the organization (Newbert, 2007). The performance of a company is driven directly by its products and services, but indirectly by its resources and organizations can perform above normal by identifying and acquiring vital resources (Newbert, 2007). Barney (1991) developed the ideas from Penrose and built his work on two main assumptions about organization resources and it was that

resources are immobile and heterogeneously distributed among organizations. This means that resources can have different values depending on the characteristic of the organization. According to Barney (1991) a organization cannot enjoy sustained competitive advantage when strategic resources are evenly distributed and completely mobile. According to the resource-based theory, there are critical resources and those who control these have power, and power influence behavior (Nienhüser, 2008). One of the main goals for an organization is to reduce others' power over them and to increase their own power over others (Hillman *et al.*, 2009).

The organization aims to reduce environmental uncertainty by controlling vital resources and in this way create competitive advantages on the market (Hillman *et al.*, 2009). Two of the most important factors for companies to create advantages against competitors are to take important strategic decisions and to have a good internal control (Bennet& Robson, 2003). A strategic decision could be to invest in the human capital or in other vital resources in the company to increase the competitiveness and be more successful. To maximize organization value, companies have to optimally mix people, technology and physical assets in order to reach their strategic goals (Pantzalis& Park, 2009).

The role of human capital in resource-based theory has been one of the most important factors for researchers that try to explain why some companies outperform others (Crook *et al.*, 2011). Organizations that have access to valuable resources, like human capital, that is difficult to duplicate or copy will outperform their competitors and that helps explain performance differences (Crook *et al.*, 2011). The main goal for most organizations is to have sustained competitive advantage and gain above-normal rates of return, which is the return in excess of an organization's

resource over opportunity costs (Mahoney & Pandian, 1992). An organization's unique characteristic of technical know-how and managerial capabilities is two of the most important factors that differentiate organizations (Mahoney & Pandian, 1992). These factors are sources to sustained competitive advantage and maximized performance (Mahoney & Pandian, 1992).

Resource based theory assumes that an organization that possesses both tangible and intangible resources would not only achieve its objective but also creating a competitive edge over its competitors. The resource-based theory posits that human resources (internal audit staff) cannot work in isolation without having adequate materials (information and communication technology) and support of both management and staff which would ensure effective delivery of its mandate. More so, the theory also assumed that an organization that possesses staff that is non-imitable and rare internal audit staff would be able to work effectively by reducing irregularities by staff and management of the company through establishing internal controls system as well as improving the existing framework on risk management and ensure effective corporate governance.

2.2.3 Deontology Ethic Theory

Deontology ethic theory was first propounded by German philosopher, Immanuel Kant in 1785 but was first used by Broad in 1930. It is one of the normative ethical theories which assert that the morality of an action should be based on whether that action itself is right or wrong under a series of rules, rather than based on the consequence of the action (Kant, 1785; Bruce, 2005). The deontology ethical theory suggests that actions are good or bad according to a system involving a clear set of rules and standards. Actions that obey the rules are ethical while the actions that do not are not ethical. It is sometimes called duty-obligation or rule-based ethics.

From the ethical perspective, an individual creates a range of rights and obligations as everybody has inherent integrity and dignity which is fundamental to and held in equal measure by each person (Bruce, 2005). This dignity creates an ethical line that prevents us from acting in certain ways either toward other people or toward ourselves. Depending on the system of deontological ethics, a moral obligation may arise from an external or internal source, such as set of rules inherent to the universe (professional code of conduct), religious law, or a set of personal or cultural values which may be in conflict with personal desires.

This theory is relevant to this study as there are rules guiding the conduct of an auditor (whether internal or external auditor) while discharging his services. These rules are set out the IFAC Code of Ethics for global consumption and ICAN Code of Ethics for the professional accountants in Nigeria such as integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Deontology ethic theory therefore states that the internal auditor should act in a way that always treat humanity whether his desires, relations or any other individual never as a means but always at the same time as an end as well as acting only according to maxim. However, one of the major criticisms against deontology theory is that it does not allow for gray areas because they are based on absolute and no clear way to resolve moral duties when they come into conflict with each other (Shockley, 2019).

2.3 Empirical Review

This sub-section concentrates on the review of previous empirical studies on the effect of organization characteristics and professional ethics on internal audit effectiveness of government departments and agencies in Kwara State. These studies were divided into studies from developed

economies, developing economies and studies conducted on Nigerian economy in order to bring out the gap clearly.

2.3.1 Studies on Developed Countries

Paul, Colin and Robyn (2008) investigated the value of internal audit in fraud prevention in the United States. Chi-square statistical technique was employed in analyzing the data collected through the questionnaire administered to the sample respondents. The result of the study indicated that outsourcing of internal audit function is less likely to reduce fraud. This implies that outsourcing of internal audit service may not be capable of reducing fraudulent activities in the United States. The study also found that internal audit function assists in fraud detection and prevention.

Arena (2013) examined the effect of internal audit on fraud prevention in Italian universities. The study obtained data through the copies questionnaire administered to thirty-five (35) employees of public universities in Italy. The result of the descriptive analysis revealed that hierarchical position of the internal audit unit, skills and competence of internal audit and types of activities performed by internal auditors have significant negative effect on fraud practices in Italian universities. This indicates that effective internal audit would reduce the level of fraud perpetration in the public universities in Italy.

Quick and Henrizi (2018) assessed experimental evidence on external auditor reliance on the internal audit. The study employed ordinary least square regression analysis to analyze the data collected through the questionnaire administered to one hundred and seventy-five (175) external auditors in Germany. The results indicated main effects for each factor and a two-way interaction

between the effectiveness of the internal control system and the quality of corporate governance. Specifically, a strong internal control system can compensate for weaknesses in corporate governance with respect to the confidence of external auditors in the internal audit effectiveness. Also, the type of audit procedure influences the willingness of auditors to rely on the internal audit effectiveness, and the inherent risk of the examined transaction strengthens the negative impact of client business risk on the reliance decision. Moreover, past experiences of external auditors with internal audit effectiveness have a significant impact on their reliance decision. Overall, the findings suggest that organizations can foster internal– external auditor coordination by enhancing corporate governance effectiveness and strengthening the internal control system.

Eulerich, Kremin and Wood (2019) investigated the factors that influence the perceived use of the internal audit function's work by executive management and audit committee. The data for the study were obtained through the online questionnaire distributed to the national institute of internal auditors in Austria, Germany, and Switzerland which consisted of eighty-six (86) open- and closed-response questions. The questionnaire was available to two thousand four hundred and fifty (2450) Chief Audit Executives (CAEs) while eight hundred and sixty-five (865) CAEs gave partial or full responses to the survey; of these, six hundred and eighty-three (683) participants answered all of the questions used for our analysis and thus formed our sample. The results of the two logistic regression analysis revealed that the existence of various factors that are relevant either to both groups (e.g., strategic project reports and internal audit function quality) or to only one (e.g., only audit committees are interested in risk management reports while only executive management teams are interested in internal control reports), depending on whether the internal audit function focuses on assurance or consulting work.

Ojra, Opute and Sabti (2020) conducted an analytic review on the influence of culture on the effectiveness of internal audit. Building on motivation theory, this study revealed the significant role that culture plays in organisational dynamics. This study also showed that while internal audit would aid effective decision making and extendedly organisational performance, outcomes that are contingent on internal audit quality and internal audit effectiveness, the extent to which quality and effectiveness of internal audit can be achieved would depend on the national and organisational culture features that condition internal audit practices.

Türetken, Jethefer & Ozkan (2020) assessed internal audit effectiveness operationalization and influencing factors. The study conducted a systematic literature review in order to identify relevant publications and collect and synthesize evidence on the operationalization of internal audit effectiveness and the factors that potentially influence the effectiveness of internal audits. A thorough analysis of the relevant studies resulted in a comprehensive list of indicators used for the operationalization of audit effectiveness and a list of potentially influencing factors. The results of the systematic review are synthesized into a framework.

2.3.2 Studies on Developing Countries

Zaini and Dennis (2011) examined the effect of commitment to independence on role ambiguity and role conflict on fraud prevention among listed companies in Malaysia. Multiple regression analysis was employed in analyzing the data collected through the questionnaire administered to fifty-six (56) respondents used as sample. The result of the study revealed that both role ambiguity

and role conflict are negatively related to commitment and independence of internal audit effectiveness.

Baharud-din, Shokiyah and Ibrahim (2014) investigated the factors that contribute to the effectiveness of internal audit in the Malaysian public sector. The study obtained its data through the questionnaire administered on one hundred and ninety-one (191) internal auditors that work in the ministries in Putrajaya. The study employed descriptive statistic, correlation and regression analysis were used to analyse the data from the survey. The result of the study showed that there were significant positive relationships among the factors analyzed in the study such as auditor competency, auditors' independence and objectivity and management support to the effectiveness of internal audit. Thus, the effectiveness of internal audit will depend strongly to the attributes of the factors analysed in this study.

Kitojo (2014) investigated the impact of internal audit efficiency on the effectiveness of financial management in public sector organizations using the local government authorities in Shinyanga region as a case study. The data for the study were obtained through the questionnaire administered to fifty-eight respondents chosen from six (6) districts councils of Shinyanga. The result of the multiple regression analysis indicates that poor leadership in the finance department, low salary, political interference, inconsistency of government policies, lack of experience and poor relationship among internal audit staff give room for more perpetration of fraud in the public sector organizations of Shinyanga.

Motubatse (2014) assessed the perceived role of internal auditing in financial fraud and detection in South-African public sector national departments. Using a meta-analysis approach, the study found that unauthorized expenditure, fruitless and wasteful resources exacerbate the level of fraud practice among public sector in South-Africa. Petrascu and Tieanu (2014) assessed the role of internal audit in fraud prevention and detection in Romania. Using a desktop review, the study revealed that internal audit functions reduce fraudulent activities in Romania.

Alzeban and Gwilliam (2014) examine the factors affecting the internal audit effectiveness using a survey of public sector in Saudi Arabia. Ordinary least square (OLS) regression analysis was employed in analyzing the data obtained through the questionnaire administered to sixty-seven (67) respondents. The study revealed that competence, size of internal audit department, relationship between internal auditor and external auditor, independence of internal auditor and management support have significant negative effect on fraud in Saudi Arabia.

Joseph, Albert and Byaruhanga (2015) assessed the effect of internal audit on fraud detection and prevention in District treasuries of Kakamega County of Kenya. The data obtained from the questionnaire administered to one hundred and four (104) respondents were analyzed using multiple regression analysis. The study found that there was a statistically significant relationship between control environment and risk management on fraud prevention and detection.

Mathenge (2016) examined the effect of internal audit on fraud detection in insurance companies in Kenya. The data collected through the questionnaire administered to staff of forty-one (41) insurance companies in Kenya were analyzed using multiple regression analysis technique. The result of the study revealed that compliance to audit policies, risk management, control of operations, financial reporting and fraud proactive audits have significant negative effect on the

level of fraud practices in Kenya. This indicates that the internal audit functions reduce the level of fraud among insurance companies in Kenya.

Chevers, Lawrence, Laidlaw and Nicholson (2016) assessed the effectiveness of internal audit in Jamaican commercial banks. The study employed ordinary least square regression analysis to analyze the data obtained through one hundred and fifty (150) questionnaires were distributed to employees in three commercial banks in Jamaica. The study found that the quality of audit investigation, organizational independence, professional proficiencies and management support have a significant impact on internal audit effectiveness.

Obeng (2016) examined the effectiveness of internal audit in micro financial departments and agencies with evidence from selected financial departments and agencies in Ghana. Data was obtained from three leading MFIs in Ghana. The data was collected from thirty (30) respondents in these MFIs using structured questionnaires and in-depth interview with chief internal auditors of the MFIs. Using a correlation analytical technique, the result of the study indicated a negative relationship between technical competence and internal audit effectiveness, no significant relationship between independence and internal audit effectiveness. The study recommends the upgrading of technical competence in audit staff through training programs to boost the effectiveness of the internal audit function.

Fitriyah (2016) investigated the role of internal audit unit in detecting and preventing fraud at public universities in West Java, Indonesia. The data for the study were collected through face to face interview and questionnaires administered to the sample respondents and were analyzed using descriptive statistical technique. The result of the study revealed that review of actual performance,

physical control; task distribution and fraud investigation have significant relationship with fraud activities.

Khaled and Mustafa (2016) investigated the direct relationship between internal auditor's characteristics and internal audit effectiveness and the moderating effect of senior management support. Standard multiple regression and moderated multiple regression were applied in analyzing the data collected through the questionnaire administered to one hundred and fourteen (114) members of Libyan Association of Accountants and Auditors. The findings reveal that internal auditor's characteristics have a significant impact on internal audit effectiveness, and senior management support has a moderating effect.

Salehi (2016) investigated the factors affecting the effectiveness of internal auditors in the Iranian companies. The data for the study were obtained through the questionnaire administered to three hundred and fifty-five (355) internal audit managers and two hundred and seventy-two (272) other internal audit staff. The results of the multivariate regression model showed that internal audit effectiveness has stronger relationships with management's support for hiring and experienced educated staff, providing the internal audit department with sufficient resources, and the size of internal audit department.

