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An Analysis of Internal Control System
As a Tool For Public Accountability
(A Case Study of Ministry of Budget
& Planning, Yobe State)

BY

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2010/HND/ACC/1013

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**AN ANALYSIS OF INTERNAL CONTROL SYSTEM AS A TOOL FOR PUBLIC
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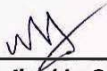


**BEING A FINAL YEAR PROJECT SUBMITTED TO THE DEPARTMENT OF
ACCOUNTANCY, SCHOOL OF MANAGEMENT STUDIES, THE FEDERAL
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APPROVAL PAGE

This project report has been read and approved as meeting the requirement for the award of Higher National Diploma (HND) in Accountancy.



Alh. Ibrahim Bappa
Supervisor

31 | 1 | 13

Date

Head of Department

Date

External Examiner

Date



DEDICATION

This project is dedicated to my parents for their support, advice and encouragement.

ACKNOWLEDGEMENT

Praise be to Allah the Originator of heaven and earth, He who taught (the use of) the pen and taught man that which he knew not. Thank be to Allah the eternal and absolute for giving me life, power and guidance towards making dreams a reality.

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ABSTRACT

This research study aimed at assessing the strength of internal control system within which the Nigerian public sector operates and the extent to which it influence proper accountability with reference to Yobe State Ministry of Budget and Planning as the case study. In order to accomplish this, data was gathered from both primary and secondary sources. Sixty (60) questionnaires were administered on the staffs of Yobe State Ministry of Budget and Planning. A hypothesis was formulated and tested using chi-square (X^2). The statistical tools adopted for the analysis and interpretation of the data include tabulation and simple percentages. The study revealed among other things that there is weak internal control system in the ministry and that there is significant relationship between sound internal control system and accountability. With this result, the study concluded that improper accountability in the ministry is to a significant extent attributed to its weak internal control system. Therefore, if sound internal control system is properly implemented it would assist enormously.



CHAPTER ONE

1.0 INTRODUCTION

1.1 BACKGROUND OF THE STUDY

According to Internal Control System Standard (ICSS), defined Internal Control as an integral process that is affected by an entity's management and personnel and is designed to address risks and to provide reasonable assurance that in pursuit of the entity's mission.

Internal control system is a dynamic integral process that is continuously adapting to the changes an organization is facing. Management and personnel at all levels have to be involved in this process to address risks and to provide reasonable assurance of the achievement of the entity's mission and general objectives.

Internal control is not one event or circumstance, but a series of actions that permit an entity's activities. These actions occur through out an entity's operations on an ongoing basis. They are pervasive and inherent in the way management runs the organization. Internal control is therefore different from the perspective of some observers who view it as something added on to an entity's activities, or as a necessary burden. The internal control system is intertwined with an entity's activities and is most effective when it is built into

the entity's infrastructure and is an integral part of the essence of the organization.

Internal control should be built in rather than built on. By building in internal control, it becomes part of and integrated with the basic management processes of planning, executing and monitoring. Built in internal control also has important implications for cost containment, adding new control procedures that re separate from existing procedures add costs. By focussing on existing operations and their contribution to effective internal control and by integrating controls into basic operating activities, an organization often can avoid *unnecessary procedures* and cost.

Therefore, internal control system is a tool used by management and directly related to the entity's objectives. As such, management is an important element of internal control. However, all personnel in the organization play important roles in making it happen. Similarly, internal control is affected by human nature. Internal control guidelines recognize that people do not always understand, communicate or perform consistently. Each individual brings to the workplace a unique background and technical ability, and has different needs and priorities. Any organization is primarily concerned with the achievements of its mission. Entities exist for a purpose – the public

sector is generally concerned with the delivery of a service and a beneficial outcome in the public sector.

Public accountability on the other hand, is defined by Internal Development Association (IDA) as matters mainly regard to public domain, such as the spending of public funds, the exercise of public authorities, or the conduct of public institutions. It is not necessarily limited to public organization, but can extend to private bodies that exercise public privileges or receive public funding.

Public accountability implies the rendering of account for matters of public interest, i.e. an accounting that is performed with a view to the judgement to be passed by the citizens. (Scott, 2004:41)

In general, one could say that public accountability is accountability in and about the public domain. Since government is the manager of public sector and exists at the complete discretion of society, its survival necessarily depends on its ability to fulfil and continue to fulfil the goals which society requires. This demands that government renders full account of its stewardship including efficiency, effectiveness and the economy with which utilized society's resources in the performance of its duties and obligations to the society.

Spooner, (1976) sees internal control system as any combination of measures policies and procedure the management of an organization adopts in order to ensure that the asset of such an organization are carried out in the most efficient manner. These measures are also adopted to enhance the realization of organizational objectives.

However, to enforce probity, transparency and accountability in the public sector, various constitutional checks and balances are put in place. These measures therefore, proved ineffective and accountability remains just an illusion in the public sector. This is because both political office holders as well as the administration connive and beat all the systems of control measures on ground and stack away public resources for their own selfish interests. In order to checkmate this unfortunate situation, therefore, all hands must be on deck to ensure that sound internal control system is installed to which absolute compliance is abided by all sundry.

In view of the above, therefore, this research work is undertaken to analyse the system of internal control system as a tool for public accountability in Yobe State Ministry of Budget and Planning.



1.2 STATEMENT OF THE PROBLEM

Internal control system is one of the control measures or tool installed by management of an organization be it public or private organization to ensure proper accountability of it's stewardship to the stakeholders. In an organization or public organization, however, the problem of accountability has always been the major issues which need to be tackled or addressed properly.

The major problems identified with internal control system in relation to public accountability include the following:

1. There exists a very complex internal control system which is not well understood by personnel of the Ministry because they lack clear segregation of duties in the ministry.
2. Poor organizational structure and the general problem of non-compliance with the existing internal controls in the ministry.
3. There exists the lack of proper training of personnel who hold sensitive positions in the ministry in the field of information technology (ICT).
4. Poor implementation is the major problem affecting the internal control system and accountability in public sector.

1.3 PURPOSE/OBJECTIVES OF THE STUDY

The main objective of this study is to examine the analysis of internal control system as a tool for public accountability. In addition, the specific objectives are as follows:

- i. To analyse how sound the internal control system in public organization is.
- ii. To analyse the extent to which internal control system can influence public accountability in an organization.
- iii. To examine every component of internal control system in the public organization.
- iv. Based on the findings, to make necessary recommendations.

1.4 RESEARCH QUESTIONS

The following research questions will serve as guide in the course of study:

1. Is there internal control system in public organizations?
2. What are the weaknesses of internal control system with regard to public accountability?
3. Can sound internal control system or otherwise have effect on public accountability?

4. What recommendations, which if properly implemented, will strengthen the internal control system so that public accountability could be achieved in an organization?

1.5 RESEARCH HYPOTHESIS

Null Hypothesis (H₀):

Sound internal control system does not lead to proper accountability.

Alternative Hypothesis (H₁):

Sound internal control system leads to proper accountability.

1.6 SIGNIFICANCE OF THE STUDY

This research work will be beneficial to government and extra-ministerial departments which are required by law to be responsible and accountable for their stewardship to appropriate authorities as well as general public at large. This is because the studies will highlight and analyse areas of weak internal controls that reflect whether or not the resources of the organization have been properly utilized. The government will also benefit by implementing the recommended views of effect corrections in weak control areas.

The general public who are the owners of the public institutions directly or indirectly will benefit from the research work because they will know



whether or not their resources are been properly managed by the government in terms of control measures installed to safeguard the assets and their optimal utilization. In addition, they will be able to determine whether or not the government for its managerial responsibilities is rendering proper accountability.

Finally, the Federal Government will also benefit from this study by knowing the strength of internal control system currently in place and formulate appropriate policies that will ensure the correction of the present weakness therein, or replace the present ineffective controls with effective ones.

1.7 SCOPE AND LIMITATION OF THE STUDY

This study analyses how sound is the internal control system in an organization and to how or to what extend it is influenced by public accountability.

However, the scope of the study is limited to cover only Yobe State Ministry of Budget and Planning.

1.8 DEFINITION OF TERMS

The following are some terms used in the research:

Internal Control: It is a means by which an organization's resources are directed, monitored and measured.

Public Accountability: It implies the rendering of account for matters of public interest, i.e. an accounting that is performed with a view to the judgement to be passed by the citizens. Therefore, public accountability is the accountability in and about public domain.

Stewardship: Is an ethic that embodies responsible planning and management of resources.

