

## **ABSTRACT**

It was intended that through this research that the benefit of using internal audit for efficient control of activities in institution of higher learning would be computerized. The aim of the study is to investigate and ascertain how effectively institution of higher learning administration can employ the services of internal audit to effect control and thus ensure that attainment of its objectives. In the course of the investigation, the researcher used secondary data through out. This data was collected from library, journals etc. It was found that internal auditors play a very vital role in institution of higher learning. A well functional internal audit can bring about proper management and ensure prudent use of resources in the institution of higher learning.

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## **CHAPTER ONE**

### **INTRODUCTION**

#### **1. BACKGROUND OF STUDY**

Auditing has been defined by the international auditing practicing committee (IAPC) as an independent examination of and the expression of an opinion on the financial statement of an enterprise by an appointed auditor in accordance with relevant statutory obligation and professional requirement.

### **Internal auditing**

On the other hand appeared on the business scene much later than auditing by public accountant. The principal factor in its emergence was the extended span of control faced by management in concern, employing thousand of people and conducting operations from widespread locations.

Deflation and improperly maintained accounting records were obvious problem under these circumstances. The growth in the volume of transaction resulted in substantial bills for business that endeavored to solve the problem by continuing to engaged the services of public accountants.

### **The solution was of course**

To provide the needed auditing service on an internal basis, particularly as the magnitude of the problem made it possible for one or more persons to specialize in such auditing services and devoted their full time to the need of single company.

Other advantages also resulted from an internal approach to the problem. Internal auditors tended to become better acquainted with the procedures and problem of the company and the auditing activity could be carried on continuously, rather than once a year when outside auditing services were utilized.

As a further inducement to the development of internal auditing public accountants were at the same time facing an increasing demand for independent audit, leaving to the expression of opinion on financial statement they recognized that they would perform the older type of fraud detection or verification as effectively as could the company's own specialist.

A number of institutions have been established by both the states and the federal government of Nigeria. Their rule derives from the fact that they normally comprise the largest single collection of highly specialized people.

Government appreciates the invaluable role they can play in the overall development of the country through the provision of well trained middle and higher level man power for various department of government and the private sectors. In view of this, the huge investment by government should be controlled, safeguard and made result oriented. The role of internal audit, as the "watchdog" of those controls established by the institutions becomes the only sure means of controlling the institutions activities.

### **1. DEFINITION OF INTERNAL AUDIT**

This conducted by the employee of the organization into any aspect of its affairs the internal department is often attached to the office of the chief executive to whom the head of internal audit reports the internal auditor need.

Not be a professionally qualified person. By this we mean he need not be a member of a professional body like the institute of chartered accountant of Nigeria he may be a

university or polytechnic graduate of accounting.

This is not to say that a chartered accountant or national accountant cannot be an internal auditor. The internal auditor has the responsibility to ensure compliance with the rules and safeguard the liabilities of the institutions.

Internal audit is a managerial control that functions by measuring and evaluating the effectiveness of other controls. As described by OYASI. It is a review of operations and records, sometimes continuously undertaken within a business by specially assigned staff.

Also the institute of internal auditors (IIA) in its statement of responsibility defined it as an independent appraisal activity within an organization for the review of accounting, financial and other operations as a basis of service to management.

MILLICHAMP (1987) analyzed the components of the definitions thus:

### **Carried on by independent personnel**

That is not to say independent of the management which appoints and control item, but independent in forming an unbiased opinion on the account and records they have examined.

### **An appraisal activity**

That is to say that their job involves the appraisal of the organization activities with a review discovering deviation from the established norms and practices and recommending remedial actions. The appraisal activity will also reveal any weakness in the system and in such cases, a review of the system becomes imperative.

### **A managerial control**

In any organization, there is usually a system internal control. The internal auditor is thus concerned with measuring and evaluating this control system for continuous effectiveness and efficiency of other operating control his audit procedure is as following:

- Effective work allocation to staff taking into account the experience, training and compliance
- Proper definition of scope of work to be performed by each audit staff and the objectives of their task.
- Use of working paper to provide adequate evidence of work done
- Review of work of the audit staff by more experienced staff in the practices (audit forms)
- Consultation with other practitioners provided the client confidentiality is maintained.

