

AUDITING AND FRAUD CONTROL IN GOVERNMENT ESTABLISHMENTS: A STUDY OF SELECTED LOCAL GOVERNMENT AREAS IN EKITI STATE

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Abstract

This study examines impact of auditing in controlling fraud activities in government establishments in Ekiti State. Objectives of the study are to; examine the factors affecting the effectiveness of auditors in fraud prevention in Ekiti State local governments, evaluate the control put in place by the management of the local governments to prevent fraud in Ekiti State local governments. Simple random sampling was used to select the sample's 45 respondents, 35 copies of questionnaire were filled and returned. Data used for this study were analyzed using descriptive statistics and F-test. The result of this study reveals that local government Areas in Ekiti State used internal audit methods in fraud prevention and detection. More so, it was discovered that the measures put in place by the management of the LGAs were effective in fraud prevention. This study concludes that auditing helps in controlling fraud activities in government establishments in local government areas of Ekiti State. In accordance with findings of this study, this recommends that, laws that would aid internal audit unit autonomy in discharging their functions should be enacted by Ekiti state government.

Keywords: Auditing, Fraud, Prevention, Monitoring, Evaluation and Control.

Introduction

Auditors take major parts in fraud control. The problem that fraud has caused in the organizations, both private and government establishments and all over the world is not negligible (Adeyelu, 2017). "Accounting fraud is the deliberate manipulation and alteration of financial records and statements. It is commonly committed to disguise the true financial position of a company and is done with the aim of pleasing shareholders and investors by displaying the financial performance of the firm to be better than what it really is" (Yusuf, 2019). Manipulation of financial statements to create a false appearance of corporate financial status is the accounting fraud. Also, it has to do with the accountant, the staff and the firm's disingenuous financiers. Not recording expenses, its financial statements and misstating assets and other resources may be fabricated by an organization.

In Nigeria, the third tier of government is local government which is closer to the people than any other tier of government. This third tier of government is organized in a way, in which it delivers the social services needed by the people and also brings about the development and worthy governance to the local people (Akikumi, 2018). The objective of establishing third tier of government is for the growth and development to succeed at the local level. All firms either income oriented or not-profit making, functions within available resource. Due to this fact, many forms of preventive measures are taken to ensure that the use of the resource is exploited in accomplishing the firms' objectives.

Statement of the problem

Over the years, the dwellers of the local areas are not pleased with the way by which the resources are been controlled, (Oladokun, 2019). Some of these challenges

are; mismanagement of the local government funds, inadequate allocations of resources, inadequate sources of income, disorganizations, feeble internal control system and lack of competent auditor leading to leakages and fraud.

Since the creation of Local Government Areas, series of reforms have taken place with the goal of ensuring that effective and efficient resource usage is done. Because the internal audit unit is a vital part of the local government's finance structure, it must be structured with all of the resources and support it needs to function effectively. A constant complaint in the sector by the general public especially the residents of the local areas who are closer to local authority is that, the unit which is established to check the financial dealings of the local government is too weak in its functions either as a result of inadequate staffing, weak internal control, poor administration, lack of required personnel, inadequate documentation, and application of appropriate internal audit techniques in the Local Government Areas, among others, to prevent fraud (Babalola, 2020). Therefore, this study intends to examine impact of auditing in controlling fraud activities in government establishment a case study of selected local government areas in Ekiti State.

Objectives of the Study

The major objective of this study is to examine the impact of auditing in controlling fraud activities in government establishments - a case study of selected of some selected local government areas in Ekiti State. The specific objectives are to;

- Examine the factors affecting the effectiveness of auditors in fraud prevention in Ekiti State local governments.

- Evaluate the measures put in place by the management of the local government to prevent fraud in Ekiti State local governments

Research Questions

The following research questions are formulated to guide this study;

- What are the factors affecting the effectiveness of auditors in fraud prevention in Ekiti State local governments?
- What are the measures put in place by the management of the local governments to prevent fraud in their various domains?

Hypotheses

The following hypotheses are tested for the study.