Nest, Smidt and Lubbe (2017) investigated the use of generalized audit software by internal audit functions in a developing country with evidence from South-Africa. The study collected data through the questionnaire administered on the sample banks in South-Africa and were analyzed using graphical method and descriptive analysis. The empirical results of this article also confirm that the maturity of the use of GAS by the internal auditors employed by locally

controlled South African banks is still lower than expected, given that the world, especially from a business perspective is now fully immersed in a technological-driven business environment.

Faiz, Nabella and Rudi (2016) examined the effectiveness of internal audit on fraud prevention and detection methods at universities in Indonesia. Frequency and simple percentages were employed in analyzing the data sourced through the questionnaire administered to the sample respondents. The study found that the effective ways of detecting and preventing fraud are through effective operational audit, internal control and the review and improvement of internal audit staff.

Gebeyrhu (2017) assessed the internal audit effectiveness in roads construction sector using Ethiopian Roads Authority as a case study. The study collected data through the copies of questionnaire administered to forty-five (45) internal audit staff of the Ethiopian Road Authority. The data was analyzed using both descriptive statistical like mean, median, standard deviation and narrative methods. Narrative analysis was used to explain the qualitative results of the survey. The study uncovered that, approved audit chart, existence of adequate and competent internal audit staff followed by organizational independence and management perception highly practical and affect the internal audit effectiveness in the ERA. However, if there is skilled staff procedure, compliance and evidence collections are not completed on time because of ERA's bureaucratic nature. Lack of regular and timely training for the IA staff is another challenge faced in ERA.

George, Michail, Evgenia and Angehki (2017) investigated the effect of internal audit effectiveness, auditor responsibility and training on fraud detection in Greece. The data for the study were collected through the questionnaire administered to one hundred and fifteen (115) respondent chosen as sample and were analyzed using ordinary least square regression analysis

(OLS). The study showed that internal audit effectiveness, internal auditor's responsibility and persistent training of internal auditor significantly increased the possibility of detecting fraud.

Drogalas et al (2017) investigated the effect of internal audit effectiveness, auditor responsibility and training in fraud detection in Macedonia. The data for the study were obtained through the questionnaire administered to two hundred and seven (207) respondents. The result of the Ordinary least square (OLS) regression analysis indicates that internal audit effectiveness, internal audit training and internal auditor's responsibility have positive and significant effect on fraud detection.

Asiedu and Deffor (2017) assessed ways of fighting corruption by means of effective internal audit function with evidence from Ghanaian public sector. Data were sourced through the questionnaire administered to three hundred (300) workers from public sectors in Ghana and were analyzed using partial least square-structural equation modeling (PLS-SEM) regression method. The study found that size of internal audit department and internal auditor independence have significant negative effect on fraud but found competency, and the relationship between internal auditor and external auditor to be insignificant.

Ismajli, Aliu, Sahiti and Lutolli (2017) examined the role of internal audit as a starting point for the discovery of irregularities in the financial statement of public companies in Kosovo. Correlation and regression analyses were employed in analyzing the data obtained through the questionnaire administered to the sample respondents chosen from ten (10) public companies in Kosovo. The result of the study revealed that internal audit functions reduce irregularities.

Mweti (2017) investigated the effect of internal audit functions on the level of financial fraud among commercial banks in Kenya. The data for the study was collected through the questionnaire administered to thirty-one (31) respondents from the sample banks and was analyzed using

multiple regression analysis. The results of the study revealed that fraud proactive audit, compliance to policies, control of operations and financial reporting techniques have significant negative effect on fraud practice.

Kabuye, Nkundabanyanga, Opiso and Nakabuye (2017) investigated the effect of internal audit organizational status, competencies, activities and fraud management in the financial services sector in Kampala, Uganda. Questionnaire were administered to seventy (70) respondents from fifty-four (54) services firms to obtained data for the study and were analyzed using partial least square (PLS) regression analysis. The study found that internal audit organizational status, internal audit department size and internal audit competence have significant negative effect on fraud. The result of the study also revealed that internal audit activities have insignificant relationship with fraud.

Ziniyel, Otoo and Andzie (2018) examined the effect of internal audit practices on financial management of universities in Ghana. Binary logistics regression analysis was employed in analyzing the data collected through questionnaire administered to the sample respondents. The result of the study revealed a significant negative relationship between competence and independence on fraud management of universities in Ghana.

Shohihah, Djamhuri and Purwanti (2018) examined and analyzed the influence of auditor competence, independence of internal audit organization, relationship between internal and external auditors, management support to the effectiveness of internal audit, and the effect of internal audit effectiveness on the corruption in Inspectorate General of Ministry of Religious Affairs. Data were sourced through the questionnaire administered to one hundred and fifty-two (152) respondents. The analysis method employed PLS (Partial Least Square) by utilizing

SmartPLS 2.0 software. The result of the research shows that there is positive influence of the auditor competence, independence of internal audit organization, relationship between the internal and external auditors, and management support to the effectiveness of internal audit. The study proves that the effectiveness of internal audit tends to decrease corruption. In addition, this study also supports the Inspectorate General of Ministry of Religious Affairs as part of the governance of Kemenag organizations can help fight corruption.

Purnamasari, Arezona, Lestira and Mey (2018) assessed the effect of internal auditor on four main pillars in fighting fraud in Indonesia. Multiple regression analysis was employed in analyzing the data collected through the questionnaire administered to thirty (30) respondents from public organization. The study found that internal audit has significant negative effect on all the four pillars of fraud, that is, fraud prevention, fraud detection, fraud investigation and follow-up legal action.

Zeyn (2018) assessed the effect of internal audit quality on financial accountability quality at local government in Indonesia. Simple regression analysis was used to analyze the data obtained through the questionnaire administered on thirty-six (36) respondents Inspector, Inspector of area, audit team leader and members of audit team. This study showed that the internal audit quality effect the financial accountability quality of Indonesian local government.

Chang, Chen, Cheng and Chi (2018) evaluated the impact of internal audit attributes on the effectiveness of internal control over operations and compliance in Taiwan. The study employed probit regression analysis in analyzing the data obtained from the financial reports of the one hundred and forty-two (142) companies for the years 2005 to 2007. The results suggest that a larger

internal audit team can enhance internal audit performance for both operations and compliance, whereas internal auditor competence is positively associated with the effectiveness of internal control over compliance, but not operations.

Islam, Farah, and Stafford (2018) examined the factors associated with the extent of security/cyber-security audit by the internal audit function (IAF) of the firm. Specifically, the study focused on whether IAF/CAE (certified audit executive characteristics, board involvement related to governance, role of the audit committee (or equivalent) and the chief risk officer (CRO) and IAF tasked with enterprise risk management (ERM) are associated with the extent to which the firm engages in security/cyber-security audit. The study used the responses of nine hundred and seventy (970) certified audit executives as compiled in the Common Body of Knowledge database (CBOK, 2015) developed by the Institute of Internal Auditors Research Foundation (IIARF). The results of the stepwise regression analysis suggest that the extent of security/cyber-security audit by IAF is significantly and positively associated with IAF competence related to governance, risk and control. Board support regarding governance is also significant and positive. However, the Audit Committee (AC) or equivalent and the CRO role are not significant across the regions studied. Comprehensive risk assessment did by IAF and IAF quality have a significant and positive effect on security/cyber-security audit. Unexpectedly, CAEs with security certification

and IAFs tasked with ERM do not have a significant effect on security/cyber-security audit; however, other certifications such as CISA or CPA have a marginal or mixed effect on the extent of security/cyber-security audit.

Musah, Gapketorand Anokye (2018) examined factors that determine internal audit effectiveness in State-Owned Enterprises (SOEs) in Ghana. Data was collected through the administration of questionnaires to one hundred and fifty (150) respondents comprising of internal auditors, accountants and management of these sampled SOEs in Ghana. The data collected was analysed quantitatively by the use of Ordinary least squares (OLS) multiple regression. The results of the study showed that management support for internal audit function is the most significant determinants of internal audit effectiveness. The study also revealed that size of internal audit unit, competence of internal audit staff, independence of internal audit unit as well as good relationship between internal and external auditors were significant determinants of internal audit effectiveness.

FadlKarrar (2018) conducted an empirical study on the factors affecting internal audit effectiveness in Sudanese public sector. The data collection was conducted based on a survey from the selected public-sector offices that have internal audit team in their offices. From each public-sector office, the management members; chief executive officers (CEO), chief finance officer (CFO) and their respective deputy senior managers were used as the respondents. The internal auditors of those purposively selected public-sector offices also participated for the questionnaires administered. The data collected from sixty-eight respondents were analyzed using ordinary least square regression analysis. The study found that Management support was positively contributed to the effectiveness of internal audit functions in selected Sudan public sector offices in term of

full cooperation with auditor to access records and information, they give the necessary resources (facilities) that help the auditors to perform auditing activities as needed, supports the auditors by providing training in order to improve their skill and update with the field. The study also revealed that the existence of adequate and competent IA staff, was positively contributing to the effectiveness of internal audit functions in selected SUDAN public sector offices because most of them have certification in auditing.

Kaboi, Kiragu and Riro (2018) investigated the influence of internal audit independence on internal audit effectiveness in the Kirinyaga county government, Kenya. The data for the study was collected through the questionnaire administered to forty six (46) staff members from the Directorate of Internal Audit of Kirinyaga County Government. The output of the ordinary least square regression analysis indicated that the audit function was less than independent in evidence analyzed. It was further revealed that internal audit independence had positive and significant effect on internal audit effectiveness. The study concluded that internal audit independence was an important predictor of the effectiveness of the audit function in the county government.

Tahajuddin and Kertali (2018) investigated the effects of internal audit independence and objectivity on internal audit effectiveness in the Malaysian context. The study collected its data through the questionnaire administered to one hundred and nineteen (119) internal auditors who are members of the Institute of Internal Auditors Malaysia and were analyzed using structural equation modeling (SEM). The findings revealed that internal audit independence was positively affecting internal audit effectiveness. In contrast, the effect of internal audit objectivity does not appear in the relationship with internal audit effectiveness.

Jachi and Yona (2019) examined the impact of professional competence and staffing of internal audit function on transparency and accountability using Zimbabwean Local Authorities as case study. Questionnaire was used to collect data from one hundred and eighty-two(182) respondents and interviews were conducted on thirteen(13) senior managers and eight (8) Chief Audit Executives from local authorities in Zimbabwe. Regression and multivariate analysis were used to test the hypothesis. The study found that internal audit function professional competence and staffing is positively associated with transparency and accountability in Zimbabwe local authorities. The study established that there is a significant positive relationship between internal audit function competency dimensions of qualification, experience and training and transparency & accountability in Zimbabwe local authorities. The study reveals the need to improve and uphold internal audit function competency through creation of an enabling environment to support internal audit functions and guarantee their effectiveness in upholding corporate governance practices.

Quaye (2019) examined the level of effectiveness of the internal audit function of public tertiary departments and agencies in Ghana and its influencing factors such as audit processes and organizational characteristics. The study employed Partial Least Square-Structural Equation Model technique to analyze the data obtained through the questionnaire administered to ninety (90) heads of internal audit in Ghanaian public tertiary departments and agencies. The results show that the effectiveness of the public tertiary departments and agencies's internal audit function is on the medium-low level scale adopted in the study. This level of effectiveness is characterized by involvement in internal control audit process, top-level management support, resource availability and the management of the internal audit department.

Poltak, Sudarma and Purwanti (2019) examined the effect between coordination and cooperation in internal auditor with external auditors to an effectiveness of internal audit moderating for role

of management support. The data obtained from the questionnaire administered to thirty-one(31) internal auditors and thirty-one (31) KKP employees. The research questionnaire data to test hypotheses were analyzed with the Partial Least Squares (PLS) analysis tool. The results showed that the coordination and cooperation of internal auditors with external auditors had a positive effect on the effectiveness of internal audits. In addition, management support was able to moderate the coordination and cooperation of internal auditors with external auditors on the effectiveness of internal audits.

Solomon (2019) investigated the factors affecting internal audit effectiveness in Ethiopian private commercial banks. The data for the study were collected using structured questionnaires, with total of one hundred and sixty-eight (168) questionnaires were distributed to internal auditors of all Private commercial banks, and one hundred and forty-seven (147)were returned. The data were run with SPSS version 20 and standard regression analyses were carried out to examine the attributes of internal audit effectiveness. The study found that there existed significant positive relationships between the factors (Independence and objectivity of internal auditors, Competency of internal audit staffs, Existence of audit committees) and internal audit effectiveness. However, Organizational Setting and Management support have no significant effect on internal audit effectiveness.

Alqudah, Amran and Hassan (2019) investigated the Factors affecting the internal auditors' effectiveness in the Jordanian public sector using task complexity as moderating variable. The study utilized one hundred and seventeen (117) usable questionnaires obtained from financial managers and internal audit (IA) managers of the Jordanian public sector departments and agencies. The collected data were analyzed using partial least squares-structural equation modeling (PLS-SEM). The results reveal that external auditors' cooperation, top management

empowerment, and internal auditors' independence are the factors which positively and significantly affect the internal auditors' effectiveness, as supported by the resource-based theory, with incomplete support for the task complexity's role as a moderator.