### **1. IMPORTANCE OF INTERNAL AUDIT**

- It acts as a consultant on internal control matters
- It reviews the economy, efficiency and effectiveness of operation and of the functioning of non financial control
- The internal auditor performs the work of the documentation and evaluation of accounting system and internal controls and carry out compliance and substantive test.
- It performs the audit of annual account which is primarily the responsibility of the external auditors
- It is also concerned with the response of the internal control system to external stimuli. The world does not stand still and the internal control system must continually change.
- It provides the information to management particularly on interim financial account and management accounts.

- It is also concerned with the response if the internal control system to error and required change to prevent errors.
- It acts as a training unit in internal control matters
- It is equally concerned with that implementation social responsibility policies adopted by top management. An example of this is energy selling

## 1. STATEMENT OF PROBLEM

Internal auditing as earlier defined is an independent appraisal activities within an organization for the review of operation as a service to management. It is also a management control which functions by measuring and evaluating the effectiveness of other controls.

The problem is why institution do not perform well given the importance attached to these institution by government. The causes of non performance of institution of higher learning have always been addressed by government setting up administrative boards of enquiries into their activities. It is patent to note that the finding and the government while paper on the reports have indicted the management of the institution for such ugly state of affairs.

The finding of such boards of enquires have also contained suggestion on how institution funds and properties could effectively managed.

It is conceived however, that if the institution of high learning exercise complete control over the activities of their staff, an efficient administration can be firmly established.

This study, aims at finding way by which the management of higher institution can fully utilize the services of internal audit department to achieve institutional objectives.

It is also hoped that from this study, the management of higher institutions can fully utilized the services of internal audit department to achieve institutional objectives. It is also hoped that from this study, the management of institution of higher learning would be better equipped to apply the internal audit findings and reports to enhance the well fare of the institutions.

## 1. OBJECTIVE OF THE STUDY

The objective of the study are:

- To ascertain the extent of the protection of accounting for, and safeguarding of company assets against losses of any kind or description.
- To ascertain how institution administration could fully utilize the services of internal audit for control purposes
- To investigate how institutions administration can be more efficiently run in order to create a conducive atmosphere for academic work.

## 1. SCOPE OF STUDY / DELIMITATION

The study concentrated on the institution of higher learning in our country, with particular reference to two institution mentioned above. This limitation is as a result of time constraint and the fact that such other institution of higher learning scattered over the country cannot be conveniently covered. Given the distances from one to the other and the financial involvement in items of transportation cost

## 1. DEFINITION OF SOME TERMS USED

Evaluation of internal control depends on how well the accounting system provides for:

- Evaluation of clerical and accounting efficiency from the standpoint of such matters as effectiveness of procedures used, use of mechanical and electronic equipment, utilization space, adequacy of personnel and programs records preservation, and destructions.
- Information that is adequate and accurate, protection of resources of the organization from losses due to embezzlement, or carelessness and control over all phases of operations.

### **Independence**

Independence is essence for the effectiveness of internal auditing this independence is achieved through organizational status and objectivity the organizational status of the internal audit unit and the support accorded to it by management as a major department in terms of function and relevance. The head of the internal audit department therefore should be responsible to an officer whose authority is sufficient to ensure both a broad range of audit coverage of function, adequate consideration of, and an effective disposal action on the audit findings.

### **Vouching**

This is a process of inspecting a document that supports a recorded transaction or amount the direction is from the accounting record to the document. Examples are supporting recorded sales transaction by inspecting sales invoices and supporting recorded addition to property by inspecting manufacturers invoices.

### **Internal control system**

It is defined as the whole system of controls, financial and otherwise established by the management in order to carry on the business of the enterprise in an orderly manner and ensure adherence to management policies.

### **Internal audit as a tool management control**

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