



## Challenges of internal audit function in the Nigerian public sector: A study of Abia State ministry of finance

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### Abstract

Internal auditors play crucial role in ensuring accountability, probity and governance of public sector entities. However, the effective performance of such duties would depend on the challenges faced by internal auditors in public sector institutions. The objective of this study is therefore to examine the challenges faced by internal auditors in public sector audit in Nigeria. The study specifically examined whether independence of internal auditors, compliance with set out rules and regulations of public fund management and improper segregation of duties pose a challenge to internal auditors in public sector entities. The study adopted the survey research design the population of the study was drawn from accountants and auditors in the offices of the Accountant-General and Auditor-General of Abia State. The study employed Independent-Samples Mann-Whitney U -Test technique in testing the formulated hypotheses. The study finds out that while independence and the compliance with set out rules and regulations of public fund management pose a challenge to internal auditors of public sector entities, however, that improper segregation of duties does not pose a challenge to internal auditors of public sector entities. The study recommends that the independence of internal auditors in public institutions should be enthroned. Secondly, to ensure compliance with rules and regulations of public fund management ensured.

**Keywords:** Internal audit, public sector audit, public fund management

### 1. Introduction

In recent times financial scandals have been a major issue surrounding the financial markets and the global economy. This created the need for the legal and regulatory reform with the aim of promoting and establishing better corporate governance. Consequently, this led to the introduction of compulsory internal audit both in private and public sectors. Nowadays, although the internal audit is taken to be an integral part of good corporate governance (GCG), the role of internal auditors in an organization, the level of their independence, the conflicts and obstacles that they face on a daily basis in their work need to be thoroughly examined together with the challenges that have to be overcome in the recent future, as one of the key internal control processes that should have a major role in the management of a particular organization. All important decisions should be made upon the recommendations of the internal audit department. The need for accountability and probity in the public sector has been underscored. The drive for accountability often begins with the pursuit of probity and integrity on the part of public administrators. In every democratic system, the government undertakes various transactions through its representatives or agencies and as such, they are required by law to give account of their stewardship. In this vein, the Constitution of the Federal Republic of Nigeria has provided for the establishment of audit departments both at Federal and State levels. Section 125(1) of the 1999 Constitution provides that there shall be an Auditor General for the Federation and for each State of the Federation, who shall be appointed in accordance with the provision of section 126 of this Constitution. Subsection(2) of this section provides that the public

accounts of a state and all offices, ministries, parastatals and the courts of the state shall be audited by the auditor general for the state who shall submit his reports to the House of Assembly of the state concerned.

This clearly underscores the importance of auditors in public sector entities, who by their work would achieve good internal control system, avoid corruption, ensure good corporate governance system, and promote accountability and transparency. Auditing in the public sector is aimed at the prevention of stakes, shortcomings and misdeeds in the public administration. In both private and public sectors, the responsibilities for internal auditing rest with internal auditors. According to the Institute of Internal Auditors (IIA) independent, objective assurance and consulting activity designed to add and improve an organization's operations. According to the Institute of Chartered Accountants of England and Wales [ICAEW] internal auditing is an independent appraisal function established within an organization to examine and evaluate its activities as a service to the organization. Internal audit is a control mechanism that can curtail incidence of fraud and misappropriation in government ministries if adequately applied.

The International Standard on Auditing (ISA) 200 states that the objective of an audit of financial statements is to enable the auditor to express an opinion whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework. In this paper, the researcher further investigated the challenges of internal audit function, mostly in the public sector. This was supported by the existing literature in this field.