Setyaningrum and Kuntadi (2019) examined the effect of competence, independence, audit work and communication on the internal audit effectiveness in Indonesia. The study employed principal components factors to analyzed the data collected through the questionnaire administered to one hundred and nine (109) auditors in Inspectorate General of the Ministry of Transportation as respondents. The results show that competence, communication and audit work has positive effect on internal audit effectiveness, while independence has no effect on internal audit effectiveness. This result implies that the auditor should be equipped with technical competence as well as non-technical competencies relevant to their audit area. Audit work from planning, implementation and post-audit should always be complied with standard audit. Effective oral and written communication between the auditor and the management should also be enhanced in the form of audit reports to the follow-up of audit recommendations. Independence in this study does not affect the effectiveness of the internal audit, because independence is fact is the main requirement when conducting audit.

Mohd Yusof, Ismail and Chye (2019) examined the effect of independence of internal audit unit on the internal audit capability of Malaysian public sector organizations. Questionnaires were sent to head of internal auditors which list obtained from National Audit Department. Total of seventy (70) responses was received and analyzed for descriptive statistics and relationship testing using SPSS and Smart PLS. It was found that 47 organizations were only at capability level 1 Initial while remaining 13 organizations were at least scored capability Level 2 Infrastructure. This shows that the Malaysian public sector must strengthen its internal audit unit, especially in People

Management, to develop higher capability level. It was also found that independence of the internal audit unit has a positive and significant influence on the overall internal audit capability level. Lack of independence results in lack of quality internal audit unit thus gives an impact on the capability level. IACM used in this study could provide the organization with a road map to enhance its capability.

Abdullah and Mustapha (2020) investigated the factors impact on internal audit effectiveness (IAE) in Kurdistan Iraq. Data were collected from fifteen (15) directors of Colleges and fifteen (15) internal audit managers at University of Duhok. The relationship between internal audit effectiveness and three principle factors has been examined using multiple regression analysis. Findings reflect that management support for internal audit perceived effectiveness of internal audit from both directors of colleges and internal auditor's perspective. Management support is related to occupy experienced and trained staff, providing sufficient resources. However, the study found insignificant relationship between independence of the internal audit and internal audit effectiveness.

Mensah, Ngwenya, and Pelsler (2020) investigated the impact of antecedents of internal audit function effectiveness at a private university in Ghana. A structured questionnaire was administered to 250 respondents, systematic randomly selected from a target population of 480. Data collected were analysed descriptively and inferentially. The inferential statistics employed were correlation and multiple regression. The results reveal that, independence of the internal auditing staff, competence and support and commitment of management have impact on the effectiveness of internal auditing. Furthermore, the antecedents have a positive correlation with

internal audit effectiveness, and collectively account for 68.6% of the effectiveness of internal audit function.

Arles, Rita and Andreas (2020) investigated the factors affecting the internal audit effectiveness in Sumatera by focusing on competence and independence internal audit department with management support as moderate variable. The study employed Partial Least Square (PLS) regression analysis to analyze the data obtained through the questionnaire administered to eighty(80) respondents which consist of managers, internal auditors and accountants in banks Pembangunan Daerah (BPD) in Sumatera, Indonesia. The results of the study revealed the existence of a positive influence of independence and management support on internal audit effectiveness, but found competence of internal audit not to have effect on the likelihood of internal audit effectiveness. In addition, the study found management support lower effect independence to internal audit effectiveness, but does not affect competence to internal audit effectiveness.

Abrar (2020) conducted an empirical study on the assessment of internal audit effectiveness in Ethiopian shipping and logistics service enterprise. The data obtained through the questionnaire administered to forty-five (45) respondents from sample companies were analyzed using descriptive statistic (simple percentage, mean and standard deviation). The results of the descriptive statistical analysis result indicated that internal audit effectiveness in Ethiopian shipping and logistics service enterprise found good. The Internal Audit effectiveness of the organization will be augmented when there were the existence of quality of audit work, competency of internal auditors, more supports from the management, have independence of internal auditor and the commitment of the management should be improved as it is evaluated and needed to be above the average range.

Khalid and Sarea (2020) evaluated the effect of independence on effectiveness in internal Shariah audit with insights drawn from Islamic agency theory. Using a theoretical approach, the study revealed that Effective internal Shariah auditing, as a mechanism of assuring Shariah compliance by IFIs, varies directly with the degree of independence enjoyed by internal Shariah auditors themselves. The research propounds that an articulated Islamic agency theory holds potential to serve as a theoretical foundation to build a multi-dimensional conceptual framework based on independence utile for evaluating internal Shariah audit effectiveness.

Yeboah (2020) conducted a desktop review on internal audit effectiveness. Some empirical findings were selected for the study. It was revealed that studies concentrated on public sector organizations. Also, internal auditors' attributes were identified as the key for the measurement of internal audit effectiveness and that the relationship of internal auditors and external auditors, chief audit executives and senior management play a pivotal role in internal audit effectiveness. It was recommended that research in internal audit effectiveness should encapsulate empirical studies in the private sector organizations; comparative analysis of private and public sector organizations; attributes of internal auditors as the core measurement; and the relationship and/or causality of management support and internal audit effectiveness. Furthermore, the study recommends that the relationship of internal auditors with others including external auditors, chief audit executives and senior management should be emerging areas of research in internal audit effectiveness.

2.3.3 Empirical Studies from Nigeria

Unegbu and Kida (2011) assessed the role of internal audit as instrument of improving public sector management with evidence from public sector in Kano state, Nigeria. The data collected

through the questionnaire administered to five hundred and ten (510) respondents who are internal auditors and accountants. The result of the chi-square statistical technique revealed that effective internal audit function would hinder fraudulent practices Kano state public sector organizations.

Abu-Saeed and Kabir (2012) examined the role of internal audit in fraud prevention in government owned hospitals in Nigerian setting. Chi-square statistical technique was employed in analyzing the data obtained through the questionnaire administered to sixty-six (66) respondents. The study found that lack of basic knowledge, cooperation between audit staff and other departments increase the level of fraud practices in Nigerian hospitals.

Muazu (2012) examined the role of internal auditors in ensuring effective financial control in local government area using Alkaleri local government of Bauchi state as case study. The data collected through the questionnaire administered to the sample respondents were analyzed using simple percentage and frequency. The result of the study indicated that lack of internal auditor's independence, understaffing of audit department, weak internal control and lack of internal auditors' professional knowledge contribute to high level of fraudulent practices in the sampled local government of Bauchi state.

Olowolaju (2013) assessed the effect of internal audit on prevention of frauds, errors and irregularities in Nigerian corporate organizations. Simple percentage and frequency were employed in analyzing the data collected through the questionnaire administered to one hundred and fifty (150) corporate organizations in South-West Nigeria. The study found that the existence of internal audit department in a business organization is a good tool for control of errors, fraud and irregularities.

Abiola and Oyewole (2013) evaluated the effect of internal audit on fraud detection in selected commercial banks in Nigeria. Ordinary least square (OLS) regression analysis was employed in analyzing the data collected through questionnaire administered to the sample respondents. The result of the study revealed that internal audit has significant negative effect on fraud practices in Nigerian banks.

Onoja and Haruna (2015) investigated the impact of internal audit techniques and fraud prevention in selected local government councils in Bauchi state. The data for the study were collected through questionnaire administered to internal auditors in thirteen (13) local governments and were analyzed using chi-square and Pearson's product moment correlation. The result of the study indicates that auditors in local government are not independent and led to increase in fraud practice. The study also found that internal auditor analytical skills reduce fraudulent practices among local government councils in Bauchi state.

Sorunke (2016) assessed the effect of internal audit on fraud control in public departments and agencies in Nigeria using a survey of local government councils in Osun state. Chi-square statistical analysis was employed in analyzing the data obtained through the questionnaire and interview conducted on internal auditors of thirty (30) local governments in Osun state. The result showed that internal auditors lack operational independence which subsequently leads to increase in the practice of fraudulent activities in local government councils in Osun state.

Usang and Salim (2016) examined the influence of the dimensions of internal audit quality on the performance of local governments in Nigeria. Data for the study were obtained through the questionnaire administered to three hundred and one (301) heads of internal audit unit of Nigeria local governments. Robust regression analysis was conducted using the Stata software. The results

show that internal audit competence, training and development, organizational independence, and management support for internal audit had significant positive relationship with local government performance while internal audit quality of work performed, though positive, had no significant relationship with local government performance in Nigeria. Furthermore, management support towards internal audit had more influence on local government performance. This implies that a commitment on the part of local government administrators towards strengthening the quality of internal audit will contribute more towards remedying some performance failures currently being faced.

Udeh and Eugene (2016) evaluated the effectiveness of internal audit in the Nigerian public sector. A structured questionnaire was administered to one hundred and eighty-two (182) respondents which made up of one hundred and twenty-seven (127) accountants and fifty-five (55) accountants and internal auditors in the parastatals of selected four (4) local governments in Enugu State. The results of the chi-square analysis revealed that in spite of availability of adequate punishments, they were not effectively applied across boards for violations of internal audit procedures. The study concluded that efforts should be geared towards updating the knowledge of internal auditors rather than engaging in interminable search for error-proof internal audit procedures.

Oyewumi, Ayoib and Popoola (2017) studied the relationship between internal auditors' independence and objectivity on fraud prevention. Using a meta-analysis technique, the study found that internal auditors usually face the challenges of victimization and ridicule from the management in the course of discharging their duties, hence preventing them from putting required effort in combating fraud.

Okaro, Okafor, Nwanna and Igbinovia (2017) assessed internal audit function for effective role in risk management with evidence from micro finance banks in Anambra State, South East of Nigeria. The study employed descriptive analysis to analysed the response collected through structured questionnaire administered to one hundred and thirty-five (135) respondents chosen from eighteen (18) micro-finance banks in Anambra State. The outcome of the study revealed that lack of access to relevant information constitutes the greatest set back to internal auditors in their role in risk management. Lack of adequate training was also another major impediment.

Olaoye and Dada (2017) examined the roles of internal auditors in fraud detection and prevention in Nigerian deposit money banks in South-West Nigeria. Analysis of Variance and multiple regression analysis were employed to analyzing the data collected through the questionnaire administered to the internal audit staff of the sample respondents. The study found that risk assessment, system audit and financial report verification have significant and negative effect on fraud practices in the selected banks.

Bello, Che Ahmad and Mohamad Yusof (2018) investigated internal audit quality dimensions and organizational performance in Nigerian federal universities focusing on the role of top management support. The study employed a sample of internal audit staff at senior level from forty (40) federally owned universities in Nigeria where four hundred (400)consisting of ten (10) most senior internal auditors with salary scale ranges from consolidated salary structure of 07-15 in the sampled universities. Questionnaire instrument was used in generating the data having subjected to Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA) aimed at

establishing underlying dimensions. The data was collected and analysed using multiple regression and the findings revealed that interaction of internal audit competence, internal audit independence, and internal audit size, with top management support significantly and positively influence organization performance of Nigerian federal universities. The findings provide ground for new policy initiatives to strengthen internal audit and enriched the literature by providing the moderating effect of top management support as instrumental to organizational performance.

Felix (N:D) investigated whether or not effective internal audit functions: serve as a panacea for public sector management and accountability in Ebonyi State, Nigeria. The data for the study were generated via a well-structured questionnaire administered on two hundred and forty-five (245) respondents in the audit department of the state government ministries and parastatals in Abakaliki, Ebonyi State. The data collected were analyzed using cross tabulations, descriptive statistics and spearman rank order correlation co-efficient. The study observed that effective internal auditing will ensure proper stewardship reporting. Inadequate qualified manpower does hinder proper auditing of government account in the state. The study concludes that effective and efficient internal auditing of government accounts is fundamental to effective stewardship reporting by account officials without political and administrative interference. The study recommended that objectivity, integrity and transparency should be the watch-words by auditors and account officials in the state account departments and improvement of Internal Auditors remuneration and fringe benefits should be improved upon to enhance their performance.

Okodo, Aliu and Yahaya (2019) conducted a conceptual review on the reliability of the internal audit functions in Nigeria. The paper identified and discussed four (4) of such factors such as competency of internal auditors, level of management support/influence, independence and

objectivity of internal auditors; and regulatory issues. The paper took a conceptual approach and draws its basis from the departments and agencies and protection motivation theories. Based on literature and other documentary evidences, the paper took the position that the four identified factors would most likely influence the internal audit reliability.

Taiwo (2019) conducted an empirical study on an assessment of the determinants of internal audit efficiency in the Nigerian public sector. The data used were collected from primary sources of which two ministries (Federal ministry of finance and Ministry of Works) were selected from four (4) States (Ekiti State, Ondo State, Oyo State and Osun State) using a purposive sampling technique because they had almost the same structural and operational characteristics in their internal audit structures. Data gathered were proportionately stratified through random sampling technique, descriptive statistic and Z-test was used for data analysis. The result of the analysis Z-test shows that internal audit efficiency has a significant effect on the performance of the Nigerian public sector. The results from the respondents to the determinants in the area of public performance on the incidence of irregularities by the appropriate authorities, flaw of audit model and accounting system, inadequacy of the internal control system and known- implementations of routine audit report has contributed to the challenges of internal audit efficiency.