Public Sector: It sometimes refers to as a government sector, is a part of a state that deals with the production, ownership, provisions, delivery and allocation of resources by and for the government or its citizens.

Efficiency: It describes the extent to which time or an effort is well used for the intended task or purposes.

Effectiveness: Is the capability of producing a desired result.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTERNAL CONTROL SYSTEM

The Internal Control Standard (ICS, 1992) defined internal control system as "an integral process that is affected by an entity's management and personnel and is designed to address risks and to provide reasonable assurance that in pursuit of the entity's mission. Internal control system is a dynamic integral process that is continuously adopting to the changes an organization at all levels have to be involved in this process to address risks and to provide reasonable assurance of the achievement of the entity's mission and general objectives.

2.1.1 AN INTEGRAL PROCESS

Internal control is not one event or circumstances, but a series of actions that pass through an entity's activities. These actions occur throughout an entity's operations on an ongoing basis. They are pervasive and inherent in the way management runs the organization. Internal control system is therefore from the perspective of some observers who view it as something added on to an entity's activities, or as a necessary burden. The internal control system is intertwined with an entity's activities and is most effective when it is built into

the entity's infrastructure and is an integral part of the essence of the organization. (ICS, 1992)

Internal control system should be built in rather than built on. By building in internal control system, it becomes part of and integrated with the basic management processes of planning, executing and monitoring. Built in internal control system also has important implications for cost containment. Adding new control procedures that are separate from existing procedures adds costs. By focusing on existing operations and their contribution to effective internal control, and by integrating controls into basic operating activities, an organization often can avoid unnecessary procedures and costs. (ICS, 1992)

2.1.2 AFFECTED BY MANAGEMENT AND OTHER PERSONNEL

People are what make internal control work. It is accomplished by individuals within an organization, by what they do and say. Consequently, internal control system is affected by people. People must know their roles and responsibilities and limits of authority.

An organization's people include management and personnel. Although management primarily provides oversight, it also sets the entity's objectives and has overall responsibility for the internal control system. As internal



control system provides the mechanisms needed to help understand risks in the context of the entity's objectives, the management will put internal control activities in place and monitor and evaluate them. The implementation of internal control system requires significant management initiatives and intensive communication by management with other personnel. Therefore, internal control system is a tool used by management and directly related to entity's objectives. As such management is an important element of internal control.

Similarly, internal control system is affected by human nature. Internal control system guidelines recognise that people do not always understand, communicate or perform consistently. These realities affect, and are affected by internal control system. (ICS, 1992)

2.1.3 IN PURSUIT OF THE ENTITY'S MISSION

Any organization is primarily concerned with the achievement of its' mission entities exists for a purpose, the public sector is generally concerned with the delivery of a service and a beneficial outcome in the public interest.

2.1.4 TO ADDRESS RISKS

Whatever the mission may be, its achievement will face all kinds of risks. The task of management is to identify and respond to these risks in order to

maximize the likelihood of achievement of the entity's mission. Internal control can help to address these risks; however, it can only provide reasonable assurance about the achievement of the mission and the general objectives. (ICS, 1992)

2.1.5 PROVIDES REASONABLE ASSURANCE

No matter how well designed and operated, internal control cannot provide management absolute assurance regarding the achievement of the general objectives. Instead, the guidelines acknowledge that only a "reasonable" level of assurance is attainable. (ICS, 1992)

Reasonable assurance reflects the notion that uncertainty and risk relate to the future, which no one can predict with certainty. Also factors outside the control or influence of the organization can affect the ability to achieve its objectives. Reasonable assurance recognizes that the cost of internal control system should not exceed the benefit derived. Decision on risk responses and establishing controls need to consider the relative costs and benefits. (ICS, 1992)

The American Institute of Certified Public Accountants (AICPA, 1963) defined internal control system as "the plan of organization and all the coordinated methods and measures adopted within a business to safeguard its

assets, checks the accuracy and reliability of its accounting data, promote operating efficiency and encourage adherence to prescribed policies. A system of internal control extends beyond those matters which relates directly to the functions of the accounting and financial departments". And according to the Institute of Chartered Accountants in England and Wales (ICAEW, 1975), "internal control system means not only internal check or internal audit but the whole system of control, financial or otherwise, established by the management in order to carryout the business of the company in an orderly manner, safeguard its assets and secure as far as possible accuracy and reliability of its records".

Adams (2006) is of the opinion that internal control system is concerned with all controls operating in every areas of corporate activity. He further stated that the Auditing Standard defined an internal control system as "the whole system of controls, financial or otherwise established by the management of the enterprise in order to carryout the business of the enterprise in an orderly and efficient manner, ensure adherence to the management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records".

From the above definition, it is clear that internal control system is a broad term with a wide area of operation. It is also includes a number of

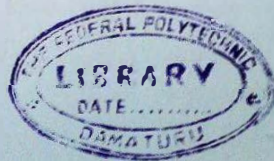
methods and measures which are exercise by the management to ensure smooth and economic functioning of an entity.

2.2 EVOLUTION OF INTERNAL CONTROL SYSTEM

It is very difficult if not impossible, for any one to date with precision when internal control system was first put to use. It is not a recent phenomenon perhaps it will be right if one says it is as old as the history of mankind.

However, the first record of internal control system was used in the year 2000BC, when Egyptian treasure activities in collecting grains were checked by Scribes Internal Control System then did not extent further than those measures adopted by the government to ensure that grains were collected. (Ghartey, 1954 and Mbaya, 1989)

Today, according to Mbaya (1989), "the term internal control, as used in the present day is inalienably tied up with management accounting, Auditing, professional management and accounting practice". He further stated that internal control system is used to day to describe all the various measures taken by the owner and manager of a business to direct and control employees.



The development of internal control is as a result of growth in size by business where the owner (sole proprietor) or manager cannot longer be kept abreast of all information relating to the activities of employees in the course of discharging their duties or responsibilities. The probability of an employee becoming dishonest, incompetent, careless or lazy, therefore becomes significantly very high.

In view of that, therefore it becomes necessary to establish procedures or measures to compel employees to be directly accountable for whatever irregularities which will arise as a consequence of their behaviour and also encourage them to avoid such irregularities. As today, therefore, the various control measures (controls) put together is called "internal control system".

2.3 COMPONENTS OF INTERNAL CONTROL SYSTEM

According to internal control standard (ICS, 1992) stipulates that, internal control system is designed to provide reasonable assurance that the entity's general objectives are being achieved. Therefore, clear objectives are a pre-requisite for an effective internal control process. Internal control system consists of five (5) inter-related components these are:

1. Control environment.
2. Risk assessment.

3. Control activities.
4. Information and communication.
5. Monitoring.

2.3.1 CONTROL ENVIRONMENT

Internal control standard (ICS, 1992) stated that, the control environment is the foundation for the entire internal control system. It provides the discipline and structure as well as climate which influence the overall quality of internal control. It has overall influence on how strategy and objectives are established and control activities are structured.

However, the control environment sets the tone of an organization, influencing the control consciousness of its staff. It is the foundation for all their components of internal control, providing discipline and structure.

2.3.2 RISK ASSESSMENT

Risk assessment according to ICS (1992) stated that, having set a clear objectives and established and effective control environment, an assessment of the risks facing the entity's as it seeks to achieve its mission and objectives provide the basis for developing an appropriate response to risk. Risk assessment therefore, is the process of identifying and analysing relevant risks

to the achievement of the entity's objectives and determining the appropriate response.

Risk assessment implies the following:

1. **Risk Identification:** Is a strategic approach to risk assessment depends on identifying risks against key organizational objectives. Risk relevant to those objectives are then considered and evaluated, resulting in a small number of key risks. Identifying key risks is not only important in order to identify the most important areas to which resources in risk assessment should be allocated, but also in order to allocate responsibility for management of these risks.
2. **Risk Evaluation:** In order to decide how to handle risk, it is essential not only to identify in principle that a certain type of risk exists, but also to evaluate its significance and assess the likelihood of the risk event occurring. The methodology of analysing risk can vary largely because many risks are difficult to quantify (e.g. reputation risks) while others lend themselves to a numeric diagnosis (particularly financial risks). One of the purposes of risk evaluation is to inform management about areas of risks where action needs to be taken and their relative priority. Therefore, it will usually be necessary to develop some framework for categorising all risks (e.g. as high, medium, or low. By means of such

evaluation, risks can be ranked in order to set management priorities and present information for management decisions about the risks that need to be addressed.