## 1.2 Statement of the Problem

There is a low tendency for public officers in Nigeria to report on their performance and conduct fairly to members of the public to whom they are called to serve (Ebimobowe, 2013) <sup>[17]</sup>. Previous studies have established the fact that good accounting and reporting systems enable an entity to allocate its resources in the most efficient manner (Adeniji, 2004, Appah., 2008, Akinbuli, 2010) <sup>[1, 6, 10]</sup> supported the establishment of internal audit departments in organizations. However, in spite of the existence of internal audit departments in public sector entities in Nigeria, the rate of fraud and financial impropriety is arguably on the increase (Appah, Appiah, & Okereson, 2013) <sup>[27]</sup>. Auditors in public sector entities are expected to ensure that funds are expended in accordance with the terms by which such monies were appropriated and that accounts have been properly prepared (Nworgu, 2003, Johnson, 2004) <sup>[24]</sup>. Though, internal audit has become a crucial function within organizations; insufficient attention has been directed to this area of study when compared to external audit. And authors have suggested the need for studies on internal audit in public sector entities of developing nations (Al-Twaijry Brierley, Gwilliam 2003, GetieMihret, Wondim, 2007, Arena, Azzone. 2007 & 2009) <sup>[3, 21, 9]</sup>. The study by Getie and Wondim (2007) <sup>[21]</sup> identified the need for effective internal audit function in public sector entities to support effective management of public funds, and links the effectiveness to effective management and internal control of the entity. However, a crucial question is what hampers the effectiveness of internal auditors in the performance of their duties? The study by Ebimobowe (2013) <sup>[17]</sup> identified inadequate qualified manpower as a factor which retards proper auditing of local government accounts in Bayelsa State, Nigeria. However, there seems to be addressing this area of public sector governance. Moreover, recently there has been heightened interest in issues associated with the independence and objectivity of (Baharud-din, Shokiyah & Ibrahim, 2014) <sup>[11]</sup>. Also, is the issue of segregation of duties arising from the complexity of today's enterprise systems (Ernst&Young.2010) <sup>[19]</sup>. This backdrop gave birth to the present study on internal audit function and its challenges in public sector governance in Nigerian public sector entities.

## 1.3 Objectives of the Study

The main objective of this study is to examine the challenges faced by internal auditors in public sector audit in Nigeria. The specific objectives of the study are as follows:

1. To ascertain whether independence of internal auditors, pose a challenge to internal auditors' function in public sector entities,
2. To examine whether compliance with set out rules and regulations of public fund management to internal auditors in public sector entities, and
3. To determine whether improper segregation of duties pose a challenge to internal auditors in public sector entities.

## 1.4 Research Questions

1. To what extent does independence of internal auditors pose a challenge to internal auditors' function in public sector entities?

2. How does compliance with set out rules and regulations of public fund management pose a challenge to internal auditors in public sector entities?
3. To what extent does improper segregation of duties pose a challenge to internal auditors in public sector entities?

## 1.5 Research Hypotheses

The research hypotheses were formulated in a null form as follows

1. Independence of internal auditors does not pose a significant challenge to internal auditors' function in public sector entities,
2. Compliance with set out rules and regulations of public fund management does not pose a significant challenge to internal auditors in public sector entities, and
3. Improper segregation of duties does not pose a significant challenge to internal auditors in public sector entities.

## 2. Review of Literature

### 2.1 Conceptual Review

#### 2.1.1 Nature and scope of internal audit

Awe (2008) defines auditing as an independent examination of the books and accounts of an organization by a duly appointed person to enable that person give an opinion as to whether the accounts give a true and fair view and comply with relevant statutory guidelines.

The American Accounting Association Committee (1973) in its Statement of Basic Auditing Concepts described auditing as a systematic process of objectively obtaining and evaluating evidence regarding assertions about economic actions and events to ascertain the degree of correspondence between the assertions and established criteria and communicating the results to interested users.

Hayes, Schilder, Dassen & Wallage (1999) <sup>[23]</sup> were of the view that internal audit can be defined as an independent, objective assurance and consulting activity designed to add and improve an organization's operations. It helps an organization to accomplish its objectives by bringing a systematic, discipline approach to evaluate and improve the risk management, control, and governance processes. According to this definition the major scope of internal auditors are making assurance to the organization and giving consultancy services to the overall managements of the entity. The function of an internal auditor is practically the same as that of an auditor. In addition to that an internal audit has to see that there is no wastage and the business is carried on efficiently and effectively. Again if an internal auditor finds that as a result of the inefficiency of the management, the management concern has suffered a loss, it is his duty to report the fact. Campbell cited in (Okereson. 2013) <sup>[27]</sup> recognized three major reasons why audit is carried out:

Lending of credibility- that is to detect fraud and disclose hidden information, resolve conflicts of interest-there is need for the shareholder to be satisfied with the management of their resources.

Accountability- the directors are the agents of the shareholders their performance needs to be evaluated. For

the aforementioned reasons to be accomplished, the internal auditing department must perform certain functions which must be in line with the requirement of the company or organizations.