Ojo (2019) examines the relationship between internal audit and risk management in ten selected Ministries, Departments and Agencies in Rivers State. Data were generated with the aid of information collected via the copies of questionnaire administered to one hundred and nine(109) respondents. Spearman's rank order co-efficient of correlation was used to test the hypotheses of the study. From the findings, the concept of internal audit creates positive impact on risk control

and risk financing. In conclusion, internal audit has a significant impact in risk management in the Nigerian public sector MDAs.

Ezekiel (2019) investigated the effect of internal audit quality on corruption in Nigerian public sector. Data for the research were obtained through the administration of questionnaire to one hundred and sixty (160) internal auditors in public sector organization in Lagos State. The results of the multiple regression analysis shows that internal auditors' independence and competency have significant effect on corruption and can help in checkmating corruption in the public sector. The study concluded that internal audit quality must be pursued by ensuring that the internal auditor carries out his responsibility independently through the enactment of laws that protect the job of the internal auditor.

2.4 Summary and Gaps Identified in the Literature

The literature review indicated that there are some gaps still left unfilled. Therefore, this study provides further evidence to fill the gaps identified in the literature.

Geographically, few of the studies reviewed on internal audit effectiveness were conducted in developed countries such as the United States of America, Germany, Switzerland (see Paul, Colin & Robyn, 2008; Quick &Henrizi, 2018; Eulerich, Kiemin& Wood, 2019) while large number of the studies reviewed were carried out in other developing countries such as Malaysia, South-Africa, Jamaica, Ghana, Iran, Kenya, Iraq, Greece, Indonesia, Ethiopia, Jordan, Taiwan, amongst others (see Alzeban&Gwilliam, 2014; Joseph, et al., 2015; Chevers, Lawrence, Laidlaw & Nicholson, 2016; Obeng, 2016; Fitriyah, 2016; Salehi, 2016; Nest, Smidt&Lubbe, 2017; Gebeyrhu, 2017; George, et al., 2017; Asiedu&Deffor, 2017; Purnamasari, et al., 2018; Zeyn 2018; Quaye, 2019; Solomon, 2019; Alqudah, Amran& Hassan, 2019; Abdullah & Mustapha, 2020;

Abrar, 2020; amongst others). Base on extant literature and to the best of the researchers knowledge and there is little or no empirical studies on the effect of organization attributes and professional ethics on internal audit effectiveness in Nigeria, Kwara State in particular.

Conceptually, a very large the studies reviewed in the Nigeria context (see Bello, Che-Ahmad MohamadYusof, 2012; Muazu, 2012; Abiola&Oyewole, 2013; Sorunke, 2016; Oyewumi, Ayoib&Popoola, 2017; Okaro, et al., 2017; Olaoye& Dada, 2017; Ezekiel, 2019) focused on the effect of internal auditor's independence, competence, management support and size of internal audit on fraud prevention and detection. This study differs as it considered the effect of internal auditor's integrity, remuneration and information technology penetration on internal audit effectiveness. Based on the extant literature reviewed and to the best of the researcher's knowledge, there seems to be few studies that conducted an empirical investigation of the effect of ethical factors such as internal auditor's integrity and internal auditor's remuneration on internal audit effectiveness in the Nigerian context.

Institutionally, most of the studies conducted in the Nigerian context were centered on local governments in various States of the country (see Onoja & Haruna, 2015; Sorunke, 2016; Udeh & Eugene, 2016), banking sector (see Abiola & Oyewole, 2013; Okaro, et al., 2017; Olaoye& Dada, 2017), corporate firms (Olowolaju, 2013). This study is different has it focused on government department and agencies in Kwara State.

Methodologically, a large number of the studies reviewed had used chi-square statistical technique (Unegbu& Kida, 2011; Abu-Saeed &Kabir, 2012; Onoja&Haruna, 2015; Sorunke, 2016; Udeh& Eugene, 2016); Descriptive analysis (see Muazu, 2012; Olowolaju, 2013; Okaro, et al., 2017) and ordinary least square regression analysis (Bello, Che-Ahmad &MohamadYusof, 2012;

Abiola&Oyewole, 2013; Olaoye& Dada, 2017). This study therefore, employed Partial Least Square Structural Equation Modeling (PLS-SEM) in testing the effect of the independent variables on the dependent variable in the study as little or no studies were found to use this estimation technique. The application of this estimation technique is justifiable because of its capability of running the relationship between two or more variables simultaneously (Hair, Hult, Ringle&Sarstedt, 2016). Also, PLS-SEM can effectively deal with multicollinearity problem among the latent variables, and can run relationship between four variables concurrently.

Theoretically, a very large number of the studies reviewed (such as Unegbu& Kida, 2011; Abu-Saeed &Kabir, 2012; Muazu, 2012; Bello, et al., 2012; Abiola&Oyewole, 2013; Olowolaju, 2013; Onoja&Haruna, 2015; Sorunke, 2016; Udeh& Eugene, 2016; Okaro, et al., 2017; Olaoye& Dada, 2017) used the assumptions of agency theory, stewardship theory and resourced-based theory in explaining the relationship between internal audit and fraud prevention. This study is unique as it used the assumption of deontology theory of ethics in explaining the relationship between ethical factors on internal audit effectiveness.

2.5 Theoretical Framework

The study was guided by the assumptions of resource-based theory and deontology ethic theory. The justification for the use of two theories is that one theory may not be capable of explaining the relationships between the dependent variable and the independent variables. The assumption of resourced based theory was applied to predict the relationship between the first two variables (organizational factors) while the assumption of deontology ethic theory was used in predicting the relationship between ethical factors (integrity and competence) and internal audit effectiveness.

Resourced based theory assumes that an organization that possesses both tangible and intangible resources would not only achieve its objective but also creating a competitive edge over its competitors. The resource-based theory posits that human resources (internal audit staff) cannot work in isolation without having adequate materials (information and communication technology) and support of both management and staff which would ensure effective delivery of its mandate. More so, the theory also assumed that an organization that possesses staff that is non-imitable and rare internal audit staff would be able to work effectively by reducing irregularities by staff and management of the company through establishing internal controls system as well as improving the existing framework on risk management and ensure effective corporate governance.

Deontology ethic theory posits that action of an individualism based on set of rules or standards guiding his conduct rather than his/her way of doing things. This implies that an internal auditor that discharges his duties in line with the required Code of Ethics is expected to be effective. An internal auditor that works with high level of integrity would not be bias and would not allow his interest to supersede the interest of others, hence would always work towards achieving organization goal through reduction in any form of irregularities. More so, an auditor with the required qualification and experience would be able to discharge his duty with high level of confidence through providing relevant recommendation that can ensure effective internal controls systems and risk management.

2.6 Conceptual Framework

This sub-section show the diagrammatic representation of the assumption of the theories employed on the relationship between the independent variables and dependent variable.

Independent Variables

ORGANIZATIONAL ATTRIBUTES

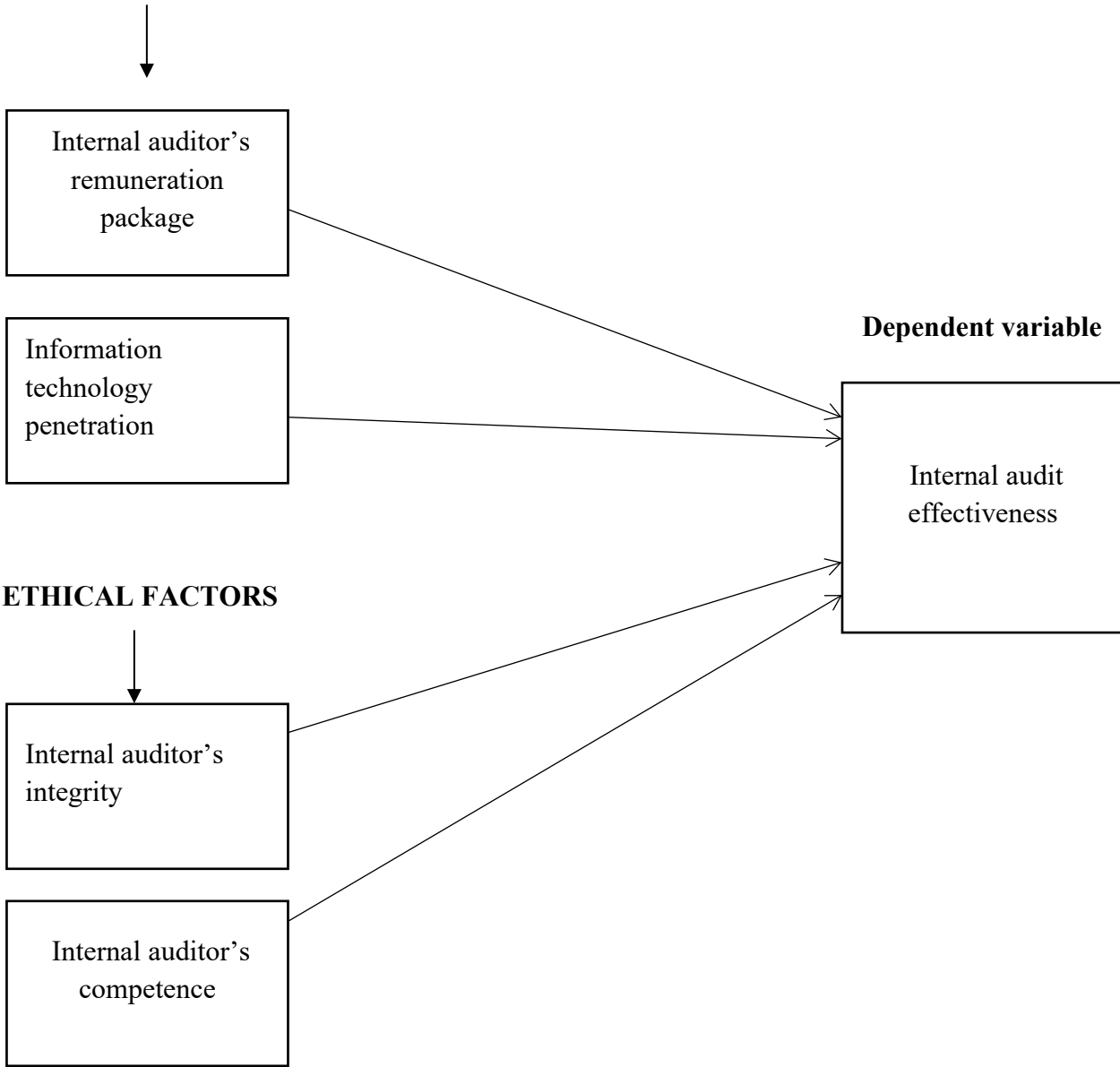


Figure 2.1
Source: Author's Conceptualisation (2021).

The figure 2.1 depicts the conceptual framework of the dependent and the independent variables used in the study. The dependent variable is internal audit effectiveness in government departments and agencies. The independent variables are the organization factors (proxy with internal auditor's remuneration and information technology penetration while the ethical factors are internal auditor's attributes (integrity and competence of the internal auditor). The researcher expects that both organization factors (internal auditor's remuneration and information technology penetration) and internal auditor's attributes (integrity and competence of internal auditor) would enhance the qualities of internal audit of Kwara State government departments and agencies .

This expectation was based on the assumptions of the theories (resourced-based and deontological ethic theory) adopted in the study. Resource-based theory assumes that for an organization to achieve effective internal audit, it should be able to obtain and keep useful resources in an efficient way through provision of adequate remuneration and effective information technology system that can aid internal auditor to working effectively. In the same vein, the deontological ethics thoery posits that an individual will deliver his service with competence as well as in line with the professional ethical requirements when he knows that his integrity is at stake, thereby doing the right thing at the right time and place, hence effective internal audit services.

The expectation was as a result of the outcome of the previous studies (such as Alzeban & Gwilliam, 2014; Motubatse, 2014; Joseph, et al., 2015; Drogolas, et al., 2017; Solomon, 2019; Alqudah, et al., 2019; MohdYusof, et al., 2019; Abdullah & Mustapha, 2020) where the found that organization and individual attributes would lead to effective internal audit.

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CHAPTER THREE

METHODOLOGY

This chapter explained the methods and procedures used in collecting data for the study and the technique used in analyzing the data collected. It also discusses the population of the study, the

sample size and the sampling technique, the definition and measurement of variables and model specification of the study.

3.1 Research Design

This study adopts cross-sectional research design. A cross-sectional survey research design involves a situation whereby the researcher selects a sample of respondent from a population and administered a standardized questionnaire to those respondents. The basis for using this design is because the study picks a sample of respondents from a larger population so as to make inferences on the subject matter through administering of copies of standardized questionnaire to the sampled respondents in order to ascertain the impact of the independent variables on the dependent variable.

3.2 Population of the Study

The focus of this study is to examine the effect of organization and ethical factors on internal audit effectiveness of government agencies and departments in Kwara State. Thus, for the purpose of this study, all the internal audit staff of government departments and agencies located in Kwara State are essentially the target respondents while some selected principal officers also provide relevant information to achieve the target objective.