3. **Assessment of the Risk Appetite of the Organization:** An important issue in considering response to risk is the identification of the risks appetite of the organization. Risk appetite is the amount of risk to which the entity is prepared to be exposed before it judges action to be necessary. Decisions about responses to risks have to be taken in conjunction with an identification of the amount of risk that can be tolerated. The risk appetite of an organization will vary according to the perceived importance of the risks. For instance, tolerable financial loss may vary in accordance with a range of features, including the size of the relevant budget, the source of the loss, or associated other risks such as adverse publicity. Identification of risk appetite is a subjective issue, but it is nevertheless an important stage in formulating the overall risk strategy.

4. **Development of Response:** The result of the actions outlined above will be a risk profile for the organization. Having developed a risk profile, the organization can then consider an appropriate response. Responses to risk can be divided into four categories, in some instances, risk can be

transferred, tolerated, or terminated. However, in most instances the risk will have to be treated and the entity will need to implement and maintain an effective internal control system to keep risk at an acceptable level.

In designing an internal control system, it is important that the control activity established is proportionate to the risk. Apart from the most extreme undesirable outcome, it is normally sufficient to design a control that provides a reasonable assurance of confining loss within the risk appetite of the organization. Every control has an associated cost and the control activity must offer value for its cost in relation to the risk that it is addressing.

2.3.3 CONTROL ACTIVITIES

The major strategy for mitigating risk is through internal control activities. Control activities can be preventive and/or detective. Corrective actions are necessary complement to internal control activities in order to achieve the objectives. Control activities and corrective actions should provide value for money. (ICS, 1992)

Control activities therefore according to ICS, 1992, are the policies and Procedures established to address risks and to achieve the organization's objectives. To be effective, control activities must be appropriate, function

consistently according to plan through out the period, and be cost effective, comprehensive, and reasonable and directly relate to the control objectives. Control activities occur throughout the organization, at all levels and in all functions. They include range of detective and preventive control activities as diverse, such as:

- i. Authorization and approval procedure.
- ii. Segregation of duties.
- iii. Control over access to resources and records.
- iv. Verifications.
- v. Reconciliation.
- vi. Reviews of operating performance.
- vii. Reviews of operations, processes and activities.
- viii. Supervision (i.e. assigning, reviewing and approving, guidance and training).



The above mentioned list is not completed but enumerated the most common preventive and detective control activities. Control activities 1 – 3 are preventive, 4 – 6 are both more detective while 7 – 8 are both preventive and detective. Organizations should reach an adequate balance between detective and preventive control activities, whereby often a mix of controls is used to compensate for the particular disadvantages of individual controls.

Once a control activity is implemented, it is essential that assurance about its effectiveness is obtained. Consequently corrective actions are a necessary complement to control activities. Moreover, it must be clear that control activities form only a component internal control. (ICS, 1992)

2.3.4 INFORMATION AND COMMUNICATION

According to Internal Control Standard, 1992 provide that, effective information and communication is vital for an organization to run and control its operations. Entity management needs access to relevant, complete, reliable, correct and timely communication related to internal as well as external events. Information is needed throughout the entity to achieve its objectives.

According to ICS, 1992 stipulates that, information and communication are essential to realising all internal control objectives.

INFORMATION:

A precondition for reliable and relevant information is the prompt recording and proper classification of transactions and events. Pertinent information should be identified, captured and communicated in a form and timeframe that enables staff to carryout their internal control and other

responsibilities. Therefore, the internal control system as such and all transactions and significant events should be fully documented. (ICS, 1992)

Information systems produce reports that contain operational, financial and non-financial, and compliance related information and that make it possible to run and control the operation. They deal not only with internally generated data, but also information about external events, activities and conditions necessary to enable decision making and reporting. Management's ability to make appropriate decisions is affected by the quality of information which implies that the information should be appropriate, timely, current, accurate and accessible. (ICS, 1992)

COMMUNICATION:

Effective communication should flow down, across, and up the organization, throughout all components and the entire structure. All personnel should receive a clear message from top management that control responsibilities should be taken seriously. They should understand their own role in the internal control system, as well as how their individual activities relate to the work of others. (ICS, 1992)

One of the most critical communication channels is that between management and its staff. Management must be kept up to date on

performance, risks and the functioning of internal control, and other relevant events and issues. Management should communicate to its staff what information it needs and provide feedback and directions. Management should also provide specific and directed communication addressing behavioural expectations. This includes a clear statement of the organization's internal control philosophy and approach and delegation of authority.

2.3.5 MONITORING

Since internal control is a dynamic process that has to be adapted continuously to the risks and changes an organisation faces, monitoring of the internal control system is necessary to help ensure that internal control remains tuned to the changed objectives, environment, resources and risks.

Internal control systems should be monitored to assess the quality of the system's performance over time. Monitoring is accomplished through routine activities: (ICS, 1992)

i. ONGOING MONITORING

Ongoing monitoring of internal control is built into the normal, recurring operating activities of an entity. It includes regular management and supervisory activities, and other actions personnel take in performing their duties. Ongoing monitoring activities cover each of the internal control

components and involve action against irregular, unethical, uneconomical, inefficient and ineffective internal control systems.

ii. SEPARATE EVALUATIONS

The scope and frequency of separate evaluations will depend primarily on an assessment of risks and the effectiveness of ongoing monitoring procedures. Specific separate evaluations cover the evaluation of the effectiveness of the internal control system and ensure that internal control achieves the desired results based on predefined methods and procedures. Internal control deficiencies should be reported to the appropriate level of management.

Monitoring internal control is aimed at ensuring that controls are operating as intended and that they are modified appropriately for changes in conditions. Monitoring should also assess whether, in pursuit of the entity's mission, the general objectives set out in the definition of internal control are being achieved. This is accomplished through ongoing monitoring activities, separate evaluations or a combination of both, in order to help ensure that internal control continues to be applied at all levels and across the entity, and that internal control achieves the desired results. (ICS, 1992)

In conclusion, these components of internal control system define a recommended approach for internal control in government and provide a basis

against which internal control can be evaluated. These components also provide a general framework and when implementing them, management is responsible for developing the detailed policies, procedures and practices to fit their organization's operations and ensure that they are built into and are an integral part of those operations.

2.4 FORMS OF INTERNAL CONTROL SYSTEM

The definition of internal control system given by American Institute of Certified Public Accountants (AICPA, 1963) mentioned earlier indicate that internal control system goes beyond the accounting functions of the organization but incorporates both accounting and administrative controls.

2.4.1 ACCOUNTING CONTROLS

According to the first part of the said definition, accounting control is concerned with the control system which is related to an accounting system i.e. checking transactions as per the prescribed procedures and safeguarding the assets. *While Cashing, (1971)*, accounting controls comprises the plan of the organization and all methods and procedures that are concerned mainly with, and related desired safeguarding of assets and liability of financial records.

The generally include such controls as the systems of authorization and approval, separation of duties concerned with records keeping and accounting



reports from those concerned with its custody, physical controls over assets and internal auditing.

In the same vein, Kumor and Sharma (2002) stated that accounting control system comprise of the following controls:

- i. Budgeting Control.
- ii. Standard costing deviation analysis.
- iii. Internal check.
- iv. Internal audit.
- v. Bank reconciliation.
- vi. Self balancing ledgers. Etc.

2.4.2 ADMINISTRATIVE CONTROLS

The last phrase of the definition of internal control system by (ICPA, 1963) ".....operational efficiency and encourage adherence to prescribed managerial policies" indicate towards administrative controls. Administrative control system comprises of the plan of the organization and all methods and procedures that are concerned mainly with operational efficiency adherence to managerial policies and usually relate only directly to financial records. They generally include such a control as statistical analysis, time and motion studies, performance reports, employee training programmes and quality control.

(Cashing, 1971)

furthermore, Kumor and Sharma (2002) outlined administrative control

as:

1. Time studies.
2. Notion studies.
3. Quality control.
4. Performance appraisal. And
5. Statistical analysis etc.

By the above forms of internal control system into financial and administrative controls therefore, the extent to which particular organization plans and control methods as well as procedures may be classified as accounting controls or administrative controls will of course vary in individual circumstances.

2.5 OBJECTIVES OF INTERNAL CONTROL SYSTEM

Accounting to Internal Control Standard, 1992, stipulate that internal control is geared to the achievement of a separate but interrelated series of general objectives. These general objectives are implemented through numerous specific sub-objectives, functions, processes and activities. The general objectives are:

1. Executing Orderly, Ethical, Economical, Efficient and Effective Operations:

The entity's operations should be orderly, ethical, economical, efficient and effective. They have to be consistent with the organisation's mission. Orderly means in a well-organised way, methodical; ethical relates to moral principles, this means that public servants should serve the public interest with fairness and manage public resources properly in accordance with the ethical conduct; economical means not wasteful or extravagant. It means getting the right amount of resources, of the right quality, delivered at the right time and place and at the lowest cost.