Internal control system- ensure the safety of the organization's assets, review the internal control system to detect error and lapses with the aim to improve, ensure that management policies are executed and in the right time, ensure that management are supplied with quality information necessary to perform their function as required by them and provide training for non-auditing officers in ensuring effective implementation in internal control system, ensure that the internal control system of the organization is well designed and well implemented, carry out investigation and audit committee and assist the internal auditors as may be required.

According to Baharud-din, Shokiyah and Ibrahim (2014)<sup>[11]</sup> to effective government audit is the need for independence and objectivity which can allow the auditor to carry out work without interference by any party. The independence and objectivity of internal audit is with respect to both assurance services and consulting for the organization. In certain extent there is a confusion of the role of internal audit, as internal auditors are part of the management team and at the same time to independently evaluate management's effectiveness and efficiency (Baharud-din, Shokiyah & Ibrahim, 2014)<sup>[11]</sup>. This could affect the effectiveness of internal auditing as even though internal auditors are charged with upholding the best interests of their employer, they may be reluctant to counter management, regardless of consequences (Sarens & De Beelde, 2006)<sup>[30]</sup>.

Separation of duties is the concept of having more than one person required to complete a task. In business the separation by sharing of more than one individual in one single task is an internal control intended to prevent fraud and error (Hailemariam, 2014)<sup>[22]</sup>.

### 2.1.2 The duties and responsibilities of internal audit functions

Diamond (2002) highlights the duties and responsibilities of internal audit functions in public sector organisations (within the relevant legislative frameworks) as being to provide services in the area of compliance with existing government regulations, instructions and procedures; to evaluate the effectiveness of internal control systems and to appraise the economy and effectiveness with which financial and other resources are being used.

VanGansberghe (2005) agrees with some of the above-mentioned duties and responsibilities, and suggests that internal auditing in the public sector also includes administrative procedures, such as checking documents, counting assets, and reporting on past events to various audit clients.

Stačiokas and Rupšys (2005) and Pickett(2003), see internal audit functions as usually responsible for the following: assessing the safeguarding of assets; facilitating self-assessment; assessing business risks; evaluating governance processes; performing quality reviews; investigating fraud; evaluating internal controls; reviewing and assessing operating processes; reviewing accounting and financial information; ensuring compliance with laws, regulations and contracts, and assessing the efficient use of resources.

Coffin and Patilis (2001), opine that internal auditing can

significantly help to determine and evaluate the controls surrounding the collection, use of, and access to client information, as well as compliance with applicable regulations. Government internal auditors furthermore advise elected officials and top administrative management, such as directors-general and audit committees, on how tax-generated resources are being used (Malan, 1991). It is evident that management and audit committees are concerned about the proper functioning of an organisation's internal controls, ethics, governance, and risk management processes.

Stačiokas and Rupšys (2005) further state that internal audit functions are responsible for recommending to senior management how processes in an organisation can be improved. Sawyer, Dittenhofer, and Scheiner (2003) agree and further claim that internal audit functions assist members of the executive and senior management in the effective discharge of their duties and responsibilities.

Dittenhofer (2001)<sup>[163]</sup> opined that an internal auditor should be active in trying to determine what it can do to help its clients and should anticipate client needs. Stačiokas and Rupšys (2005) explained that an internal audit function may potentially experience conflicts of interest when serving its clients. Senior management may, for example, be interested in activities directly affecting the bottom line in the profit and loss accounts, and thus their bonuses, to the detriment of "the general good" of the society that that government entity is set up to serve.

Given the aforementioned roles of internal audit functions in the public sector, Price Water house Coopers (2010) conclude that internal audit functions in the public sector should assist management with the following: regulatory compliance; the assessment of current and future regulatory risk profiles and the impact of regulations; effectiveness reviews of current compliance with policies; the implementation of risk-based compliance control frameworks and monitoring programmes; the evaluation of the impact of new regulations on the business model; giving advise on and assistance with regulatory relations, and ensuring that regulatory standards and expectations are met.

### 2.1.3 Internal Audit in the Public Sector

When observing the public sector and international institutions in general, the function of internal audit is essential for effective management. As the Institute for Internal Audit(2012) points out, the internal audit function in the public sector is of great importance and must be structured in a manner that ensures the fulfillment of their accountability and transparency to the general public, while at the same time allows them to efficiently effectively and cost-effectively meet its goals.