- (i) H_{01} : There are no significant factors affecting the effectiveness of auditors in fraud Prevention in Ekiti State Local Government Areas.
- (ii) H_{02} : There are no significant measures put in place by the management of the local Governments to prevent fraud in their various domains.

Significance of the Study

Findings from the study will be significant in many ways among which are; it will help local government areas to know the impact of auditing in fraud prevention. It will assist in providing accountability in the local government areas. This study will also be of importance to Ekiti state by supplying relevant information for evaluating and assessing control implemented by audit units in financial dealings at local government areas, the State Ministry for Local Government and Chieftaincy Affairs contributes to the evaluation and assessment of local government financial

dealings. It would therefore be extremely valuable because it would add to the existing literature and encourage researchers to conduct similar research.

Literature Review

Auditing

Originally, auditing was a financial management function involved with analyzing practice for the organization's internal financial status and financial performance ratings, (Morakinyo, 2017). Over time, auditing procedures have grown into broader components that have matured into a discipline of fraud detection and financial accountability. It also provides input on financial data and reporting for the organization. It also becomes a tool for analyzing any prospective or actual fraudulent behaviour within the firm.

“Audit is one of the mechanisms to the fight against corruption. Most of the standard setting in the auditing profession has taken place in the private sector and corruption has not been a serious issue in the private sector because the auditing profession, as it has evolved, has its roots in the private sector where audit against corruption is not a serious concern of the stakeholders who are more interested in fraud or theft of their assets” (Okafor, 2019). This, no doubt, explains why there is so little discussion of corruption auditing in the literature, as well as the lack of standards for auditing corruption. Almost every professional body of auditors in the world has produced fraud auditing standards and procedures.

Objective of an Audit

“The main 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 and that the financial statements give a true and fair view or present fairly, in all material respects of the financial results and state of affairs of the client entity” (Babatunde 2019). Although the auditor's judgment adds credibility to the financial statements, the user should not take it as a guarantee of the entity's future viability or the efficiency or effectiveness with which management has managed the entity's operations.

According to (Oladipupo, 2020), the subsidiary objectives are to detect mistakes and fraud, prevent errors and fraud, and assist the client in improving his accounting and internal control systems. It is important to note that auditing is not intended to detect faults, fraud, or substantial holes in the client's systems, but it should be done in such a way that errors, frauds, and weaknesses are exposed. In accordance with ISA 200, the auditor shall maintain professional skepticism throughout the audit, recognizing the possibility that a material misstatement due to fraud could exist, notwithstanding the auditor's past experience of the honesty and integrity of the entity's management and those charged with governance, (Ref: Para.A7–A8).

Auditors shall be responsible for the following: Though it is not the auditor's job to prevent fraud and errors, the fact that an annual audit assignment is completed may instill dread in the fraudster's heart, thereby acting as a deterrent. Risk assessment is the ‘process of assessing, understanding, and managing risks that the entity is inherently exposed to in order to fulfill its corporate objectives’ (CIMA, 2015). According to the International Standard on Auditing (ISA 315 and SAS No. 82), auditors should assess the likelihood that the financial statements would include serious misstatements while organizing the audit. ISA 315 is an

international standard. "Though, Porter (2017) concluded that the primary objective of an audit in the pre-1920 was to uncover fraud, according to Oyinlola (2018), the primary objective of an audit has changed to verification of accounts and expression of opinion on the financial statement". This is most likely due to the increased size and volume of business transactions, making it difficult for auditors to evaluate all of them. The existence of a fraud risk assessment may deter would-be fraudsters.

Furthermore, Iyinlola (2018) argued that auditors are required to be more proactive in searching for fraud during the course of an audit assignment. Their duties now include considering incentives and an opportunity presented to potential fraudsters as well as rationalizations that the fraudulent act is justified". Auditors are also expected to dig further into the reasons for things like accounting errors, unexpected transactions that don't appear to have a business rationale, and a reluctance to remedy immaterial errors uncovered during the audit.