The population for the study was chosen from eighteen (18) government agencies and departments that have been in existence for more than ten (10) years. The total number of respondents drawing from the chief executive of the departments and agencies, directors of finance, works and administrative section from each department and agencies, the heads of department and senior staff from each audit department constitutes the secondary population of the study from which the sample size was drawn from. The total number of respondents as explained in the preceding sentence was four hundred and sixty-eight (468).

3.3 Sample Size and Sampling Technique

The sample size for the study is two hundred and sixteen (216) respondents. The sample size was determined using Taro & Yamane (1967) statistical sampling method of determining sample size. The study employed stratified sampling techniques in selecting the respondents. The researcher used all the chief executive officers totaling eighteen (18) in order to answer the questions on the effectiveness of the internal audit department. The other respondents were stratified into group of Directors, heads of department and senior staff of the internal audit departments and were chosen based on the population size of each stratum. Twenty-two (22) directors, twenty-two (22) senior audit staff and one hundred and fifty-four (154) heads of department were chosen from each stratum.

3.4 Source and Method of Data Collection

The main source of data collection for this study is through primary source. This was collected through the copies of questionnaire administered to the target respondents. The questionnaire was separated into two (2) parts, section A and B. Section A dealt with the profile of the respondents while section B centered on the research questions raised in order to achieve the objectives of the study.

Given the natures of study variables various response formats were used for Integrity by asking the level of integrity in the form of (0 to 100) % in a 5 points likerts scale, with 100% represent strongly agree, 80% represent agree, 60% represent undecided, 40% represent disagree and 20% represent strongly disagree. For competency, the response format was in form of likerts scale ranging from strongly agree, agree, undecided, disagree and strongly disagree while SA represent 5, A represent 4, undecided represent 3, D represent 2 and SD represent 1. For remuneration, the

response format was also in likert scale rating how good the remuneration practice in the respondents working place is, the scale ranging from very good representing 5, good representing 4, average representing 3, low representing 2 and poor representing 1. Also, information technology penetration, the response format was in form of likerts scale ranging from strongly agree, agree, undecided, disagree and strongly disagree. The concept used reflect these variables were adapted from Alzeban and Gwilliam 2014, Kabuye, *et al.*, 2017; Asiedu & Deffor, 2017; and Drogresponseal, *et al.*, 2017 and modified.

3.5 Validity and Reliability Test of the Instrument

Prior to hypotheses testing, the questionnaire was subjected to validity test through content validity test method. Content validity test method measures the extent to which a measure covers the construct of interest of a researcher. The questionnaire was given to the supervisor as well as other academicians in the field of accounting and auditing for their perusals which contributed to the quality of the questionnaire.

The data collected for the study was subjected to reliability test. This was done with the use of Cronbach-Alpha test. Cronbach-alpha measures the reliability or internal consistency of data set. This was done in order to determine if multiple questions inform of likert scale surveys are reliable. The rule of thumb for Cronbach alpha is that a score of more than 0.7 is usually accepted (Pallant, 2003).

3.6 Model Specification

This study examined the effect of organization and individual factors on internal audit effectiveness of government departments and agencies in Kwara State. The model of Abdullah and Mustapha (2020) was adapted and modified. Their model was stated as:

$$IAE = b_0 + b_1IND + b_2MSUP + b_3COM + \epsilon_i \dots \dots \dots (3.1)$$

Where: IAE = indicates to internal audit effectiveness; IND = independence of the internal audit department; MSUP = management support for internal audit; and COM= competence of the Internal Audit.

In order to test the hypotheses of the study, the model of this study is a modification and extension of Abdullah and Mustafa (2020)model. However, two of their variables were replaced with (information technology penetration, internal auditor’s remuneration) and addition of internal auditor’s integrity. This modification and extension of this model is justifiable because they are relevant in achieving the objectives of the study the model of this study is written as:

$$IAE_i = f(\text{organization attributes and internal auditor’s individual factors})$$

$$IAE_i = \beta_0 + \beta_1INT_i + \beta_2IAR_i + \beta_3ITP_i + \beta_3IAC_i + \epsilon_i \dots \dots \dots (3.2)$$

Where:

- IAE = Internal Audit Effectiveness;
- INT = Internal auditor’s integrity;
- IAR = Internal auditors remuneration;
- ITP = Information technology penetration
- IAC = Internal Auditor’s Competency

- b_0 = Constant Coefficient
- $b_1- b_4$ = Parameters of the estimate
- e_i = Error term (5% significance level)

A-priori Expectation

The *a-priori* expectation of this study is that b_1, b_2, b_3 and $b_4 > 0$. The *a priori* expectation of the study is that internal auditor’s integrity, information technology penetration, internal auditor’s remuneration and internal auditor competence should increase the effectiveness of internal audit in the government departments and agencies (b_1, b_2, b_3 and $b_4 > 0$) of Kwara State.

3.7 Measurement of Variables

The study employed two variables which are dependent and independent variables. The dependent variable for this study is internal audit effectiveness while the independent variables are organization and individual factors affecting internal audit effectiveness.

Table 3.1 Measurement of Variables

Variables	Construct	Definition and Measurement	Sources
Dependent variable			
Internal audit effectiveness	IAE	The variable was measured in interval scale using 5 point likert scale with the following concept: Reduction in fraudulent activities; improvement in internal control systems; sound risk assessment; assessment of the consistency of results with established objectives and goals; implementation of internal	Alzeban and Gwilliam 2014, Joseph, <i>et al.</i> , 2015; Fitriyah, 2016; Ismajli, <i>et al.</i> 2017; Purnamasari, <i>et al.</i> , 2018.

		audit recommendations; evaluation and improvement of risk management; evaluation of internal control systems and recommendations for improvement.	
Independent Variables			
Internal auditor's integrity	INT	The variable was measured in interval scale using 5 point likert scale with the following concept: Measured with honesty; fairness; truth; responsibility; respect; trustworthiness; credibility; work ethics	Grobler&Steyn, 2016; Ramdani, 2018
Information technology penetration	ITP	The variable was measured in interval scale using 5 point likert scale with the following concept: Measured with the number of defects, issues, bugs found; response to urgent issues and success recorded; constant updating of the departmental server to meet up with current trend; reduction in number of online irregularities; availability of desktop/laptop on which sensitive data scanning tool were deployed; security and back up data	Alzeban&Gwilliam, 2014; Faiz, <i>et al.</i> , 2016; Asiedu &Deffor, 2017;
Internal auditor's remuneration package	IAR	The variable was measured in interval scale using 5 point likert scale with the following concept:	IIA, 2017; Belize Code of Ethics, 2018.

		Measured with promotion; rewards based on effort; reward based on risk of job; support for immediate family; yearly perquisite; subsidies for transportation and housing package	
Internal auditor competence	IAC	The variable was measured in interval scale using 5 point likert scale with the following concept: Measured with sufficient skills (professional and academic qualification) of staff and their skill matches the scope of office internal operations; use of modern technology; procedures and evidence collections.	Arena2013; Alzeban&Gwilliam, 2014;Asiedu&Deffor, 2017;Kabuye, <i>et al.</i> , 2017; Ziniyelet <i>al.</i> , 2018

Source: Author’s Survey, (2021).

3.8 Data Analysis Techniques

The data collected were analyzed with the use of both descriptive and inferential statistics. The descriptive statistics employed include the table, frequency and simple percentages in order to show the summary of the data collected on both dependent and the independent variables. The inferential statistics employed in testing the hypotheses one to four is Partial Least Square – Structural Equation Modeling (PLS-SEM). PLS-SEM is a statistical tool that is capable of running the relationship between two or more variables simultaneously (Hair, Hult, Ringle & Sarstedt, 2016). Since this study has four variables the application of PLS-SEM is justifiable because it can run the relationship between the four variables concurrently. It is a robust tool that can test the validity and reliability of indicators of each variable and determine their fit in the measurement model. Also, PLS-SEM can effectively deal with multicollinearity problem among the latent variables, deal with small sample size and conduct sample of the sampling.

CHAPTER FOUR

RESULTS AND DISCUSSION OF FINDINGS

This chapter shows the results of the analysis for the quantitative data that were collected through the copies of questionnaire administered to the sample respondents. The responses from the survey show the respondents' biography profile, measures of validity and reliability of the measurement model, model specification, path analyses of the structural model through which the result of the hypotheses tested were tested and discussed. The descriptive analysis was carried out using SPSS

Version 22 while testing of the hypotheses were done using Partial Least Square-Structural Equation Modeling (PLS-SEM).

4.1 Analysis of the Data Sampled

4.1.1 Response Rate of Questionnaires Distributed

The result in table 4.1.1 revealed that out of two hundred and sixteen (216) copies of questionnaire administered, one hundred and ninety eight (198) copies were retrieved which represents 92% response rate. However, out of the one hundred and ninety-eight (198) copies of questionnaires returned, one hundred and ninety-four (194) copies representing 98% of the questionnaire were returned while four (4) copies were wrongly filled representing 2% of the questionnaire returned. Therefore, the analysis of the study was based on one hundred and ninety (194) copies of questionnaire that are usable.

Table 4.1 Analysis of Questionnaire Distributed

Response	Frequency	Rate (%)
Number of questionnaire administered	216	100
Number of questionnaire returned	198	92
Returned and usable questionnaire	194	98
Returned and excluded questionnaire	4	2

Source: Author’s Computation, 2021

4.1.2 Descriptive Analysis of the Respondents’ Demographics

The result in table 4.1.2 shows the demography of the respondents such as the age of the respondents; gender; marital status; educational qualification; working experience and professional qualification possessed by the sample respondents.

Table 4.2: Summary of the Respondents’ Demographics

No	Item	Description	Frequency	Percent
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1	Gender	Male	110	56.7
		Female	84	43.3
		Total	194	100
2	Age	Below 30 Years	0	0
		30-35 years	9	4.64
		36-40 Years	91	46.91
		41-45 Years	46	23.71
		46 year and above	48	24.74
		Total	194	100
3	Marital status	Single	0	0
		Married	187	96.39
		Divorced	0	0
		Widow/Widower	7	3.61
		Total	194	100
4	Educational Qualification	HND/B.Sc.	116	59.79
		M.Sc./MBA	56	28.87
		Others	22	11.34
		Total	194	100
5	Work Experience	5-10years	3	1.5
		11-15 years	45	23.2
		16-20years	102	52.5
		26 years and above	46	23.7
		Total	194	100
6	Professional qualification	ICAN	97	50.0

	ACCA	8	4.12
	ANAN	89	45.88
	Others	0	0

Source: Author's Computation, 2021

The result in table 4.1.2 shows the analysis of the demographic profile of the respondents based on the questionnaire returned. The results in table 4.1.2 revealed that none of the respondents fall within the age bracket below 30 years; nine (9) respondents fall within the age bracket of 30-35 years representing 4.64%; ninety-one (91) respondents fall within the age bracket of 36-40 years representing 46.91%; forty-six (46) respondents are within the age bracket of 41-45 years representing 23.71%; while forty-eight (48) respondents are 41 years and above representing 24.74% of the total respondents. This shows that most the sample respondents are matured enough to provide relevant response to the items of the questionnaire.

The results in table 4.1.2 also depicts that one hundred and ten (110) of the respondents were male representing 56.7% while eighty-four (84) respondents were female which constitute 43.3% of the total respondents. In addition, the result in table 4.1.2 indicated that one hundred and eighty-seven (187) of the respondents were married representing 96.39%, seven (7) respondents were either widows or widowers which represents 3.61% while none of the respondents was single nor divorcee. In addition, the results in table 4.1.2 showed that three (3) respondents have working experience between 5-10 years representing 1.5%; forty-five (45) have working experience between 11-15 years which constitute 23.2% of the respondents; one hundred and two (102) respondents have working experience between 16-20 years which constitute 52.5%; while forty-six (17) respondents have working experience of 21 years and above representing 23.7% of the total respondents. This implies that the responses given would be reliable since most of the respondents have been working in the internal audit department for more than ten (10) years.

Furthermore, the results in table 4.1.2 revealed that one hundred and sixteen (116) respondents have HND/B.Sc. which represents 59.79% of the total respondents; fifty-six (56) respondents have M.Sc./MBA which constitutes 28.87% of the total respondents, while twenty-two (22) respondents have other qualification which is PhD representing 11.34% of the total respondents. The results in table 4.1.2 also revealed that ninety-seven (97) respondents have ICAN professional certification

representing 50%, eight (8) respondents have ACCA which represent 4.12% of the total respondents, and eighty-nine (89) respondents have ANAN certification representing 45.88% of the total respondents. This indicates that most of the respondents have professional certificates and competence in providing relevant responses to the questionnaire items.

Generally, the majority of the respondents are within the age bracket of 36-40 years and are males, married with HND/BSC qualification. The majority of the respondents have 16-20 years working experience, they as well possess ICAN certification.

4.1.3 Descriptive Statistics of the Indicators of the Variables

This sub-section shows the summary of the responses on the variables (dependent and independent) used in the study through mean and standard deviation,. This is to show whether the respondents support the questionnaire items of are against them.