For the internal audit in the public sector, the key point is the credibility and the level of independence with which this function is performed. One must keep in mind that the staff of these departments is also an integral part of particular public organizations, so credibility and independence, as well as their advisory role, are becoming an increasing challenge and the point of potential conflicts of interest.

## 2.2 Theoretical Framework

The theories which this study relies upon are the policemen theory and lending credibility theory.

**2.2.1 The policeman theory**

This theory of auditing is based purely on the arithmetical accuracy and on the prevention and detection of fraud. This theory makes the auditor to detect and prevent errors and fraud in organizations. From the 1940s till present, there has been a shift of audit paradigm as compounded by recent financial statement frauds, such as those at SocieteGenerale, Satyam, Ahold, Enron, etc. There is now an ongoing public debate on the auditor’s responsibility for detection and disclosure of fraud.

**2.2.2 The lending credibility theory**

This theory of auditing regards the primary function of auditing to be the addition of credibility to the financial statements. Akinbuli (2010) <sup>[10]</sup> states that audited financial statements can enhance stakeholders’ faith in management’s stewardship. If stakeholders such as stockholders, government, or creditors have to make their judgments based on the information they receive, they must have faith that this is a fair representation of the economic value and performances of the organization.

**2.3 Empirical Review**

The study by Kpurugbara, Akpos, Nwidiuudu, Tams-Wariboko (2016) <sup>[25]</sup> examined auditing practices and procedures in the Nigerian local government service system using selected LGAs in Rivers State as its study focus. The objectives of the study were to identify how auditor’s independence and the process of auditor’s appointment affect the performance of public auditors in Nigerian LGAs. Data for the study was gathered from a sample of 265 members of staff drawn from a population of 781 across 15 selected LGAs in Rivers State. The data gathered was analysed using the Kruskal Wallis test performed with the aid of SPSS. The results of the hypotheses test revealed that auditors’ independence has an effect on the quality of audit report, and, the appointment processes also has an effect on the performance of public sector auditors.

The study by Baharud-din, Shokiyah, Ibrahim (2014) <sup>[11]</sup> investigates factors that contribute to the effectiveness of internal audit (IA) in the Malaysian public sector. It also aims to determine the relationship between factors that contribute to the effectiveness of IA work in promoting better transparency and integrity of public management. This study employs a cross-sectional survey to investigate the effectiveness of internal audit. Several statistical techniques such as the 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 this study such as auditor competency, auditors’ independence and objectivity and management support to the effectiveness of internal audit.

The study by Ebimobwei and Binaebi (2013) <sup>[17]</sup> examined the effectiveness of auditing of local government accounts in Bayelsa State, Nigeria. Primary data was collected using a well-structured and tested questionnaire from two hundred and forty six respondents in the eight local governments of

Bayelsa State. The respondents were stratified to create subsets among different departments and then random sampling technique was used to select the number of subjects from each subset to collect data. The data was analyzed using descriptive statistics and Spearman Rank Order correlation coefficient. The findings of the study suggest that auditing ensures proper stewardship reporting, administrative interference and inadequate qualified manpower does retard proper auditing of local government accounts in Bayelsa State.

**3. Methodology**

**3.1 Research Design**

The study utilized the descriptive survey research design. According to Chukwuemeka (2006) descriptive research tries to unravel the essential elements or characteristics of any phenomenon.

**3.2 Population of the Study**

The population of this study was drawn from Ministry of Finance Abia State. The following offices were chosen based on qualification and expertise of personnel. A total of eighty personnel with experience in audit and accounting related tasks were identified.

**Table 3.1:** Population of respondents

S/No	Office	Staff
1	Office of the Accountant-General, Abia State	37
2	Office of Auditor- General, Abia state.	43
	Total	80

Source: Field survey (2016)

**3.3 Sample and Sampling Technique**

In determining the Sample Size of the study, Taro-Yamene (1964) formula for finite population was applied.

$$n=N/ (1+N (e) ^2)$$

$$n=80/ (1+ (80(0.05)^2) = 66.67$$

The study thereafter employed the Bowley’s proportional allocation formula to determine the number units to be allocated to the offices

$$Nh=nNh/N$$

Where,

nh = number of units allocated to each stratum.

n=total sample size

Nh =number of items in each stratum in the population.