Detection: According to ISA 330, auditors should establish audit procedures based on their risk assessment so that they have a reasonable expectation of identifying misstatements deriving from fraud or error that are substantial to the financial statements. The auditors seek for appropriate audit proof that fraud and errors that could be material to the financial statement have not happened or, if they have, that the consequence of the fraud is appropriately recorded in the financial statements or that the error has been repaired. As a result, auditors must promptly disclose any fraud discovered to those in charge of entity governance. He shall also report to those charged with the governance

of the entity any other matter related to fraud (Babatunde, 2019). Auditors shall report to members of the company, management of the company, and third parties.

System Audit

A system audit is based on the testing and evaluation of internal controls inside a system to evaluate how much reliance can be placed on those controls to ensure that resources are efficiently managed and accurate information is given. "In other words, a system audit is an audit of internal controls in a system. This kind of audit characterized most of the work of internal audit departments and a system audit involves carrying out two types of tests:

Compliance test: test seeking evidence that the internal controls are applied as prescribed.

Substantive test: once compliance tests are conducted, further tests are required to substantiate the entries in the figures in accounts". When an internal audit department investigates a system, Adeniji (2016) believes that effort should be put into determining the system's control objectives and analyzing the system's internal control systems on paper. They should examine whether the current internal controls appear to be adequate, so that: controls exist that meet the system's overall objectives.

During operations, there are controls in place to avoid or detect errors and omissions. These procedures are required in order to meet internal audit goals. An audit should conduct a compliance test after conducting a preliminary inquiry of the system's wheels to acquire reasonable assurance that the controls on which he desires to depend were functioning properly and during the period. Substantive tests

follow the compliance testing. These are tests of individual transactions and balances, as well as additional procedures like analytical review, that are used to give audit proof of the completeness, accuracy, and validity of the information included in accounting records or financial statements. Agreement and substantive tests play such an essential role in an internal audit department's day-to-day operations.

The significance of the two types of tests is that if the compliance test reveals that internal controls are functioning satisfactorily, the amount of substantive testing can be reduced, allowing the internal auditor to focus his or her audit effort on areas where controls do not exist or are not functioning satisfactorily.

- A. New business models, four business strategies, and procedures are being used by audited organizations; competitive barriers are being lowered; and the rate of change is speeding up..
- B. There is a greater emphasis on discovering management fraud that results in erroneous financial statements, as well as the accountability for doing so.
- C. When audit failures do occur, there is consistent evidence that they are often attributable to insufficient control of non-sampling risk/error.

Fraud

Diverse scientists, researchers, and authors have given different definitions to the term "fraud. Embezzlement, financial misrepresentation and misappropriation, extortion, illicit amassing of money by dubious methods, act of deceit, bribery, false representation, theft, concealing of material fact, and so on have all been connected with the notion. According to Adeyemo (2018),

"fraud is defined as "any illegal act characterized by deceit, concealment or violation of trust. These acts are not dependent on the application of threat or violence or of physical force". On the other hand, Abdulahi (2016) defined fraud as "Any intentional act of illegal deception, trickery, or falsification by a person or group of persons with the goal of manipulating facts in order to acquire undue personal monetary advantage". Fraud, according to Osasona (2019), is defined as "all the various techniques that human intellect can design and are used by one individual to gain any advantage over another." It encompasses all deceptions involving surprise, trickery, cunning, deception, and unfairness.

Embezzlement, larceny, theft, and misappropriation of assets are only a few examples of corporate fraud. According to Adewumi (2020), fraud is defined as an illegal financial gain for the fraudster or a financial loss for the victim. The threat arises when a person in a position of trust or accountability pursues his own personal interests at the price of the public good by deviating from established standards and procedures.

Monitoring and Evaluation

Adewumi (2020), considers monitoring to encompass activities such as periodical evaluations, Internal audits and management self-assessments. Management must guarantee that scheduled administrative, operational, and financial tasks and activities are completed on time and correctly in order to meet internal control goals and improve organizational performance. Monitoring tries to determine whether organizational members are performing or have performed their responsibilities efficiently and effectively in accordance with the policies of

the organization. Babajide (2017) “said that monitoring processes are valuable in evaluating the nature of inside control execution after some time. Monitoring refers to the appraisal of inside control execution after some time”.