Efficient refers to the relationship between the resources used and the output produced to achieve the objective and effective refers to the accomplishing of objectives or to the extent to which the outcomes of an activity match the objective.

2. Fulfilling Accountability Obligations

Accountability is the process whereby public service organisations and individuals within them are held responsible for their decisions and actions, including their stewardship of public funds, fairness, and all aspects of performance. This will be realized by developing, maintaining and making available reliable and relevant financial and non-financial information and by

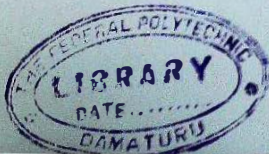
means of a fair disclosure of that information in timely reports to internal as well as external stakeholders.

3. Complying with Laws and Regulations

Organisations are required to follow many laws and regulations. In public organisations laws and regulations mandate the collection and spending of public money and the way of operating. Examples include the Budget Act, international treaties, laws on proper administration, accounting law/standards, environmental protection and civil rights law, income tax regulations and anti-fraud and corruption acts.

4. Safeguarding Resources against Loss, Misuse and Damage due to Waste, Abuse, Mismanagement, Errors, Fraud and Irregularities:

Although the fourth general objective can be viewed as a subcategory of the first one (orderly, ethical, economical, efficient and effective operations), the significance of safeguarding resources in the public sector needs to be stressed. This is due to the fact that resources in the public sector generally embody public money and their use in the public interest generally requires special care. Moreover budgetary accounting on a cash basis, which is still widespread in the public sector, does not provide sufficient assurance related to the acquisition, use, and disposition of the resources. As a result, organisations in the public sector do not always have an up-to-date record of



all their assets, which makes them more vulnerable. Therefore, controls should be embedded in each of the activities related to managing the entity's resources from acquisition to disposal.

Other resources such as information, source documents and accounting records are the key to achieving transparency and accountability of government operations, and should be preserved. However they are also in danger of being stolen, misused or destroyed. Safeguarding certain resources and records has even become increasingly important since the arrival of computer systems. Sensitive information stored on computer media can be destroyed or copied, distributed and abused, if care is not taken to protect it.

2.6 FEATURES OF A GOOD INTERNAL CONTROL SYSTEM

Cashing (1971) said that statement of auditing procedure (No. 33:28) summarises the features of a satisfactory system of internal controls as:

- i. A system of authority and recording procedures, adequate to provide reasonable accounting control over assets, liabilities, revenues and expenditure.
- ii. A plan of organization which provides appropriate segregation of duties.
- iii. Sound practice to be followed in performance of duties and functions of each of the organizational departments.

iv. personnel of a quality commensurate to responsibilities.

Furthermore, WYSE (1998) suggested that to guarantee a functional internal control system, the following conditions should exist:

- a. Management should not override the laid down controls.
- b. Henry Fayol's line of reporting must be in place where responsibility accorded with commensurate authority.
- c. The objective of the internal control system must be communicated to all staff.
- d. Internal control system must be documented for future record.
- e. The personnel in charge of handling the organizations' transactions should have adequate training, experience and proficiency.
- f. There should be clearly defined organizational structure showing the division of duties.
- g. There should be periodic review of laid down controls by management.
- h. The internal control should not be too complex i.e. it must be simple.

While Kumar and Sharma (2002) are of the view that the requisite or Principles (features) of good internal control systems as they relate to financial controls are:

- i. Financial and accounting operations must be separated i.e. the handling of cash and the movement should be done by different persons.

- ii. The responsibility for the performance of the job must be clearly states so that there may be no room of doubt or any confusion subsequent.
- iii. Too much confidence should not be pinned on one individual.
- iv. Rotation principle relating to transfer of employees from one job to another should be the inflexible guiding rule.
- v. Mechanization of the work wherever feasible and practicable should be resorted to.
- vi. The work should so arranged that the work done by one employee should promptly be checked by another independent employee.
- vii. The arrangement of work should be in such a manner that written records of the played by each employee should be maintained and pass through several hands in a well defined manner.
- viii. Employee must be in bond so that the tempted employee will be deterred from committing fraud and employer being protected.

2.7 TYPES OF INTERNAL CONTROL

The types of internal control that can be put in place in an organization are stated by WYSE (1998) as follows:



1. **Physical Control:** - Assets must be kept physically secured and this must be particularly important of valuable and portable i.e. stock, motor vehicle etc.
2. **Accounting/Arithmetic Control:** - These controls are designed so that transactions are correctly recorded and processed.
3. **Personnel Control:** - This control is developed in order that staffs allocated to duties are capable and sufficiently motivated to ensure that they carryout their duties efficiently and effectively with complete integrity.
4. **Authorization/Approval Control:** - This requires that the document to be processed should be authorised by a responsible officer within the clearly defined limitation of authority.
5. **Management Control:** - These are controls outside the day to day routine of the control system. These may include the establishment of an *internal audit department* or the use of budget or management accounts to control operations.
6. **Organizational Control:** - A plan of the organization should exist to defined and allocate the responsibilities and identifies line of operating. It is important that every employee should know the precise power delegated to him and to whom he should report.

7. **Segregation of Duties:** - This is to ensure that no single individual is responsible for all aspect of transactions from the beginning to the end. This is fundamental to a good internal control system. The involvement of more individuals reduces the accidental error or deliberate fraud.

8. **Supervisory Control:** - These are controls exercised by higher level management on their subordinates. They are designed to ensure that the organization is operating as intended.

9. **Acknowledgement of Performance:** - Procedures should be designed, communicated and enforced to ensure that every person performing a function, acknowledged his activities by means of signature, initials or other means.

10. **Budget and Budgetary Control:** - This entails the setting of standards and determination of variance, which helps the organization to remain on course.

2.8 INTERNAL CONTROL SYSTEM AND ERRORS AND FRAUDS

Large organizations such as ministries in public sector with more employees generally split up duties among them to reduce the chance of errors and frauds. To avoid these and their resulting losses, the management should install effective internal control system which according to Ross et al

(2000), "are categorised in three phases as preventive, directive and corrective".

A preventive control prevents individuals from making error and committing fraud by establishing the following consistent procedures (such as checking by independent individuals) for posting transaction.

A detective control, on the other hand, finds or detects errors and fraud that have been committed. These could be achieved through the preparation of trial balance at suitable intervals such as weekly or monthly as the case may be.

In the case of corrective control, it restores the business or organization back to normally as it were before the occurrence of the errors or the Commitment of frauds e.g. fidelity bond on a cashier is a corrective control.

2.9 EVALUATION OF INTERNAL CONTROL SYSTEM

The evaluation of internal control system of any organization can be done using some appropriate techniques.

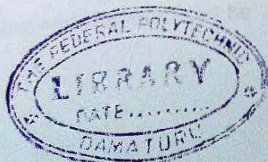
Kumar and Sharma (2002) suggested four techniques or methods of evaluating internal control system as, comprising of oral approach, memorandum approach, internal control questionnaire (ICQ) and flow charts.

- a. **Oral Approach:** - Here, oral discussions are held to identify strength and weaknesses.

b. **Memorandum Approach:** - Here, full notes are taken during discussing governing evaluation of internal control system. Analysis of weakness is undertaken and suggestions are offered through management letter for improvement.

c. **Internal Control Questionnaire (ICQ):** - This consists of questions in respect of each element of business where answers are obtained as either "Yes" or "No", "Not Applicable". Remark column is used for raising internal controls and/or identifying weakness of the existing internal controls with a view of removing them, some organizations use improved and expanded version of ICQ, which is known as descriptive system questionnaire (DSQ).

d. **Flow Chart:** - Flow chart is a graphic representation of a system in use. It depicts the various operations control measures and steps including in a system through graphic symbols. A flow chart, therefore, provides a simple, concise and comprehensive view of what is happening with the organization. It explains what documents or information are raised, how they are dealt with, what the circulation of cash or goods is, what actions are taken etc.