Office of the Accountant-General:

$$nh=(67X37)/(80)=31.98$$

Office of the Auditor-General

$$nh=(67X43)/(80)=36.01$$

**4. Presentation and Analysis of Data**

**4.1 Questionnaire administration**

The number of completed and returned questionnaires is fifty-seven (57), this represents approximately seventy-one (71.25) percent of the entire population.

**4.1. Schedule of questionnaire administration**

**Table 1**

Respondents category	Number administered	Number returned	Number not returned
Office of the Accountant-General	31	29	8
Office of the Auditor-General	36	28	15
Total	67	57	23

Source: Field survey (2017)

**4.2 Descriptive Statistics**

The table 4.2 below presents information on the descriptive statistics, mean and standard deviation of the individual item responses.

The mean responses for the items below had mean values greater than 3. This is an indication of the respondents' agreement with respect to the various questions raised to address the objectives of this research

**Table 2**

Statements	Mean(x) N=57	Remark
<b>Independence</b>		
1. The structure of the internal audit function has hampered the independence of internal auditors in the performance of their duties	4.1228	Accept
2. The nature of appointment and recruitment process is a factor responsible for lack of independence of internal auditors	3.9298	Accept
3. Internal auditors are most times not granted access to vital accounting records necessary for an objective performance of their duties	3.9649	Accept
4. The domineering presence of the executive has hampered the independence of internal auditors in public sector	3.8070	Accept
5. The engagement in activities or relationships that could generate conflict of interest and could hamper the objectivity of the assessment	3.7621	Accept
6. Long tenure in office hamper the independence of internal auditors in the public sector	3.8478	Accept
Grand mean (X)	3.9057	Accept
<b>Compliance to set rules and regulations</b>		
7. The stipulated procedures for payment, purchases and awards are most times not complied by senior managerial personnel	3.8246	Accept
8. Officers who authorise payments and transactions do they regularly and willing submit records for verification when asked	4.5439	Accept
9. we are giving appropriate authority to report to an independent officer for necessary action and directives	4.1930	Accept
10. The relationship of the internal auditor in the company affects the adherence to law and regulation, policies and procedures.	3.8721	Accept
11. Monitoring, enforcement and regulatory mechanism in the profession are weak.	3.9435	Accept
12. the internal auditors are faced with rigors financial reporting and auditing standards	4.1381	Accept
13. Internal auditors are challenge in acting in compliance with the requirements of the profession.	3.7249	Accept
14. Internal auditors finds it difficult to use high-quality methods and practices in their missions and generally accepted audit standards, in the preparation of the reports	3.5472	Accept
15. Internal auditors most times use confidential information obtained during the mission for personal interest.	3.9041	Accept
Grand mean(x)	3.9657	Accept
<b>Improper Segregation of Duties</b>		
16. The nature of distribution of tasks and responsibilities has posed a serious problem to auditors in Government ministries, parastatals, or agencies	3.1930	Accept
17. The internal auditors should be rotated on audit engagement for effectiveness.	3.9283	Accept
18. Overlap of function has hindered the effectiveness and efficiency of internal auditors in public sector entities	4.5439	Accept
19. For effective check and balances no one person is solely responsible for the entire process end-to-end.	3.1591	Accept
20. The person, who documents the transaction, should not be the same person who conducts the transaction. These simple checks and balances ensure effective controls and reduce organizational error rates.	3.901	Accept
Grand mean(x)	3.7451	Accept

Source: Researcher's SPSS Computations

**Table 3**

Null Hypothesis	Test	Sig.	Decision
1. Independence of internal auditors does not pose a significant challenge to internal auditors in public sector entities.	Independence samples Mann-Whitney U test	.022	Reject the null Hypothesis