4.1.4 Descriptive Statistics of all Measurement Items for Integrity

Table 4.1.3 provides the summary of the responses on the measurement items on integrity through mean and standard deviation

Table 4.3 Descriptive Statistics of all Measurement Items for Integrity

S/N	Items	Mean	S.D
1	Honesty	4.2143	.8154
2	Fairness	4.3980	.7425
3	Truthfulness	4.8367	1.2818
4	Respect	4.0408	1.1569

5	Responsibility	3.9592	.9185
6	Trustworthiness	4.3061	.8899
7	Credibility	3.8980	1.0303
8	Work ethics	3.9388	1.4346

Source: Author's Computation (2021)

The result in table 4.1.3 indicated that most of the respondents strongly agreed that with the statements raised on the measurement items of integrity as the ranges of mean values is between 3.8980 and 4.8367 with standard deviation of 0.7425 and 1.4346. This implies that majority of the respondents strongly agreed to the statement raised on integrity as a factor that influence internal audit effectiveness in Kwara State.

4.1.5 Descriptive Statistics of all Measurement Items for Information Technology Penetration

The result in table 4.1.4 showed the summary of the response on the measurement items used in measuring information technology penetration in Kwara State departments and agencies under sample through mean and standard deviation.

Table 4.1.4 Descriptive Statistics of all Measurement Items for Information Technology penetration

S/N	Items	Mean	S.D
1	Number of defect through e-transactions	4.1939	0.8201
2	Number of bugs found	4.4357	0.7969

3	Response to urgent issues and success recorded	4.1020	0.9023
4	Constant updating of departmental server with current trend	3.2551	1.3106
5	Reduction in number of online irregularities	4.0204	1.0744
6	Security and backup data	3.9898	0.9791
7	Availability of desktop/laptop which sensitive data scanning tool were deployed	4.1939	0.8203

Source: Author's Computation (2021)

Based on the result shown in table 4.1.4, it could be deduced that most of the respondents agreed with the statements raised on the questionnaire instruments used in measuring the level of penetration of information technology among Kwara State government departments and agencies. This is evident from the range of the average values which falls between 4.5347 and 3.2551. The standard deviation result in table 4.1.3.2 indicates that the data on information technology penetration is widely dispersed from the mean values.

4.1.6 Descriptive Statistics of all Measurement Items for Internal Auditor's Remuneration

The descriptive result in table 4.1.5 focused on the responses of the respondents on the remuneration package of the internal auditors of the sample departments and agencies .

Table 4.1.5 Descriptive Statistics of all Measurement Items for Information Technology Penetration

S/N	Items	Mean	S.D
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1	Promotion	3.8776	1.0578
2	Reward based on effort	3.7347	1.1357
3	Reward based on risk of job	3.9286	1.1688
4	Support for immediate family	3.3163	1.3207
5	Yearly perquisite	4.1939	0.8812
6	Subsidies for transportation	4.0816	0.9801
7	Provision of housing package	3.6327	1.2047

Source: Author's Computation (2021)

The result in table 4.1.5 focused on descriptive analyses of the response rate on questionnaire instrument raised on internal auditor's remuneration. The mean score revealed that most of the respondents agreed with that the internal auditor's remuneration is above average as the mean score ranges from 4.1939 and 3.3163. This implies that most of the respondents agreed with the statements raised on internal auditor's remuneration. The result in table 4.1.5 also revealed that the data is dispersed from the average values as shown by the standard deviation which ranges from 1.2047 and 0.8812.

4.1.7 Descriptive Statistics of the Measurement Items for Internal Auditor's Competency

Table 4.1.6 revealed the summary of the responses on the measurement instruments for internal auditor's competency which is supported by the mean score of each item.

Table 4.1.6 Descriptive Statistics of all Measurement Items for Internal Auditor's Competency

S/N	Items	Mean	S.D
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1	The internal audit unit has sufficient skilled internal auditor	3.7959	1.0837
2	The internal audit staff number and their skill match the scope of offices internal operations	3.7755	1.1355
3	The audit procedures and evidence collections are completed on time, since enough and skilled internal auditors are available	4.0816	0.9261
4	It is possible to audit and review each activity on time, and cover the planned scope of auditing activities	4.1939	0.9596
5	Internal audit is carried out in accordance with international standards for professional performance of internal audit	3.8367	1.1001
6	The internal audit staff are able to use modern technology (use computerized data tools and specific internal audit software)	4.2857	0.7995

Source: Author's Computation (2021)

The mean scores on the internal auditor's competency showed that most of the respondents agreed to the statements raised on internal auditor's competency as it was shown that each of the statements has mean score between 4.2857 and 3.7755 as shown in table 4.1.3.4. This suggested that most of the respondents agreed on the statements raised on internal auditor competency towards the determinants of internal audit effectiveness.

4.2 Preliminary Analysis of Data

This section depicts the results of the diagnostic tests concerning the distribution of the scores of the study's variables and their relationship. The preliminary test was conducted to ensure non-violation of the assumptions (non-existence multicollinearity of independents variables, and normality and linearity of the distribution of scores on the variables) of the multiple regressions techniques used for the testing of hypotheses on the research questions raised in chapter one.

4.2.1 Normality Test

The study conducted a normality distribution test through the use of skewness and kurtosis. The rule of thumb is that a normality distribution problem arises when the values of skewness and kurtosis fall outside the range of -3 and +3 (Tabachnick & Fidell, 2007). Hair *et al.*, (2012) suggested that researchers should perform a normality test on the data. Highly skewed or kurtosis data can inflate the bootstrapped standard error estimates which in turn underestimate the statistical significance of the path coefficients (Ringle, Sarstedt, & Straub, 2012).

Table 4.2.1 Normality Distribution Result

Constructs	N	Mean	SD	Skewness	Kurtosis
Internal auditor's integrity	194	4.247	0.787	-0.990	0.789
Internal auditor's remuneration	194	4.124	1.018	-1.325	1.423
Inter. Auditor Competency	194	4.330	0.714	-1.278	2.471
Information technology penetration	194	3.361	1.186	-0.284	-1.063
Internal Audit Effectiveness (IAE)	194	3.938	1.024	-0.929	-1.019

Source: Author's Computation, (2021).

The result in table 4.2.1 shows the skewness and kurtosis result of the normality distribution of the data collected. Skewness and Kurtosis have been widely used in testing the normality distribution of data set. The rule of thumb is that any value of skewness and kurtosis that falls outside ± 3 has problem of normality distribution (Verbeek, 2004). It could be deduced from the result in table 4.7

that all variables do not have suffer from normality distribution problems because none of the variable has values that falls outside the range of -3 to +3.

4.2.2 Multicollinearity Test

The result in table 4.8 was used to test whether the independent variables of the study are measuring the same thing which could result into multicollinearity problem.

Table 4.2.2: Multicollinearity Result

Variables	VIF	Tolerance
INT	1.143	0.875
ITP	1.169	0.855
IAR	1.469	0.681
IAC	1.224	0.817
Average VIF	1.001	

Source: Author’s Computation (2021).

Multi-collinearity test was conducted using variance inflation factor (VIF) and tolerance level among the independent variables. This test was carried out so as to avoid using two variables that measure the same thing, thereby preventing the problem of multicollinearity. Based on the result in table 4.8, there is absence of multi-collinearity problem in this study as none of the independent variables used in the study has variance inflation factor greater than 10 and tolerance values less than 5% level of significance. The rule of thumb is that if the value of variance inflation factor is 10 and above, there is problem of multicollinearity and vice-versa.

4.2.3 Assessment of Measurement Model

The evaluation of the measurement model can be done by assessing two main factors which are reliability and validity of the construct (Sarstedt, Ringle & Hair, 2018). This test is conducted in order to ensure that all indicators of the variables are measuring the constructs accurately. Concerning the relationship between the construct and the indicators, there are two main types of

measurement model: reflective model and formative model. However, for this study, all the constructs were in form of reflective model where each construct causes and explains its indicators (Diamantopoulos & Winklhofer, 2001; Tahajuddin & Kertali, 2018).

According to Hair, Hult, Ringle & Sarstedt (2017), the examination of the measurement model requires some statistical tests including internal consistency, indicator reliability, convergent validity and discriminant validity. They posit that the first step in reflective model assessment is to examine the indicators loading factor. Loadings above 0.50 are recommended because this indicates that the constructs explain more than 50% of the indicators' variance, thus providing acceptable item reliability.

The figure2 shows the cross loadings of both dependent and independent variables used in the study. The items that are below the recommended benchmark of 0.50 were dropped in hypotheses testing.

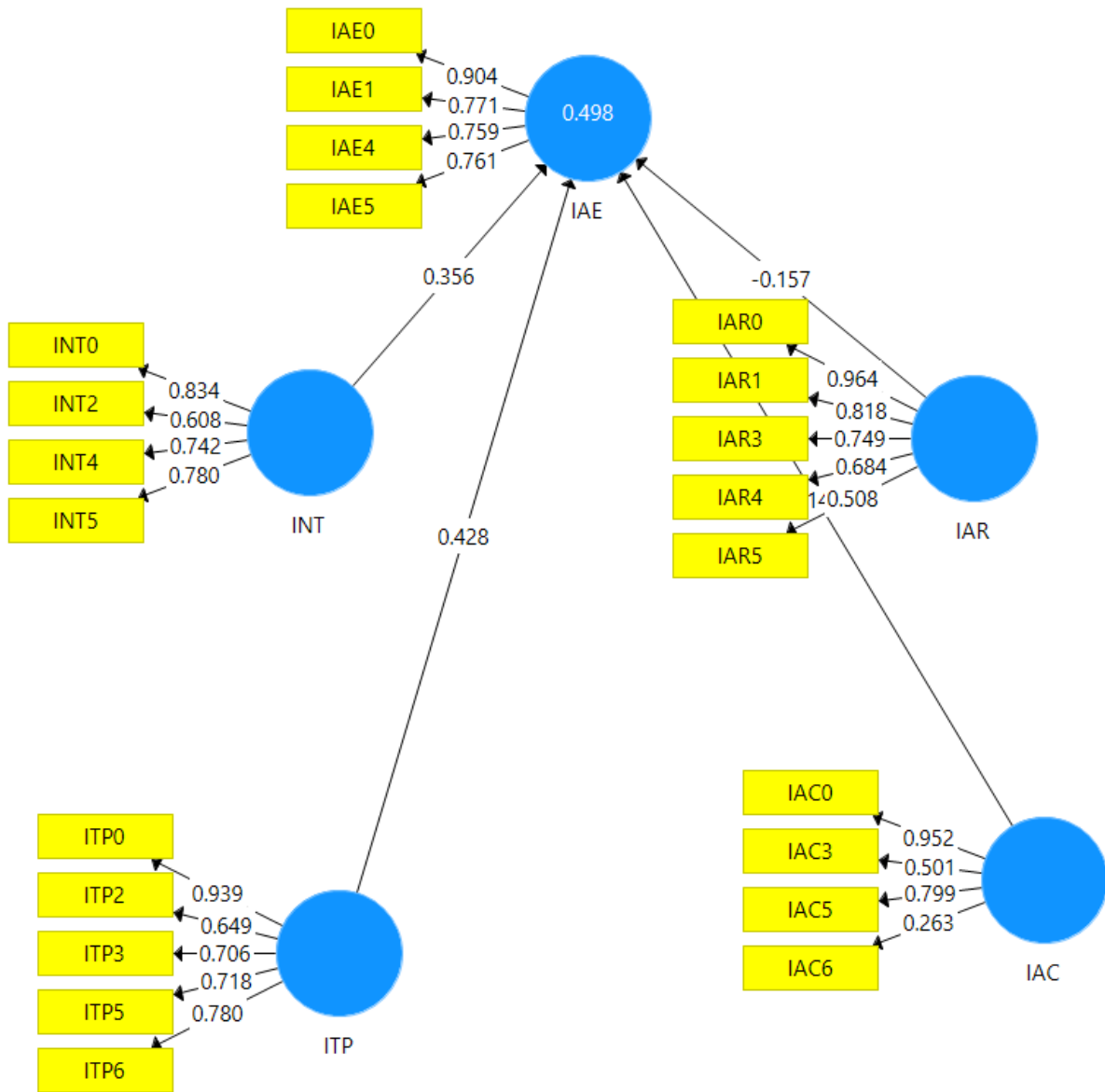


Figure 2 Diagrammatic Representation of the cross loading of the Latent Variables

The figure 2 indicates that IAE0; IAE1; IAE4; and IAE5 have factor loadings of 0.904; 0.771; 0.759; and 0.761 respectively. The factor loading of INT ranges between 0.608 and 0.834; the factor loading of IAR ranges between 0.508 and 0.964; the factor loading of ITP ranges between 0.649 and 0.939; and the factors loadings of IAC falls within the range of 0.263 and 0.952. Based on the rule of thumb, factor loading below 0.50 were dropped during hypotheses testing.