2.10 CONCEPT OF PUBLIC ACCOUNTABILITY

Accountability is one of those golden concepts that no one can be against. It is increasingly used in political discourse and policy documents because it conveys an image of transparency and trustworthiness. However, its evocative powers make it also a very elusive concept because it can mean many different things to different people, as anyone studying accountability will soon discover. (Bovens, 2006)

Accountability can also be defined in the right of ~~responsibility~~ for both, actions and result. Kooz and Welrich (1998), defined ~~accountability~~ in form of responsibility, they stated that "since authority is the discretionary right carryout assignments, responsibility in the obligation to accomplish them". Here responsibility refers to accountability because for any given authority the person exercising must be held accountable for the ~~actions and results~~. This view is also shared by Cole (1990) where he stated that "responsibility may range from the very specific to broad; it is commonly called accountability". He further stated that accountability or responsibility is ~~different~~ from authority because they cannot be delegated.

From the above two definition ~~we can reduce the~~ responsibility and accountability are the same and means ~~the same thing and~~ therefore can be

conveniently used interchangeable which according to Cole (1990) means the obligation to accomplish assignment.

Hambagda (1996) and Mshelia (1995), stated that "accountability is a correlate of responsibility, therefore to be accountable is to give account, to be answerable for one's decision and actions". This means accountability is to explain one's conduct or to discharge one's duties.

Accountability could also mean acknowledgement of responsibility involving the giving of information and explanations about past and current activities. It implies a position of stewardship trusteeship on the part of managers or administrations of an undertaking. In the same vein, accountability is used in three concrete terms:

- i. To refer to greater responsibility.
 - ii. To allude or put to greater attention to the community (particularly the ministry), and
 - iii. The greater commitments to values (higher standard of morality).
- [Hambagda, 1996 and Okafor, 1995]

2.11 FORMS OF ACCOUNTABILITY IN THE PUBLIC SECTOR

Hambagda (1996) summarised the forms of accountability which administrators are required to discharge in the sector as follows:

- i. Fiscal accountability which relates to public fund.

- ii. *Legal accountability* which relates to responsibility for obeying laws.
- iii. *Political accountability* which relates to responsibility for stewardship.
- iv. *Managerial accountability* which relates to responsibility for ensuring that correct position at all time in the organization.
- v. *Outcome accountability* which relates to responsibility for results.
- vi. *Process accountability* which relates to responsibility to carryout procedures.

From what have been stated above, on various forms of accountability discharged by administrators, offices in leadership, position in public organizations including the civil servants, are liable to be accountable from two (2) perspectives, which Hambagda (1996) described as:

1. Individual accountability and
2. Institutional accountability.

INDIVIDUAL ACCOUNTABILITY

Individual accountability in the context of public sector simply implies that individual members or officials of public organizations are liable to account for their acts, deeds or misdeeds. The Nigerian civil services, for instance, has rules and regulations, which guide the general behaviours and performance of any civil servant at work.



In Nigeria, there are sufficient constitutional and legal frameworks to ensure and secure public accountability in the public sector. All the laws are available in panel and criminal courts and other enactment. The problem of poor accountability in public sector, therefore, lies with lack of sincere implementation and orientation. (Hambagda, 1996)

However, during the regime of President Olusegun Obasanjo, EFCC was established by Act No. 5 of 2002, effective from 14th December to combat economic and financial crimes in Nigeria. The commission is empower to investigate, prosecute and penalised economic and financial crimes and is charged with the responsibility of enforcing the provisions of the laws and regulations relating to economic and financial crimes.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 INTRODUCTION

Research methodology according to Churchill (1989) is the systematic gathering, recording and analysis of data about problems in order to find ways of solving them. The importance of providing sufficient information on research is to enable the user of the work to evaluate the validity of the conclusion arrived at and thereby determines to relevance of the analytical tools used.

3.1 RESEARCH DESIGN

Due to the nature of the topic under study, the type of research design adopted is survey design, which involves the use of questionnaire, and oral interview as a method of data collection. Moreover, by frequent consultation of textbooks, journals and related literature, this method adopted gave the researcher the opportunity to test for the reliability of views and opinions expressed. It also made it possible to obtain information from such people who could not be easily reached for interview.

3.2 POPULATION OF THE STUDY

For the purpose of this study, all the entire employees of the Yobe State Ministry of Budget and Planning were used as the target population.



3.3 SAMPLE SIZE

The sample size adopted for this study was Sixty (60) employees from various units of Yobe State Ministry of Budget and Planning. This number was considered large enough for meaningful result to be reached.

3.4 SAMPLING TECHNIQUES

The method used in selecting the sample was simple random sampling. Also, a lottery method was employed in getting the required sample size.

3.5 METHOD OF DATA COLLECTION

To this, the following two method of data collection were obtained:

1. Primary source and
2. Secondary source

3.5.1 PRIMARY SOURCE

These include data collected through oral interview, personal observation and administration of questionnaires to the Yobe State Ministry of Budget and Planning. However, questionnaire is the major instrument or tool used in collection of data, hence, primary data were mainly used.

QUESTIONNAIRE:

Questionnaire according to Shettima and Nwaji (2000), defines it as a method of data collection that is used to elicit information from people, about objects and events within the social or physical environments. In some cases

there are two parts in a questionnaire. The first part seeks information about the nature and characteristics of the respondents e.g. their sex, age, social status, education etc. this is known as BIO-DATA (Personal Information). The second part known as the Analytical Part is concern mainly with measurement. It is this section of the questionnaire that provides the relevant information you want about the topic of the research in study. Such information relates to the attitudes, opinions, beliefs and perception of the respondents.

There are two major types of questionnaire namely:

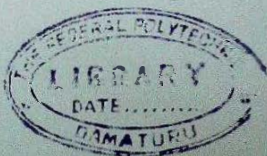
1. Structured of fixed response questionnaire.
2. Unstructured of open-ended questionnaire.

STRUCTURED OR FIXED RESPONSE QUESTIONNAIRE

In the structured or fixed response questionnaire, the respondents are restricted to some response options. A question is asked and a number of response options are supplied. From these, the respondents are expected to pick (tick) any one that best suits his response.

UNSTRUCTURED OR OPEN-ENDED QUESTIONNAIRE

Unstructured or open-ended questionnaire does not provide any response options for the respondents. Only questions that are pertinent to the Problem are asked and the respondents are free to supply their response in their own words and in any manner they deems fit.



Therefore, for the purpose of this research, structured or fixed response questionnaire was used to gather or collect information from the respondents. The questions in the questionnaire have two options which are required of the respondents to pick (tick) an appropriate option as possible.

1.5.2 SECONDARY SOURCE

This consist of data gathered from journals, textbooks, government stores regulation, seminar papers, unpublished works and other relevant publications and records from the ministry.

1.6 METHOD OF DATA ANALYSIS

Data collected from the issue of questionnaire were presented using table and were evaluated and analysed using simple percentage. The simple percentage derived its base from the number of responses for or against a particular question. However, chi-square (χ^2) was used to test the validity or otherwise the hypothesis.

The formula for chi-square (χ^2) is presented below:

$$\chi^2 = \frac{\sum (O - E)^2}{E}$$

Where: χ^2 = Subject of Chi-square

O = Observed Frequency

E = Expected Frequency

The degree of freedom is calculated based on the formula stated below:

$$\text{Degree of Freedom (DF)} = (R - 1) (C - 1)$$

Where R = Number of rows

C = Number of columns.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.0 INTRODUCTION

In order to test the formulated hypothesis the collected data were presented and analysed in this chapter. A total of sixty (60) questionnaires were distributed to the sampled respondents out of which only forty five (45) were returned. This rendered the remaining fifteen (15) not returned void and not worthy of analysis.

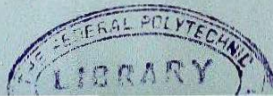
The valid questionnaires representing seventy five percent (75%) will be used for the analysis and conclusions will be drawn there from. Also recommendation will be based on the interpretation of these valid questionnaires.

4.1 DATA PRESENTATION AND ANALYSIS

Table 1: the objective of internal control system in the public sector is not well understood by the staff.

RESPONSES	FREQUENCY	PERCENTAGE(%)
Yes	30	66.7
No	15	33.3
TOTAL	45	100

Source: field survey, 2012



The table above shows that 30 respondents representing 66.7% agreed to the fact that objective of internal control is not well understood by the staff, while 15 respondents representing 33.3% disagree with the fact that objective of internal control is not well not understood by the staff.

Table 2: the political office holders do not respect the internal control of the public sector.

RESPONSES	FREQUENCY	PERCENTAGE (%)
Yes	35	77.8
No	10	22.2
TOTAL	45	100

Source: field survey, 2012

From table 2 above, it is revealed that 35 respondents representing 77.8% are of the opinion that political office holders do not respect internal control of the public sector while 22.2% representing 10 respondents disagree with the statement.