Ongoing checking exercises and partitioned assessments of inside control, such as self-appraisals, peer surveys, and interior reviews, are used to examine it. As indicated by Anthony (2019), “observing is expected to decide if inside control is sufficiently composed, appropriately executed, and powerful. Interior controls are enough composed and legitimately executed if all the five control segments (control condition, control exercises, hazard appraisal, data and correspondence and checking) are available, working and outlined. Inner control is viable if administration and other partners have sensible confirmation that they comprehend the degree to which operational checks and balances depend.

Adetunji (2019) argued that the term observing refers to the ongoing monitoring of a project's ability to be implemented. Not only should the physical progress of the project be monitored, but so should the venture's impact. For the course of the project, one system for checking and detailing should be established. This will provide a solid foundation for analyzing trends and describing methods, and it will be especially useful when there are differences in the labor force, administration, and approach producers. Changes in external factors that are significant to the project's progress should also be recorded in the advance report. Monitoring and assessment are carried out on a regular basis in Nigeria's Local Government Areas. Monitoring and evaluation, on the other hand, are only marginally helpful in preventing fraud.

Theoretical Review and Framework

The theoretical frameworks on which this study was hinged upon are the inspired confidence theory and the Policeman theory.

Theory of Inspired Confidence

This theory was propounded by Hapsari (1920). It details on the expected social responsibility of the independent auditors and the possible methods for ensuring that the engagement must meet the society needs. It specified auditor's role and their expected performance to restore the financial lost glory in the investors in public quoted companies. Knechel, (2013) researched on the work of Limperg (1879) of the University of Amsterdam. In the research, it was observed that the loss of confidence by the society on audits will reflect the non-social usefulness and acceptability of such. Their research made them realize that Limperg's principle in his theory is specifically relevant in the phase of audit function development. According to the Limperg's *theory*, “the demand for audit services is the direct consequence of the participation of outside stakeholders and majorly the financial information users in the economy”. Therefore, since the information given to the stakeholders by the management might be biased, an audit of this information is needed in order to give an informed decision to the investors.

Auditor responsibility is described as the confidential function rooted in the society interests in the effectiveness of the audit and in the opinion formed by the accountants. This reliability of audit report by the stakeholders is the function' of the confidence reposed on the auditors. If the confidence is betrayed, the function too is jeopardized and becomes irrelevant (Sarbanes, 2013)

The Policeman Theory

The policeman theory claims that the auditor is responsible for searching, discovering and preventing fraud. However, more recently, the main focus of auditor has been to provide reasonable assurance and verify the truth and fairness of the financial statement (Umar, 2007).

Empirical Review

Aliyu (2015) examined the factors affecting the effectiveness of internal auditors in some selected Local Government Areas in Sokoto State for the period 2013 using a descriptive research design to gather data from 120 staffs of the LGAs. Questionnaire was used to gather the needed information from the respondents. Meanwhile, from 120 copies of questionnaire distributed to the respondents only 110 copies of questionnaire were retrieved and used for the study. The descriptive statistics of mean and standard deviation were employed to achieve the objectives of the study. The finding of the study revealed that management intervention in internal auditor work was a prominent factor affecting the effectiveness of internal auditors in the LGAs. It was concluded that the existence of invested interest in auditors work was affecting the job of the auditors greatly.

Adenigbagbe (2017) studied the impact of management intervention on the work of internal auditors in Ori-Ade Local Government Area of Osun State for the period 2015. A descriptive research design was used to gather data for the study through the administration of questionnaire to 220 respondents purposefully selected for the study. Both descriptive and inferential statistics of logit regression were used for the study. The result of the study shows that the intervention of management of the LGA

had a negative impact on the effectiveness of the internal auditors. It was concluded that the intervention of the management and effectively of the internal auditors of the LGA were inversely related.

