

This study is devoted to assessing the role of internal audit an instrument for improving the business growth. The methodology employed include personal interview, written question and library research, various recommendations were made in a bid to improve the business growth via internal audit. The economy today is known to be characterized by incessant frauds, forgeries and mismanagement of public properties. This though a global phenomena, has recorded an outstanding growth in the Nigeria business growth. It outs across all sector of the economy; call for prompt appraised of internal control system is however weighted down by a lot of factors. The inability to reconcile the accounting systems, control system, regularly is more or less a heaven for fraudulent and unscrupulous staff, A problem which the consequences is incompetent manpower shortage. The train of irregularities and mismanagement has got to an extent that insufficient are not made, the economic future will become a menace rather than fortune to the populace. The point therefore is that the internal audit department should be hastily equipped with competent and qualified staff and modern facilities so that internal audit can still play its role in improving the business growth.

## **TABLE OF CONTENT**

Title page .....	i
Certification .....	ii
Dedication.....	iii
Acknowledgement .....	iv
Abstract.....	v
Table of content .....	iv

### **Chapter one**

Introduction.....	1
1.1 Background of the study.....	1
1.2 Statement of problem.....	3

Objective of the study.....	3
Research question.....	4
Research hypothesis.....	5
Significance of the study.....	5
Scope of the study.....	6
Limitation of the study.....	6
Definition of terms.....	7

## **Chapter two**

Literature review.....	8
Introduction .....	8
The organs of auditing .....	9
Definition of Auditing .....	10
The need for an audit .....	12
Objective of auditing .....	13

## **Chapter three**

Introduction .....	14
Research design.....	14
Population of study .....	15
Sampling techniques.....	15
Data collection procedure .....	15
Data analysis techniques.....	16

## **Chapter four**

The research instrument .....	17
Data presentation .....	17
Analysis of data.....	18
Discussion of finding .....	32

## **Chapter five**

Summary ,Conclusion ,Recommendation,.....	
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Summary .....	33
Recommendation .....	34
Conclusion .....	36
Bibliography.....	38
Appendix i.....	40
Appendix ii.....	41

## **CHAPTER ONE**

### **1.0 INTRODUCTION**

#### **1.1 BACKGROUND OF THE STUDY**

The substance of every economic entity depends on its ability to achieve its goal and objectives management for the achievement of corporate goals. Wither or not management will achievement this goal depends on how strong and reliable the growth of any corporate body largely depends on the effectiveness and efficient of the internal control system.

Therefore management has a duty of or ensuring that a strong and reliable control system exists within the organization for accountability and country.

For accountability within the organization the conduct at audit is mentionable. This is because account prepared by management may not disclose fraud deliberately misleading or failed to confirm to regulations. Therefore the necessary of auditing to cooperative organization cannot be overemphasized as thus will help the safeguard of the assets of the organization by detection and prevention of all kind of misappropriation and fraud within the organization. Over the years business and corporate organizations run into problems of liquidation. Bankruptcy and insolvency as a result of not only economic fact in the business environment but as a result of management in adequate and inefficient to mange. The internal activities of the organization therefore creating room for financial malpractice within the organization. Thus many corporate bodies run into liquidation as a result of fraud and misappropriation of funds (working capital) within the organization. These are funds

that are supposed to be used for expansion of business activities.

Thus, auditing as a professional activity is to bridge the gaps and lapses of management activities and to report to the owner of business on the financial position of the business.

According to the American Accounting Association (AAA) committee on basic Auditing concept (1971), auditing and evaluating process of objectively obtaining and evaluating evidence regarding assertions about economic actions and events to ascertain the degree of correspondence between those assertions and establishment to interested users. The Nigeria auditing guidance sees auditing as an independent task of the appointed and or in pursuance of his appointment and in compliance within any relevant statutory obligations.

From the above, it is clear that despite need of auditing by management within the organization, government also requires the accounts are audit annually before they are published. However there are two objectives of auditing in any corporate entity, the primary and secondary objectives, the objectives of auditing require the auditor to give report on this opinion on accounts investigated.