Table 3: There is sound internal control system in the ministry of budget and planning.

RESPONSES	FREQUENCY	PERCENTAGE (%)
Yes	29	64.4
No	16	35.6
TOTAL	45	100

Source: field survey, 2012

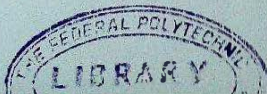
The table above shows that, 29 respondents representing 64.4% agree that *there is sound internal control system in the ministry* while 16 respondents with 35.6% disagree with the fact.

Table 4: The internal control system in the ministry is too weak to guarantee accountability.

RESPONSES	FREQUENCY	PERCENTAGE (%)
Yes	20	44.4
No	25	55.6
TOTAL	45	100

Source: field survey, 2012

Table 4 above indicate that 44.4% representing 20 respondents agree that the internal control system in the ministry is too weak to guarantee accountability while 25 respondents representing 55.6% are of the opinion



that there is no weak internal control system in the ministry which guarantees accountability.

Table 5: Lack of compliance to internal control system in the public sector significantly affects proper accountability.

RESPONSES	FREQUENCY	PERCENTAGE (%)
Yes	30	66.7
No	15	33.3
TOTAL	45	100

Source: field survey, 2012

Table 5 above shows that 30 out of 45 respondents representing 66.7% agree that lack of compliance to internal control system in the public sector affects proper accountability while 15 respondents with 33.3% disagree with the statement.

Table 6: The internal control is not constantly and adequately reviewed to meet the current technology changes in the ministry.

RESPONSES	FREQUENCY	PERCENTAGE (%)
Yes	37	82.2
No	8	17.8
TOTAL	45	100

Source: field survey, 2012

The table above clearly indicated that 37 respondents representing 82.2% agree that *internal control is not constantly and adequately reviewed to meet the current changes* while 8 respondents representing 17.8% disagree with the statement.

Table 7: Appointment into public office are not based on merit in the public sector therefore, proper accountability becomes very difficult.

RESPONSES	FREQUENCY	PERCENTAGE(%)
Yes	38	84.4
No	8	15.6
TOTAL	45	100

Source: field survey, 2012

The table above indicate that 38 respondents representing 84.4% agreed that the appointment into public office are not based on merit which lead to improper accountability, while 15.6% representing of respondents disagree with the statement.

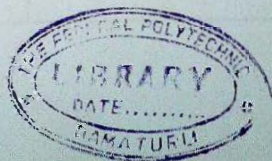


Table 8: Weak internal control system in the ministry results in improper accountability.

<i>RESPONSES</i>	<i>FREQUENCY</i>	<i>PERCENTAGE (%)</i>
Yes	30	66.7
No	15	33.3
TOTAL	45	100

Source: field survey, 2012

Table 8 above shows that 66.7% representing 30 respondents agree that weak internal control system leads to improper accountability while 33.3% representing 15 respondents disagree with the statement.

Table 9: The present internal control system cannot lead to proper accountability in the ministry.

<i>RESPONSES</i>	<i>FREQUENCY</i>	<i>PERCENTAGE(%)</i>
Yes	27	60
No	18	40
TOTAL	45	100

Source: field survey, 2012

The table above reveals that 27 respondents representing 60% says yes or agreed that the present internal control system cannot lead to proper accountability while 18 respondents with 40% disagree with the statement.

Table 10: Internal control system is not constantly review in the ministry.

RESPONSES	FREQUENCY	PERCENTAGE (%)
Yes	30	66.7
No	15	33.3
TOTAL	45	100

Source: field survey, 2012

The table shows that 30 respondents representing 66.7% agree that internal control system is not constantly reviewed in the ministry while 15 respondents with 33.3% disagree with the fact.

Table 11: The key personnel in the ministry are not adequately trained to discharge their duties effectively.

RESPONSES	FREQUENCY	PERCENTAGE (%)
Yes	25	55.6
No	20	44.4
TOTAL	45	100

Source: field survey, 2012

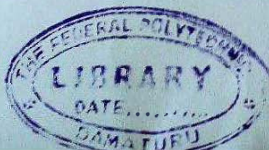


Table 11 above shows 25 respondents out of the 45 total respondents agree that the key personnel in the ministry are not well trained to discharge their duties effectively while 20 respondents with 44.4% disagree with the fact.

Table 12: Political office holders team up and destroy any control measures; therefore, improper accountability becomes unattainable.

RESPONSES	FREQUENCY	PERCENTAGE (%)
Yes	35	77.8
No	10	22.2
TOTAL	45	100

Source: field survey, 2012

Table 12 above shows that 77.8% representing 35 respondents agree that political office holders team up to destroy control measures in the ministry, therefore accountability become unattainable while 10 respondents representing 22.2% disagree with the statement.

Table 13: Is the true segregation of duties in the ministry.

RESPONSES	FREQUENCY	PERCENTAGE(%)
Yes	40	88.9
No	5	11.1
TOTAL	45	100

Source: field survey, 2012

Table above reveals that out of the 45 total respondents, 40 respondents representing 88.9% agree that there is true segregation of duties in the ministry while only 5 respondents representing 11.1% disagree with the fact.

Table 14: Is compliance to internal control system in the ministry considerate?

RESPONSES	FREQUENCY	PERCENTAGE (%)
Yes	33	73.3
No	12	26.7
TOTAL	45	100

Source: field survey, 2012

The table above shows that, 33 respondents representing 73.3% agree while 12 respondents representing 26.7% disagree with the statement.

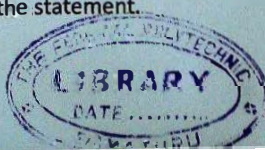


Table 15: Payments are sometimes made before documentation in the ministry.

RESPONSES	FREQUENCY	PERCENTAGE (%)
Yes	30	66.7
No	15	33.3
TOTAL	45	100

Source: field survey, 2012

Table 15 above indicates that out of the total of 45 respondents, 30 respondents with 66.7% agree that the payments are made before documentation in the ministry while only 15 respondents out of the 45 total respondents disagree with the statement.

4.2 TESTING OF HYPOSTHESIS

Chi-square (χ^2) will be used to test the hypothesis formulated for this study or research work.

4.2.1 HYPOTHESIS

- A. H_0 - Sound internal control system does not lead to proper accountability.

H_1 - Sound internal control system leads to proper accountability.

H_0 - There is a weak internal control system in the ministry which does not guarantee accountability.

H_2 - There is a strong internal control system in the ministry which guarantee accountability.

For the purpose of these test the result of table 3 and 4 in the questionnaire was used.

Table 16: Observed frequency table

RESPONSES	Q3	Q4	TOTAL
Yes	29	20	49
No	16	25	41
TOTAL	45	45	90

EXPECTED FREQUENCY:

Expected frequency can be computed using the formula below:

$$\frac{TR \times TC}{GT}$$



Where:

TR = Total Row

TC = Total Column

GT = Grand Total

Therefore:

$$\text{Yes} = \frac{49 \times 45}{90} = \frac{2205}{90} = 24.5$$

$$\text{No} = \frac{41 \times 45}{90} = \frac{1845}{90} = 20.5$$

Table 17: Expected Frequency Table

RESPONSES	Q3	Q4	TOTAL
Yes	24.5	24.5	49
No	20.5	20.5	41
TOTAL	45	45	90

COMPUTATION OF CHI-SQUARE (χ^2):

The formula for calculating chi-square (χ^2) is given below:

$$\chi^2 = \frac{\sum(O - E)^2}{E}$$

Where: O = Observed Frequency
 E = Expected Frequency

Table-18: Chi-Square (χ^2) Table

RESPONSES	O	E	O-E	$(O-E)^2$	$\frac{(O-E)^2}{E}$
Yes	29	24.5	4.5	20.25	0.8265
Yes	20	24.5	-4.5	20.25	0.8265
No	16	20.5	-4.5	20.25	0.9878
No	25	20.5	4.5	20.25	0.9878
Computed value of χ^2					3.6286

From the above analysis on the table above it shown that chi-square (χ^2)

is equal to 3.6286.

COMPUTATION OF DEGREE OF FREEDOM (DOF)

The formula for computing degree of freedom is given below:

$$DOF = (R-1)(C-1)$$

Where: DOF = Degree of Freedom

R = Rows

C = Columns

$$\begin{aligned}\text{Therefore DOF} &= (2 - 1) (2 - 1) \\ &= 1 \times 1 \\ &= 1\end{aligned}$$

Therefore chi-square = 3.84

Using 5% as level of significance and 1 as the degree of freedom, the computed chi-square (χ^2) table value is 3.6286 which the chi-square (χ^2) is 3.84.