Asymptotic significance are displayed. The significance is 0.05

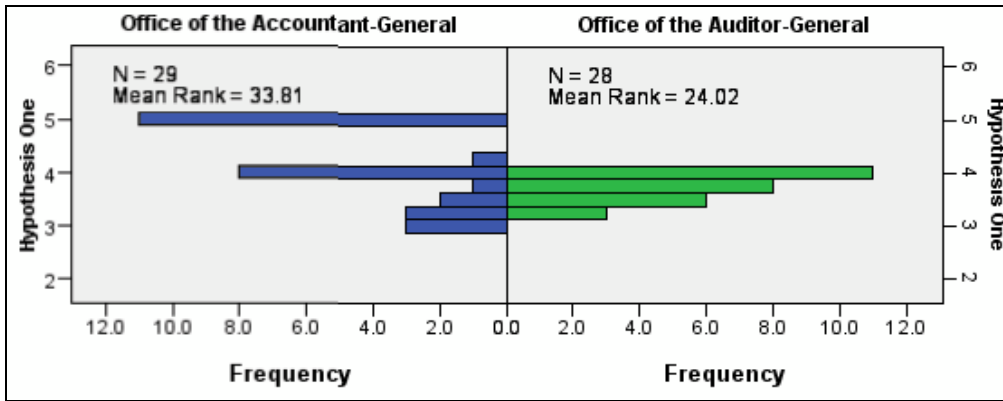


Fig1: Independent-sampleMann-WhitneyUtest.Source: SPSS Ver.22

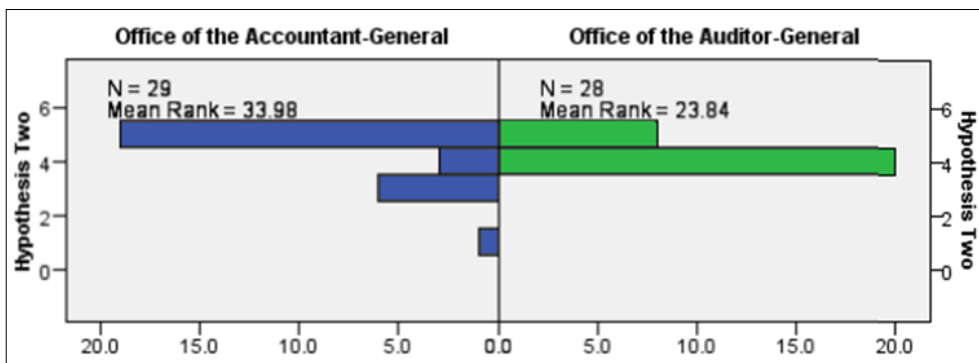
The first hypothesis showed that, the independence of internal auditors poses a challenge to internal auditors of public sector entities. The grand mean score of the questions used in testing the

first hypothesis showed a value of 3.9057 (Mean > 3), the asymptotic sig. value of the Mann-Whitney U test was less than .05 (.022)

Table 4

Null hypothesis	Test	Sig.	Decision
1. Compliance with set rules and regulations of public fund management does not pose a significant challenge to internal auditors of public sector entities.	Independence samples Mann-Whitney U test	.017	Reject the null Hypothesis

Asymptotic significance are displayed. The significance is 0.05



Source: Researcher's computation

Fig 2: Independent-sampleMann-WhitneyUtest

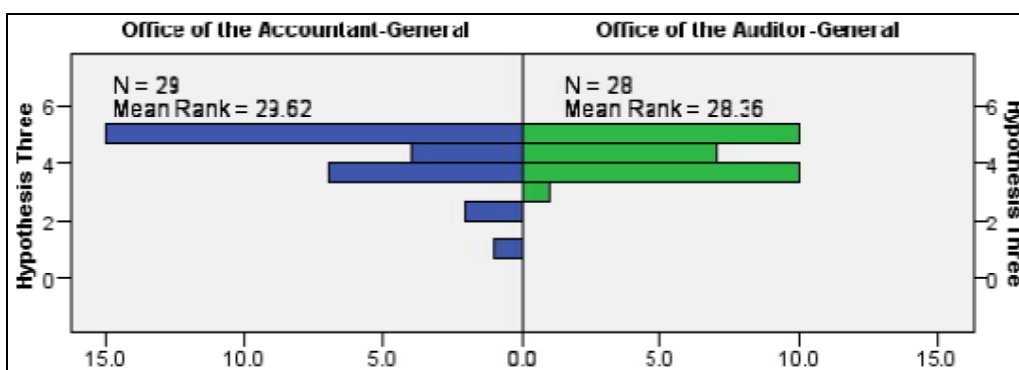
The second hypothesis showed that, the compliance with set out rules and regulations of public fund management poses a challenge to internal auditors of public sector entities. The grand mean score

of the questions used in testing the first hypothesis showed a value of 3.9657(Mean > 3), the asymptotic sig. value of the Mann-Whitney U test was less than .05 (.017).