Table 4.3 Results for Cross Loading of the Latent Variables

Construct	Items	IAC	IAE	IAR	INT	ITP
IA competence	IAC0	0.952	0.493	0.789	0.597	0.632
	IAC3	0.501	0.229	0.283	0.264	0.186
	IAC5	0.799	0.416	0.598	0.416	0.547
	IAC6	0.263	0.119	0.215	0.267	0.151
IA effectiveness	IAE0	0.578	0.904	0.556	0.618	0.610
	IAE1	0.318	0.771	0.279	0.506	0.391
	IAE4	0.318	0.759	0.320	0.389	0.574
	IAE5	0.378	0.761	0.413	0.478	0.480
IA remuneration	IAR0	0.739	0.550	0.964	0.666	0.723
	IAR1	0.689	0.373	0.818	0.419	0.485
	IAR3	0.615	0.349	0.749	0.606	0.543
	IAR4	0.415	0.347	0.684	0.441	0.579
	IAR5	0.411	0.104	0.508	0.327	0.246
IA integrity	INT0	0.645	0.447	0.762	0.834	0.573
	INT2	0.457	0.300	0.297	0.608	0.330
	INT4	0.340	0.550	0.404	0.742	0.509
	INT5	0.374	0.511	0.495	0.780	0.545
Information Technology	ITP0	0.615	0.596	0.702	0.648	0.939
	ITP2	0.533	0.401	0.555	0.414	0.649
	ITP3	0.429	0.460	0.558	0.570	0.706
	ITP5	0.493	0.483	0.487	0.546	0.718
	ITP6	0.354	0.516	0.437	0.373	0.780

Source: Author's Computation, 2021

This result in table 4.3 revealed the loading and cross-loading factors of both dependent and independent variables in order to support the diagram. The result implies that some items of the questionnaire that did not meet the criterion of 0.5 were dropped during hypotheses testing.

4.3.1 Internal Consistency Reliability

Internal consistency reliability refers to the extent to which all items on a particular scale are measuring the same concept (Sun *et al.*, 2007). Cronbach's alpha coefficient and composite reliability coefficient are the most commonly used estimators of the internal consistency reliability of an instrument in organizational research (e.g., Peterson & Kim, 2013). In this study, composite reliability coefficient was chosen to ascertain the internal consistency reliability of measures adapted.

Two main reasons justified the use of composite reliability coefficient. Firstly, composite reliability coefficient provides a much less biased estimate of reliability than Cronbach's alpha coefficient because the latter assumes all items contribute equally to its construct without considering the actual contribution of individual loadings (Gotz, Liehr-Gobbers, & Krafft, 2010). In addition, Cronbach Alpha is also a precise measure of reliability as the items are unweighted. In contrast, composite reliability items are weighted based on the construct indicators' individual loadings, hence this reliability is higher than Cronbach Alpha.

Table 4.3.1 was used to explain the internal consistency reliability of the measurement instruments through individual loading factor, composite reliability and average variance extracted (AVE).

Table 4.4 Summary of the Measurement Model (Composite Reliability and Average Variance Extracted)

Construct	Items	Loadings	CR	AVE	R²
IA competence	IAC0	0.952	0.748	0.566	
	IAC3	0.501			
	IAC5	0.799			
	IAC6	0.263			
IA effectiveness	IAE0	0.904	0.877	0.642	0.498
	IAE1	0.771			
	IAE4	0.759			
	IAE5	0.761			
IA remuneration	IAR0	0.964	0.867	0.577	
	IAR1	0.818			
	IAR3	0.749			
	IAR4	0.684			
	IAR5	0.508			
IA integrity	INT0	0.834	0.832	0.556	
	INT2	0.608			
	INT4	0.742			
	INT5	0.780			
Information Technology	ITP0	0.939	0.874	0.585	
	ITP2	0.649			
	ITP3	0.706			
	ITP5	0.718			
	ITP6	0.780			

Source: Author's Computation, (2021).

The result in table 4.4 shows the results of reliability test in order to assess the internal control consistency reliability using composite reliability. Based on the results in table 4.10, it shows that the items used in the questionnaire are reliable as the composite reliability values for each latent variable is greater than the benchmark of 0.70. The latent variable with the least composite reliability values is internal auditor's competency which has a value of 0.748.

4.4.1 Discriminant Validity

Discriminant validity was used to provide evidence that the construct in the model is truly distinct from other constructs by empirical results (Hair et al., 2014). The metric used for evaluating a construct's convergent validity is the average variance extracted (AVE) for all items of each construct. The rule of thumb for evaluating discriminant validity, as suggested by Fornell and Larcker (1981) is that AVE with a score of 0.50 or more is acceptable. To achieve adequate discriminant validity, Fornell and Larcker (1981) further suggest that the square root of the AVE should be greater than the correlations among latent constructs.

Table 4.4.2 Discriminant Validity (Fornell-Larcker Criterion)

Construct	IAC	IAE	IAR	INT	ITP
IAC	0.683				
IAE	0.509	0.801			
IAR	0.768	0.501	0.759		
INT	0.590	0.627	0.665	0.746	
ITP	0.633	0.648	0.717	0.671	0.765

Source: Author's Computation, 2021

The results in table 4.2.1 showed that the values of the average variances extracted fall within the range of 0.511 and 0.786. This indicates that the construct of the questionnaire items are greater than 0.5 rule of thumb. This implies that the construct explains more than 50% of the variance of the questionnaire items.

4.4.3 Structural Model and Hypotheses Testing

After ensuring the reliability and the validity of all constructs by testing the measurement model, it is necessary to evaluate the structural model of the study in order to test the significance of the hypotheses. This step of analysis includes assessing the path coefficient, the coefficient of determination (R^2 value) and the predictive relevance (Q^2 value) (Hair et al.,2014; Ramayah et al., 2018).

4.4.4 Re-statement and Testing of Hypotheses

The result in table 4.4.4 depicts the regression results in order to test the hypotheses raised as well as answer the research questions raised in chapter one.

Table 4.4.4 Results of the Regression Analysis

Variables	S.D	T-statistics	p-value	Q²
INT→IAE	0.064	3.981	0.000	0.266
ITP→IAE	0.045	1.497	0.135	0.131
IAR→IAE	0.059	5.108	0.000	0.161
IAC→IAE	0.032	6.298	0.000	0.316
R square	0.660			
Adjusted R ²	0.645			

Source: Author’s Computation (2021)

The study assessed the PLS path model’s predictive accuracy of the structural model. The coefficients of determination (R^2) and the predictive of relevance (Q^2) are important tests to measure and evaluate the predictive accuracy and the predictive relevance of the research model (Hair et al., 2014). Hair et al. (2017) recommended that (R^2) values of 0.75, 0.5 and 0.25 respectively indicate substantial, moderate and weak levels of predictive accuracy.

The result in table 4.4.4 indicates that the independent variables (integrity, internal auditor’s remuneration, information technology penetration; and internal auditor’s competency) of the study explained around 66% of the variation in the dependent variables (internal audit effectiveness). This implies that the remaining 34% represents other variables that were not captured in this study.

As a rule of thumb, Q^2 values higher than zero (0), 0.25 and 0.50 depict small, medium and large predictive relevance of the PLS path model (Tahajuddin & Kertali, 2018). The result in table 4.4.4 shows that the Q^2 values of 0.266; 0.131; 0.161; and 0.316 for integrity, information technology, internal auditor's remuneration and internal auditor's competency respectively. This indicates that the model has a predictive relevance.

The acceptance or rejection of the study was based on p-value at 5% level of significance while the direction of the relationship between the dependent and independent variables were determined with the use of t-value. Following the result of the coefficient of determination and predictive of relevance, the hypotheses of the study were conducted.

4.4.5 Re-statement and Test of Hypothesis One

H₀₁: Internal auditor's integrity has no significant effect on internal audit effectiveness of government departments and agencies in Kwara State.

The result in table 4.4.4 revealed that internal auditor's integrity has a positive and significant effect on internal audit effectiveness of government departments and agencies in Kwara State as shown by t-value of 3.981 with p-value of 0.000 at 5% level of significance. This leads to the rejection of the null hypothesis and acceptance of the alternative hypothesis. The null hypothesis states that internal auditor's integrity has no significant effect on internal audit effectiveness of government departments and agencies in Kwara State. The result implies that internal auditor that performs his duties with high level of trust, fairness and work in line with job and professional ethics would not be biased in his service delivery even if that decision would also affect him, leading to effective internal audit service in government department and agencies in Kwara State.

4.4.6 Re-statement and Test of Hypothesis Two

H₀₂: There is no significant effect of internal auditor's remuneration package on internal audit effectiveness of department and agencies in Kwara State.

The results in table 4.4.4 showed that internal auditor's remuneration has a significant effect on internal audit effectiveness of agencies and departments in Kwara State as shown by t-value of 5.108 with p-value of 0.000 at 5% level of significance. The result leads to the acceptance of the alternative hypothesis which states that there is significant effect of internal auditor's remuneration on internal audit effectiveness of Kwara State government departments and agencies. The outcome indicates that when internal auditor is adequately remunerated compared with other staff at the same level, receives promotion as an when due as well as receive reward based on risk of job, he would be willing to put more effort in ensuring that the number of irregularities in the government department and agencies is minimized thereby leading to effective internal audit service in Kwara State government departments and agencies.

4.4.7 Re-statement and Test of Hypothesis Three

H₀₃: Internal auditor's competence has no significant effect on internal audit effectiveness of government departments and agencies in Kwara State

Based on the results shown in table 4.4.4, it could be deduced that internal auditor's competence has a positive and significant effect on internal audit effectiveness as indicated by t-value of 6.298 with p-value of 0.000 at 5% significance level. This result led to the rejection of the null hypothesis which states that Internal auditor's competence has no significant effect on internal audit effectiveness of government departments and agencies in Kwara State, hence acceptance of the alternative hypothesis. The implication of this result is that internal audit department that possesses sufficient skilled staff with required qualification to deliver task effectively and on time as well

has the ability to use modern technology for audit service services would be able to deal diligently with complex audit matters, reduce the possibility of fraud perpetration, thereby leading to effective internal audit in Kwara State government departments and agencies.

4.4.8 Re-statement and Test of Hypothesis Three

H₀₄: Information technology penetration has no significant effect on internal audit effectiveness of Kwara State government departments and agencies

The result in table 4.4.4 showed that information technology utilization in Kwara State government departments and agencies has no significant effect on internal audit effectiveness. This is supported by t-value of 1.497 with p-value of 0.135 at 5% level of significance. This result leads to the acceptance of null hypothesis which states that information technology penetration has no significant effect on internal audit effectiveness of Kwara State government departments and agencies. This implies that whether internal audit departments in government departments and agencies of Kwara State work with information technological service or not, it would not have effect on effectiveness of internal audit.

4.5 Discussion of Findings

This section presents the discussion of key findings in relation to the research objectives of the study. The discussions are presented in the sequence of the research questions and objectives raised in chapter one for the study. Individually, the study found that internal auditor's integrity, internal auditor's remuneration and internal auditor's competence would improve internal audit effectiveness in Kwara State government departments and agencies. However, the study found that

information technology has an insignificant effect on internal audit effectiveness of Kwara State government departments and agencies.

Specifically, the study found that internal auditor's integrity has a significant and positive effect on internal audit effectiveness of government departments and agencies in Kwara State. This implies that government departments and agencies that possess internal audit staff that works with high level of trust, honesty, and respect and deliver his duties with probity and fairness would be free from bias, hence provide excellent internal audit service. This would not only lead to reduction in perpetration of irregularities and loss of government resources but also effective internal audit services.

This result confirms the assumption of deontological view which posits that an internal auditor that works with high level of integrity would not be biased and would not allow his interest to supersede the interest of others, hence would always work towards achieving organization goal through reduction in any form of irregularities. The outcome of this study corroborates with the a-priori expectation of the study as the researcher expect that an internal auditor that does not allow his personal interest and work with honesty would lead to effective internal audit service delivery. This result confirms the findings of Kahyaoglu, Balkan and Balkan (2019) who concluded that internal auditor's integrity is an important factors that determines the effectiveness of internal audit department.

Furthermore, the study also found that internal auditor's remuneration has a positive and significant effect on internal audit effectiveness in government departments and agencies in Kwara State. This indicates that an internal auditor being rewarded both intrinsically and extrinsically through adequately reward for job risk, reward based on effort; provision of subsidies for

transportation and housing package as well as receipt of promotion at the right time; This would not only encourage him to put more effort in providing relevant framework that can reduce irregularities and consequently, enhance effective internal audit service.

This result supports the a-priori expectation as the researcher predicts that an internal auditor that adequately remunerated would not want to involve in any form of irregularities and would not encourage any irregularities to be perpetrated by management of government departments and agencies in Kwara State. This result is in line with the a-priori expectation of the resourced based theory which assumes that for an organization to achieve effective internal audit, it should be able to obtain and keep useful resources in an efficient way through provision of adequate remuneration and other packages that would encourage internal audit staff to work diligently, hence, promote effective internal audit service. The result of this study is in line with the findings of Belay (2007) and Aguolu (2009) as they found that adequate internal auditor's remuneration improve the level of internal audit effectiveness. In contrast, the study of Awa (2020) found that internal auditor's remuneration worsen the level of internal auditor's effectiveness.