4.2.2 DECISION TABLE

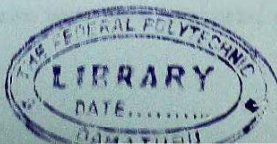
From the analysis of table 18, the hypothesis tested showed that the computed chi-square (χ^2) table value of 3.6286 is less than the chi-square table (χ^2) table of 3.84 using 5% as the level of significance, the alternative hypothesis (H_1) is accepted which stated that sound internal control system leads to proper accountability.

Finally, out of sixty (60) questionnaire administered, it was discussed that from the first hypothesis which states that sound internal control system does not lead to proper accountability in the public sector, majority were of the opinion that sound internal control system leads to proper accountability in the public sector.

4.3 SUMMARY OF FINDINGS

From the above presentation and analysis of data and the hypothesis tested, the following are the summary of the findings:

1. Lack of true segregation of duties: this affects the internal control system because one or single individual is in-charge of different stages in transaction process which lead to errors and frauds.
2. There is also the problem of lack of adequate training for some staff who hold sensitive positions such as the internal auditors, accountants and some other officers.
3. There is also a weak internal control system with which the public sector operates as revealed by this study become so due to non-compliance to some important internal control system.
4. The appointment in the public offices are not mostly based on merit in the public sector, therefore, proper accountability becomes very difficult.
5. Political officers in the ministry team up and beat any control measures therefore, proper accountability becomes unattainable. It is because the political office holders are not appointed based on merit that is why they control the ministry based on their interest and by not complying to the internal control system.



CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY

This study was embarked upon to assess the strength of internal control system and the extent to which sound internal control can influence proper accountability in the public sector.

To achieve these objectives, some relevant literature in the same field of study were reviewed, reflecting on the opinion of different scholars and authors of high repute regarding the nature and influence of internal control system in relation to proper accountability especially in the public sector. In appreciation therefore, all the sources either quoted or consulted were duly acknowledged.

The data used for this study were mainly gathered from primary sources and the research instruments used for their collection comprised of questionnaires, oral interview and personal observation. The secondary sources include textbooks, administrative records, professional journals, magazines and newspapers.

A total of sixty (60) questionnaires were distributed to all the staff of the ministry of budget and planning. The questionnaire were duly responded to

and returned. Oral interview were also conducted while personal observation was employed by the researcher throughout the period of the study.

The data collected were analysed using chi-square (χ^2) and simple percentages (%) methods. The analysis revealed that there is significant relationship at 5% with degree of freedom of 1, between sound internal control system and proper accountability in the case which by extension, applies to the public sector. It was also found that there is weak internal control system in the public sector, which leads to improper accountability.

Based on the study and analysis of the data, it was found that the performance of the public sector is characterised by improper accountability which attributed to weak internal control system, lack of true segregation of duties, *non-periodic* review of internal control system to meet the present requirement for effective resources control, there is also the problem of lack of adequate training of some staff etc.

It was in the view of the above findings that the researcher drew conclusions and made necessary recommendations.

5.2 CONCLUSION

Based on the findings the study concluded that the performance of the public sector which is characterised by improper accountability, can lead to a greater extent attributed to weak internal control system.

The weak internal control system with which the public sector operates as revealed by this study become so due to non-compliance to some important of internal control system, some of which, lack of true segregation of duties which affect the internal control system because one individual is in-charge of different stages in transactions process which makes it susceptible to error, omission and fraud which otherwise would have been avoided.

Another aspects of non-compliance to internal control system which lead to improper accountability are; payments are sometimes effected before processing documents in that respect, it would affect the internal control system because if unreasonable time is allowed to lapse between payment and the documentation, some figures could easily be even forgotten completely, more, the tract of the transaction might not be recalled accurately. Also non-periodic review of internal control system to meet the present requirements for effective resources controls. For instances, the stores regulations which are currently in use dates back to 1968, which is forty three (43) years age, without significant review.



There are also some important sections of financial regulations which were reviewed, but have never been documented and circularised to the staff for consultation and reference purpose. Instead of discarded or repeated sections, are still being referred to in the course of discharging their duties by the staff. There is also the problem of lack of adequate training for some staff that holds sensitive positions such as the internal Auditors, Accountants and some other officers. As a result of this some control measures were deliberately ignored in the course of transactions, this rendered the internal control system in-effective.

Unless the government takes drastic measures to install sound internal control system on ground in the ministry or extra-ministerial department, boards and parastatals as well as other agencies of equal status, the effect of weak internal control system will continue to affect the quality of performance in the public sector, and consequently result in improper accountability.

In order to remedy this situations therefore, the researcher came up with some useful recommendations.

5.3 RECOMMENDATIONS

To effectively deal with the problem of weak internal control system as it affects proper accountability in the public sector, the researcher recommend the following:

1. Every government establishment which have a cause to account for its performance, must ensure that all its staff who are placed in sensitive positions, have adequate training in the same field so as to discharge their duties effectively. In big ministries and other boards and parastatals of equally status, for example should have professional accountants as their internal auditors. This is because as custodian of internal control system, internal auditors should be very knowledgeable in their areas of specialization.
2. Government should ensure that all internal control installed for appropriate transactions are promptly reviewed whenever the need arises. Considering the current technological development, especially the introduction of computers to aid information processing in the government organizations, the earlier internal controls are rendered in effective to ensure accountability hence the need for constant review.
3. A special reward package should be awarded to those who proved to be honest and consistent compliers of internal controls and special

allowances to be given to those holding positions that require highly tasking effort. This will encourage and motivate the personnel to be honest, competent and hardworking.

4. The government should reconsider the welfare of personnel by ensuring that the salaries and wages are adequate to meet at least their basic requirements, otherwise it will be difficult to ensure compliance to any control system. This is because the personnel will always attempt to beat any system on ground to ensure that they get something to cater for any shortfall between their earnings and cost of basic necessities.

5. The government should also ensure that one staff is allowed to overstay in one position performing the some functions leave whenever they fall due. By adopting these measures, any cover up or concealment made by the outgoing staff will be revealed by those taking over from them.

If these recommendations are properly implemented, they would inately strengthen the internal control system in the public sector, and er still, provide conducive grounds for proper accountability. In spite of all points rose earlier and the recommendations made above, the researcher er recommends that other interested scholars may wish to either expand cope of this study or employ other variables in order to assess the extent ountability in the public sector. This is because what appears to hold true

today may change overtime, and there might be other factors as well which influence accountability in the public sector as much as internal control system does.

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APPENDIX

Department of Accountancy,
School of Management Study,
The Federal Polytechnic Damaturu,
P.M.B. 1006, Damaturu,
Yobe State.

Dear Sir/Madam,

RESEARCH QUESTIONNAIRE

I am a final year student of the above named Institution carrying out a research study on *"The Analysis of Internal Control System as a tool for Public Accountability: A Case Study of Yobe State Ministry of Budget and Planning"*. This questionnaire is designed to elicit information from you regarding the research topic mentioned above.

It is one of the prerequisite for the fulfilment of the award of Higher National Diploma (HND) in the aforementioned department. Please kindly complete the questionnaire.

I assure you that any information disclosed by you will be treated confidentially and use solely for the purpose of the research study.