Table 5

Null hypothesis	Test	Sig.	Decision
2. Improper segregation of duties does not pose a significant challenge to internal auditors of public sector entities	Independence samples Mann-Whitney U test	.762	Retain the null Hypothesis

Asymptotic significance are displayed. The significance is 0.05



Source: Researcher's computation

Fig 3: Independent-sampleMann-WhitneyUtest:

The third hypothesis showed that, the improper segregation of duties does not pose a challenge to internal auditors of public sector entities. The grand mean score of the questions used in testing the first hypothesis showed a value of 3.7451 (Mean > 3), the asymptotic sig. value of the Mann-Whitney U test was greater than .05 (.762).

#### 4.2 Discussion of Findings

The study identified the following key challenges from respondent in public sector governance.

##### 4.2.1 Structure of internal audit function

53 respondents (92.89%) agreed that the structure of the internal audit function has hampered the independence of internal auditors in the performance of their duties. The study of (Kpurugbara Akpos, Nwidiud & Tams-Wariboko, 2016) [25] findings shows that auditor's independence has an effect on the quality of audit report.

##### 4.2.2 Overlapping function

51 respondent (81.47%) agreed that overlap of function has hindered the effectiveness and efficiency of internal auditors in the public sector entities. The study of (Baharud-din, Shokiyah & Ibrahim, 2014) [11] on factors that contribute to the effectiveness of internal audit, analyzed significant positive relationships among the factors such as auditor competency, auditors independence and objectivity and management support of the effectiveness of internal audit.

##### 4.2.3 Nature of task distribution

47 respondents (82.45%) agreed that the nature of distribution of task and responsibilities has not posed a serious problem to auditors in government ministries, parastatals and agencies.

##### 4.2.4 Nature of appointment

42 respondent (73.68%) agreed that the nature of appointment and recruitment process is a factor responsible for lack of independence of internal auditors. The study by (Kpurugbara, Akpos, Nwidiuduu, Tams-Wariboko, 2016) [25] finds that the appointment process also has an effect on the performance of public sector auditor. Also (Ebimobowei & Binaebi, 2014) [17] finds that auditing ensures proper stewardship reporting administrative interference but however that inadequate qualified manpower does retard proper auditing of local government in Bayelsa State.

##### 4.2.5 Access to vital information

41 respondent (71.92%) agreed that internal auditors are most times not granted access to vital accounting records necessary for an objective performance of their duties.

#### 5. Conclusion

This study was carried out to examine the challenges of internal audit function in public sector, a study of Ministry of Finance Abia State. Internal auditors are key to the effective functioning of any organization, it is therefore imperative to identify the challenges they experience in the conduct of their duties. In more specific terms the study examined whether the independence of internal auditors, compliance with set out rules and regulations of public fund management and, improper segregation of duties pose challenges to internal auditors in public sector entities. The study however identified the following key challenges from respondents in ascending order: the structure of the internal audit function; overlap of function; the nature of distribution of tasks and responsibilities; the nature of appointment and recruitment process; nevertheless that, internal auditors are most times not granted access to vital accounting records necessary for an objective performance of their duties. It is against these findings that recommendations were proffered.

#### 5.1 Recommendations

The following recommendations are outlined for policy and government implementation: Ensuring the Independence of Internal Auditors in Public Institutions: Independence is fundamental to the performance of an effective and efficient audit by an auditor. Independence can be ensured by ensuring that the structures of the internal audit function, such as who to report to, the appointment and recruitment process, etc. are such that can ensure objectivity and independence in the performance of their duty. Internal auditors should report to the highest level of management and should not be put in a situation where their employment, promotion and remuneration are determined by middle-level management.

Compliance with Rules and Regulations of Public Fund Management: In most Nigerian public sector entities, officers and chief executives do not comply with the stipulated rules and procedures of public sector fund disbursement, this negative approach is thereby discouraged and appropriate measures need to be instituted to tackle this effectively.

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