## **1.2 STATEMENT OF THE PROBLEM**

In our present business environment the news of insolvency, bankruptcy and liquidation have become frequent news handling in magazines. Several factors are responsible for those ugly issues. The issue of liquidation is not only attributed to the business environment but internal management problems. Therefore the following problems are identified

The issue of forgery of public fund for personal interest.

Lack of sense of responsibility and other forms of social values.

Low level of official awareness.

Weakness of internal control system to monitor the activities of management.

## **1.3 PURPOSE/OBJECTIVE OF THE STUDY**

At the end of this study. The following objectives are expected to be achieved.

To identify the causes of fraud in public parastatals

To examine how audit could help in the prevention and control of fraud.

To examine the existence of internal control system in the organization

#### **1.4 RESEARCH QUESTIONS.**

What role can auditing play in the eradication minimization of fraud?

Does this bussiness have internal auditors?

Does this bussiness have internal auditor(s)?

Do the bussiness allow the internal auditor(s) freehand to perform his function

How does your bussiness perceive auditing?

Do you think fraud can draw this bussiness liquidation?

Does your bussiness allow internal auditor(s) freehand to perform their function?

Has fraud know to have taken place on suspected on this company

What type of fraud was suspected in the bussiness

Are all daily expenditure authorized and accounted for by concerned authorities?

Does internal audit department check all sources and application of fund?

Do you think audit can prevent the suspected fraud in your company?

Are there any checks and balances in the administration and management of the company?

Is the internal audit department independent?

#### **1.5 RESEARCH HYPOTHESIS**

Hypothesis is a prediction or conjecture state well in advance of observation about what can be expected to occur induce stated or given condition Asika (2004)

This research work “audit as a tool for prevention and control of fund” will be tested in the process of the research analysis as follows

H1: there is a significant relationship between audit and the prevention and control of fraud

H2: there is no significant relationship between audit and the prevention and control of fraud.

## **1.6 SIGNIFICANCE OF THE STUDY**

This study will go a long way helping all corporate to organization on the possibilities and consequence of financial recklessness and misappropriation of fund in business and probably the solution to ineffectiveness in the management firms.

Secondly, this study is significant because focused on corporate bodies which are the bedrock of every economy at large, this granting the continuity of corporate entities.

The study will encourage management to review and establish strategies to achieve maximum efficiency and effectiveness in order to bring about the desired return to contributors (shareholder).

Finally, this study, by using auditing as a tool, for prevention of fraud will help to ensure accountability, reliability and discipline within the management of companies in Nigeria.

## **1.7 SCOPE OF THE STUDY**

The research works was carried out in yenagoa capital city of bayelsa state, Nigeria. The scope of this research work is limited to companies operating in yenagoa within effective reference to scripan nig Ltd.

However, the study will cover relevant areas such as auditing, fraud prevention, detection and control of fraud in the management of companies operating in Nigeria.

## **1.8 LIMITATION OF STUDY**

This research is focused on the lack of adequate books and research inertial or the school library.

The bussiness under study is at a consideration distance from the research institution. Hence distance problem, another glaring limitation here is financial constraint in carrying out the study.

However, an optimum balance of application scarce resources is maintained in carrying out the study.

## **1.9 DEFINITION OF TERMS**

**Audit:** An audit of financial statement is an exercise whose objective is to enable

auditor express an opinion on the account presented by management at the end of the years on whether on his opinion the account show true and fair view or otherwise.

**Internal control system:** Internal control is the whole system of control, financial and other wise established by government to evaluate and checkmate the activities of the organization at every point in time.

**Internal auditing(s)** These are set of professionally qualified auditors (Accountancy that members of ICAN /ANAN) who are not members of the organization, appointed by the shareholder/ directors to audit the financial statement prepared by management.

**Error:** This is an un-intentional mistake in financial statement book of account.

**Fraud:** This is an intentional act to falsely misrepresent the true state of monetary transaction as fund in the books of account.

Irregularities; this is an intentional distortion of financial statement or book of account often accompanied by the false files and record.

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