Yours Faithfully,



Usman Audu Adamu

QUESTIONNAIRE

PLEASE TICK [] AS APPROPRIATE:

1. Does the object of internal control system not well understood by the staff?
a. Yes [] b. No []
2. Do the political office holders not respecting the internal control system in the public sector?
a. Yes [] b. No []
3. Is there sound internal control system in the Ministry of Budget and Planning?
a. Yes [] b. No []
4. Is internal control system in the Ministry is too weak to guarantee accountability?
a. Yes [] b. No []
5. Does lack of compliance to internal control system in the public sector significantly affects proper accountability?
a. Yes [] b. No []
6. Is the internal control system not constantly and adequately reviewed to meet the current technological changes in the ministry?
a. Yes [] b. No []
7. Appointment in the public offices are not based on merit in the public sector therefore, does proper accountability becomes very difficult?
a. Yes [] b. No []
8. Weak internal control system in the ministry results in improper accountability.
a. Yes [] b. No []

9. The present internal control system cannot lead to proper accountability in the ministry.
a. Yes [] b. No []
10. Weak internal control system is not constantly reviewed in the ministry.
a. Yes [] b. No []
11. The key personnel in the ministry are not adequately trained to discharge their duties effectively.
a. Yes [] b. No []
12. Political office holders in the ministry team up and beat any control measures therefore, is proper accountability becomes unattainable?
a. Yes [] b. No []
13. Is there true segregation of duties in the ministry?
a. Yes [] b. No []
14. Is compliance to internal control system in the ministry considerate?
a. Yes [] b. No []
15. Payments are sometimes made before documentation in the ministry.
a. Yes [] b. No []

Percentile Values (χ^2_p)
for
the Chi-Square Distribution
with ν Degrees of Freedom
(shaded area = p)



ν	0.005	0.01	0.025	0.05	0.10	0.25	0.5	0.75	0.90	χ^2_p	0.95	0.975	0.99	0.995
1	7.88	6.63	5.02	3.84	2.71	1.32	1.39							
2	10.6	9.21	7.38	5.99	4.61	2.77	1.39							
3	12.8	11.3	9.35	7.81	6.25	4.11	2.37							
4	14.9	13.3	11.1	9.49	7.78	5.39	3.36							
5	16.7	15.1	12.8	11.1	9.24	6.63	4.35							
6	18.5	16.8	14.4	12.6	10.6	7.84	5.35							
7	20.3	18.5	16.0	14.1	12.0	9.04	6.35							
8	22.0	20.1	17.5	15.5	13.4	10.2	7.34							
9	23.6	21.7	19.0	16.9	14.7	11.4	8.34							
10	25.2	23.2	20.5	18.3	16.0	12.5	9.34							
11	26.8	24.7	21.9	19.7	17.3	13.7	10.3							
12	28.3	26.2	23.3	21.0	18.5	14.8	11.3							
13	29.8	27.7	24.7	22.4	19.8	16.0	12.3							
14	31.3	29.1	26.1	23.7	21.1	17.1	13.3							
15	32.8	30.6	27.5	25.0	22.3	18.2	14.3							
16	34.3	32.0	28.8	26.3	23.5	19.4	15.3							
17	35.7	33.4	30.2	27.6	24.8	20.5	16.3							
18	37.2	34.8	31.5	28.9	26.0	21.6	17.3							
19	38.6	36.2	32.9	30.1	27.2	22.7	18.3							
20	40.0	37.6	34.2	31.4	28.4	23.8	19.3							
21	41.4	38.9	35.5	32.7	29.6	24.9	20.3							
22	42.8	40.3	36.8	33.9	30.8	26.0	21.3							
23	44.2	41.6	38.1	35.2	32.0	27.1	22.3							
24	45.6	43.0	39.4	36.4	33.2	28.2	23.3							
25	46.9	44.3	40.6	37.7	34.4	29.3	24.3							
26	48.3	45.6	41.9	38.9	35.6	30.4	25.3							
27	49.6	47.0	43.2	40.1	36.7	31.5	26.3							
28	51.0	48.3	44.5	41.3	37.9	32.6	27.3							
29	52.3	49.6	45.7	42.6	39.1	33.7	28.3							
30	53.7	50.9	47.0	43.8	40.3	34.8	29.3							
31	55.0	52.3	48.3	45.1	41.6	35.9	30.3							
32	56.4	53.7	49.6	46.4	42.9	37.0	31.3							
33	57.8	55.0	50.9	47.7	44.2	38.1	32.3							
34	59.1	56.4	52.3	49.0	45.5	39.2	33.3							
35	60.5	57.8	53.7	50.3	46.8	40.3	34.3							
36	61.8	59.1	55.0	51.6	48.1	41.4	35.3							
37	63.2	60.5	56.4	52.9	49.4	42.5	36.3							
38	64.6	61.8	57.8	54.2	50.7	43.6	37.3							
39	66.0	63.2	59.1	55.5	52.0	44.7	38.3							
40	67.4	64.6	60.5	56.8	53.3	45.8	39.3							
41	68.8	66.0	61.8	58.1	54.6	46.9	40.3							
42	70.2	67.4	63.2	59.4	55.9	48.0	41.3							
43	71.6	68.8	64.6	60.7	57.2	49.1	42.3							
44	73.0	70.2	66.0	62.0	58.5	50.2	43.3							
45	74.4	71.6	67.4	63.3	59.8	51.3	44.3							
46	75.8	73.0	68.8	64.6	61.1	52.4	45.3							
47	77.2	74.4	70.2	65.9	62.4	53.5	46.3							
48	78.6	75.8	71.6	67.2	63.7	54.6	47.3							
49	80.0	77.2	73.0	68.5	64.9	55.7	48.3							
50	81.4	78.6	74.4	69.8	66.2	56.8	49.3							
51	82.8	80.0	75.8	71.1	67.5	57.9	50.3							
52	84.2	81.4	77.2	72.4	68.8	59.0	51.3							
53	85.6	82.8	78.6	73.7	70.1	60.1	52.3							
54	87.0	84.2	80.0	75.0	71.4	61.2	53.3							
55	88.4	85.6	81.4	76.3	72.7	62.3	54.3							
56	89.8	87.0	82.8	77.6	74.0	63.4	55.3							
57	91.2	88.4	84.2	78.9	75.3	64.5	56.3							
58	92.6	89.8	85.6	80.2	76.6	65.6	57.3							
59	94.0	91.2	87.0	81.5	77.9	66.7	58.3							
60	95.4	92.6	88.4	82.8	79.2	67.8	59.3							
61	96.8	94.0	89.8	84.1	80.5	68.9	60.3							
62	98.2	95.4	91.2	85.4	81.8	70.0	61.3							
63	99.6	96.8	92.6	86.7	83.1	71.1	62.3							
64	101.0	98.2	94.0	88.0	84.4	72.2	63.3							
65	102.4	99.6	95.4	89.3	85.7	73.3	64.3							
66	103.8	101.0	96.8	90.6	87.0	74.4	65.3							
67	105.2	102.4	98.2	91.9	88.3	75.5	66.3							
68	106.6	103.8	99.6	93.2	89.6	76.6	67.3							
69	108.0	105.2	101.0	94.5	90.9	77.7	68.3							
70	109.4	106.6	102.4	95.8	92.2	78.8	69.3							
71	110.8	108.0	103.8	97.1	93.5	79.9	70.3							
72	112.2	109.4	105.2	98.4	94.8	81.0	71.3							
73	113.6	110.8	106.6	99.7	96.1	82.1	72.3							
74	115.0	112.2	108.0	101.0	97.4	83.2	73.3							
75	116.4	113.6	109.4	102.3	98.7	84.3	74.3							
76	117.8	115.0	110.8	103.6	100.0	85.4	75.3							
77	119.2	116.4	112.2	104.9	101.3	86.5	76.3							
78	120.6	117.8	113.6	106.2	102.6	87.6	77.3							
79	122.0	119.2	115.0	107.5	103.9	88.7	78.3							
80	123.4	120.6	116.4	108.8	105.2	89.8	79.3							
81	124.8	122.0	117.8	110.1	106.5	90.9	80.3							
82	126.2	123.4	119.2	111.4	107.8	92.0	81.3							
83	127.6	124.8	120.6	112.7	109.1	93.1	82.3							
84	129.0	126.2	122.0	114.0	110.4	94.2	83.3							
85	130.4	127.6	123.4	115.3	111.7	95.3	84.3							
86	131.8	129.0	124.8	116.6	113.0	96.4	85.3							
87	133.2	130.4	126.2	117.9	114.3	97.5	86.3							
88	134.6	131.8	127.6	119.2	115.6	98.6	87.3							
89	136.0	133.2	129.0	120.5	116.9	99.7	88.3							
90	137.4	134.6	130.4	121.8	118.2	100.8	89.3							
91	138.8	136.0	131.8	123.1	119.5	101.9	90.3							
92	140.2	137.4	133.2	124.4	120.8	103.0	91.3							
93	141.6	138.8	134.6	125.7	122.1	104.1	92.3							
94	143.0	140.2	136.0	127.0	123.4	105.2	93.3							
95	144.4	141.6	137.4	128.3	124.7	106.3	94.3							
96	145.8	143.0	138.8	129.6	126.0	107.4	95.3							
97	147.2	144.4	140.2	130.9	127.3	108.5	96.3							
98	148.6	145.8	141.6	132.2	128.6	109.6	97.3							
99	150.0	147.2	143.0	133.5	129.9	110.7	98.3							
100	151.4	148.6	144.4	134.8	131.2	111.8	99.3							

Shirine M. Thompson, Table of percentage points of the χ^2 distribution, Biometrika, Vol. 32 (1941), by permission of the publisher.