In addition, the study found that internal auditor's competency has a positive and significant effect on internal audit effectiveness in Kwara State government departments and agencies in Kwara State. This implies that internal audit department that possesses staff with required accounting and auditing qualifications (such as ICAN/ANAN certificate); has the skills and capability of using modern technology to perform audit trail as well as have sufficient staff to perform complex audit activities will be able attend to urgent matters and provide relevant advices to the management, thereby reducing irregularities in Kwara State government departments and agencies.

The result confirms the argument of deontological theory which assumes that for an internal auditor to discharge his/her monitoring activities effectively, he should follow the ethical standards of his profession by having required competence through experience, educational and professional qualification, have the required knowledge to deal with complex matters relating to audit activities as well as provide relevant recommendations to strengthen the internal control system. The result is in line with the findings of Arena (2013); Alzeban and Gwilliam (2014); Faiz, *et al.* (2016); Goerge *et al.* (2017); Drogalas, *et al.* (2017); Kabuye, *et al.* (2017); and Asiedu and Deffor (2017); and Ziniye, *et al.* (2018) where they found that internal audit with required competency would lead to internal audit effectiveness. The finding is in contrast with the results of Muazu, (2012); Sorunke, (2016); and Olaoye& Dada, (2017) as they found that internal auditor's competence has an insignificant relationship with internal audit effectiveness.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter presents the summary, conclusions and corresponding recommendations based on the empirical outcome of the study. In addition, the study further presents the research's contribution to knowledge frontiers, limitations of the study, suggestions for future studies and limitation as well as delimitation of the study.

5.1 Summary

Government is saddled with the responsibility of securing, utilizing as well as ensuring effective management of public fund and resources for the growth and development of the society. However, the constant reported cases of irregularities, fraud and misappropriation of public funds in public sector of different states' government departments and agencies in Nigeria have raised series of questions on the presence and effectiveness of internal audit department in various government departments and agencies .Therefore, this study examined the effect of ethical and organizational factors on internal audit effectiveness of Kwara State government departments and agencies.

The study reviewed past empirical literatures on the effect of ethical and organizational factors on internal audit effectiveness. The reviews were divided into three aspects; the conceptual review; theoretical review and empirical review. The study vividly examined the concept of internal audit effectiveness and various ethical and organizational factors that can affect internal audit effectiveness such as internal auditor's integrity, internal auditor's remuneration, information technology utilization and internal auditor's competence. This study was guided by the assumptions of deontological theory and resourced based view theory. More so, the results of the previous studies were empirically reviewed and were divided into international and local studies. The international studies were further divided into developed and developing countries for easy understanding and to bring out lacuna on previous studies about internal audit effectiveness.

The study employed a cross-sectional research design. The target population consists of the chief executive of the departments and agencies, directors of finance, works and administrative section from each departments and agencies, the heads of department and senior staff from each audit department. The total number of respondents covered by this study is four hundred and sixty eight (468) out of which two hundred and sixteen (216) respondents were chosen as sample size. The hypotheses of the study were tested using partial least square structural equation modeling (PLS-SEM).

The result of the PLS-SEM revealed that internal auditor's integrity, internal auditor's remuneration and internal auditor's competence would improve internal audit effectiveness in Kwara State government departments and agencies supported by t-values of 3.981; 5.108; and 6.298 with p-values of 0.000; 0.000; and 0.000 respectively. The results indicated that an internal auditor that perform his duties with high level of integrity, adequately remunerated and has the required qualification and experience will be able to discharge his duties effectively. In contrast, the study found that information technology utilization has an insignificant effect on internal audit effectiveness of sampled government departments and agencies in Kwara State as shown by t-value of 1.497 with p-value of 0.135.

5.2 Conclusion

Based on the result of the hypotheses tested in chapter four, the study concluded that, internal auditor's integrity, internal auditor's remuneration, and internal auditor's competence have significant and

positive influence on internal audit effectiveness of department and agencies in Kwara State. Hence, this study concluded that:

- i. Internal auditor's integrity improves internal audit effectiveness in Kwara State government departments and agencies. This implies that when an auditor discharges his duties with honesty, respect and fairness, it would not only improve the integrity of the internal auditor but also enhance the internal audit effectiveness in government departments and agencies.
- ii. The study also concluded that internal auditor's remuneration enhances internal audit effectiveness in government departments and agencies in Kwara State. This would encourage the internal to be more committed to his work and consequently detect and report any form irregularities in the departments and agencies and take necessary steps to reduce such activities, hence effective internal audit service.
- iii. Furthermore, the study concluded that the competence of internal auditor would improve internal audit effectiveness of departments and agencies in Kwara State. Competence of an internal auditor would assist the internal auditor to deal with complex audit matters and formulate a framework that can enhance internal control system in order to reduce any form of irregularities in departments and agencies in Kwara State.
- iv. In addition, the study also concluded that information technology penetration has no influence on the effectiveness of the internal audit in departments and agencies in Kwara State.

5.3 Recommendations

Based on the findings of this study, following recommendations are made for improvement of the existing internal audit effectiveness in Kwara State government departments and agencies in relation to internal auditor's integrity, internal auditor's remuneration and internal auditor's competence.

- i. The study found that internal auditor's integrity improves internal audit effectiveness of government departments and agencies in Kwara State. This study therefore recommends that the regulatory bodies such as Institute of Chartered Accountants (ICAN) and Association of National Accountants (ANAN) should continue to monitor the activities of their members and ensure strict penalty for any member that violate the code of ethics of their professions.
- ii. The study also revealed that internal auditor's remuneration would facilitate and enhance internal audit effectiveness in Kwara State government departments and agencies. Therefore, this study recommends that the management of government departments and agencies should put in place both intrinsic and extrinsic form of remuneration in order to encourage the internal auditors as well as desisting from any form of financial and material irregularities.
- iii. The study also found that the internal auditor competence has significant and positive influence on internal audit effectiveness of Kwara State government departments and agencies. The result implies that internal auditor competence would improve the effective performance of Kwara State government departments and agencies through its staff by adhering to relevant provisions guiding their operations. The study therefore recommends that management of the government departments and agencies should

- ensure that competent auditors are properly put in place and provide adequate training and re-training of their staff in line with the international standards practices.
- iv. The study found that information technology penetration would not affect internal audit effectiveness of Kwara State government departments and agencies . Therefore, this study recommends that government of Kwara State should invest more in information technology packages that can aid easy delivery of services by the internal audit department.

5.4 Contributions to Knowledge

This section focused on the areas in which this study contributes to knowledge on the effect of ethical factors and organizational factors on of internal audit effectiveness in the Nigerian context.

- i. A very large of the previous studies reviewed on internal audit effectiveness had used different variables like internal auditor's independence, competence, management support, relationship between internal auditor and external auditor and size of internal audit department. This study seems to be one of the few studies that examine the effect of internal auditor's integrity and internal auditor's remuneration on internal audit effectiveness.
- ii. In addition, the previous studies reviewed had employed the assumptions of various theories such as agency theory, stewardship theory and resourced based theory to link the relationship between the independent and dependent variables of their studies. The study is one of the first study to have employed the assumptions of deontological approach to link the relationship between ethical factors and internal audit effectiveness.

- iii. More so, the previous studies reviewed used pool ordinary least square, multiple regression, Logit and Probit estimation in finding the relationship between the dependent and independent variables of their studies. These methods are prone to bias and give spurious results. This study is different and unique as it used Partial Least Square Structural Equation Model (PLS-SEM) that can cater for such bias and shortcomings.

5.5 Limitations and Delimitation to the study

No study of this nature would be done without limitations. The first limitation to this study is the measurement adopted. The study relied on self-reported behavior of the targeted respondents through questionnaire administered. However, scholars have pointed out that the behavior that portray under such a method may not be a truthful representation of their actual behavior (Van Dijke & Verboon, 2010). Therefore, drawing conclusion from this study's findings with respect to actual behavior must be done with caution.

Another limitation is the sampling method adopted. As with other behavioral research, this study was carried out by sample representation but conducting a study with a sample representative of the population is problematic. In this case, generalization is an important issue. More so, the challenges of cooperation from some respondents also serve as a limitation to this study.

Despite the limitations, the findings of this study was achieved with the availability of adequate empirical supportive evidence. Thus, the result is reliable, and fit for policy formulation and implementation.

5.7 Suggestions for Further Studies

- i. Further studies may widen the scope of the study by covering more government departments and agencies in various different states in Nigeria so as to have a more robust result.
- ii. Future studies may also consider other variables that are not used to proxy ethical and organizational factors such as management support, relationship between internal and external auditor and level of professional due care that can also affect internal audit effectiveness.

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Appendix I

Department of Accounting and Finance,
Faculty of management and social sciences,
Kwara State University, Malete.
2nd December, 2020.

Dear Sir/Ma,

LETTER OF INTRODUCTION AND QUESTIONNAIRE

I am a M.Sc. student in the Department of Accounting and Finance, School of Business and Governance, Kwara State University, Malete. I am presently carrying out a research titled: “organizational attributes, ethical factors and internal audit effectiveness in government agencies and departments in Kwara state”. A questionnaire has been developed essentially for this research purpose. I humbly request your invaluable contribution to the success of this research work. All information provided will be treated with strict confidentiality and for academic pursuit.

Thank you in anticipation of your kind assistance and cooperation.

Yours faithfully,

Khadijat, OLOWU JAWONDO.

16/27/MAC018

INSTRUCTION

Please, tick against the appropriate option from the options given in sections A and B.

NOTE: SA = Strongly Agree; A = Agree; U = Undecided; D = Disagree; SD = Strongly Disagree

Section A

Demographic Information

1. Age: Below 30 years () 30-35 years () 36-40 years () 41-45 years () 46 years above ()
2. Gender: Male () Female ()
3. Marital Status: Single () Married () Divorced () Widowed ()
4. Working Experience: 5-10 years () 11-15 years () 16-20 years () 21 years above

()

5. Highest Qualification: HND/B.Sc () M.Sc./MBA() Others, specify _____

6. Professional Qualification: ICAN () ACCA () ANAN () Others specify ()

Section B (Independent Variable)

Remuneration package

Kindly rate how good is the remuneration practice put in place in your place of work.

S/N	Items	Very Good	Good	Average	Low	Poor
1	The promotion of Internal auditors in your department is consistent					
2	The reward of internal auditors in your department is based on efforts					
3	The internal auditor of your department are rewarded for risk of job					
4	Your department give support for internal auditors immediate family					
5	The Internal Auditors of your department were given yearly perquisite					
6	The internal auditors of your department benefited subsidies for transportation package					
7	Subsidies for housing package are provided for					

	The internal auditors in your department					
--	--	--	--	--	--	--

Information Technology Penetration

Please indicate the extent of your agreement with each statement

S/N	Items	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
1	Number of defect through e-transactions					
2	Number of bugs found					
3	Response to urgent issues and success recorded					
4	Constant updating of departmental server with current trend					
5	Reduction in number of online irregularities					
6	Security and backup data					
7	Availability of desktop/laptop which sensitive data scanning tool were deployed					

Integrity

Kindly rate the level of integrity of the internal auditor of your organization based on the following parameters

S/N		100%	80%	60%	40%	20%
1	How <i>honest</i> are the internal auditors of your department					
2	How <i>fair</i> are the internal Auditors of your department					
3	How <i>truthful</i> are the internal auditors of your department					
4	How <i>responsible</i> are the internal auditors of your department					
5	How <i>respect</i> are the internal auditors of your department					
6	How <i>trustworthy</i> are the internal auditors of your department					
7	How <i>credible</i> are the internal auditors of your department Credibility					
8	How <i>ethical</i> are the internal					

	auditors of your department					
--	-----------------------------	--	--	--	--	--

Competency

Please indicate the extent of your agreement with each statement

Statement on Competency	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
(i) The internal audit unit has sufficient skilled internal auditors.					
(ii) The internal audit staff number and their skill match the scope of offices internal operations.					
(iii) The audit procedures and evidence collections are completed on time, since enough and skilled internal auditors are available or employed.					
(iv) It is possible to audit and review each activity on time, and cover the planned scope of auditing activities.					
(v) Internal audit is carried out in accordance with international standards for professional performance of internal audit.					
(vi) The internal audit staff are able to use modern technology (use computerized data tools and specific internal audit software).					

Internal Audit Effectiveness (Dependent Variable)

Please indicate the extent of your agreement with each statement

Statement on Internal Audit Effectiveness	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
(i) Internal audit reviews the accuracy and reliability of financial reports					
(ii).Internal audit determines the adequacy and effectiveness of the organization's systems of internal accounting and operating controls					
(iii) Internal audit improves organizational performance					
(iv) Risk based internal audits are carried out in my organization.					
(v) Internal audit reviews operations and programmes to ascertain whether results are consistent with established objectives and goals					
(vi) Internal audit reviews the compliance with policies, plans, procedures and regulations					
(vii)Internal audit reviews the compliance with applicable external laws, and regulation					
(viii)Internal audit reviews the means of safeguarding assets and evaluates the internal control system					
(ix) Internal audit makes recommendations for improving the internal control system when Appropriate.					

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