Folorunsho and Emmanuel (2018) investigated the effect of management support on the work of internal auditors in Ibadan North LGA for the period 2017 using a survey research design. The source of data for the study was primary source. 150 officials of the LGA were selected based on stratified random sampling technique. The stratification variable used was staff departments. More so, 150 copies of questionnaire were distributed to the respondents and only 135 copies were returned. Both descriptive and inferential statistics of ANOVA with Friedman test were adopted for the study. The result of the study indicates that management support was essentially valuable to the internal auditors work in the LGA. The author concluded that there was a significant positive effect of management support on the work of the internal auditors.

Emmanuel and Akorede (2019) investigated the effect of management support on fraud prevention and control by internal auditors in some selected councils in Lagos State for the period 2018 using a correlational research design. The source of data for the study was primary. A simple random sampling technique was used by the authors to select 120 respondents comprised of accountants, auditors and some senior management staffs of the councils and the instrument used was distributed accordingly. Both descriptive statistics of simple percentage and inferential statistics of ANOVA were deployed to achieve the objective of the study. The result of the study indicates that management support was significant on the ability of the auditors

to prevent and control frauds in the selected councils. The authors concluded that there was a significant positive relationship between management supports and the desire of the auditors to prevent and control frauds in the council.

Research Methodology

This study's research design is a survey research design. The primary source was used to acquire data. The information needed for this investigation was gathered through a questionnaire. Secondary data was gathered from newspapers, the internet, journals, and books. Experts checked and evaluated the questionnaires. The Cronbach Alpha was used to determine the instrument's reliability. The instrument was put through its paces. The coefficient

was found to be 0.86. The high coefficient indicates that the instrument was trustworthy in this study. The study's population consisted of all finance and audit department employees from three (3) randomly selected local government units in Ekiti State. Finally, 45 respondents were chosen at random, but only 35 copies of questionnaire were completed and returned. Furthermore, both descriptive and inferential statistics of F-statistics usually used to test the significance of several test variables that defined a single set of events were used for the study. The statistics package employed to analyse the data collected for the study was Statistical Package for Social Sciences (SPSS) version 23.

Data Presentation and Results

Table 1: Demographic data of respondents (N=35)

Variables	Frequency	Percentage
Gender		
Male	25	71.42
Female	10	28.58
Educational Qualification		
MSc	8	22.85
BSc/HND	15	42.86
NCE/OND	12	34.29
Years of Experience		
Less than 4	9	25.71
4 – 7 years	7	20.00
8 – 10 years	5	14.29
11 years and above	14	40.00

Field survey, 2021

Table 1 shows that the majority of the respondents (71.42 percent) were male, while 28.58 percent of the respondents were female. According to the educational qualification of the respondents, 8 (22.85%) had an M.Sc, 15 (42.86%) had a B.Sc/HND, and 12 (34.49%) had an NCE/OND. According to years of experience, 9(25.71%) of the respondents had less than 4 years of

experience, 7(20.00%) of the respondents had 4-7 years of experience, 5(14.29%) of the respondents had 8–10 years of experience, and 14(40.00%) of the respondents had 11 years or more of experience.

Research Question 1: What are the factors affecting the effectiveness of

auditors in fraud prevention in Ekiti State local governments?

auditors in fraud prevention in Ekiti State local government

Table 2: Mean responses of respondents factors affecting the effectiveness of

S/N	Items	Mean	S.D	Remark
1	The auditors work without intervention from the council management.	1.41	0.61	Disagreed
2	Auditors do not have total and unlimited access to personnel, property, and other information that they require to carry out their duties.	3.66	0.74	Agreed
3	The audit activity is underfunded in comparison to the scope of its audit responsibilities.	2.71	0.75	Agreed
4	A professional workforce with the relevant credentials and expertise to undertake the entire range of audits needed by its mandate is essential for audit activities.	3.03	0.52	Agreed

Table 2 shows that the majority of the items on factors affecting auditor effectiveness were agreed upon by the respondents. Item 1 was rejected, however, the mean values fell below the 2.50 cut-off mark. This means that the majority of the problems found were preventing auditors in the study region from executing their duties properly. The items' standard deviations varied from 0.52 to 0.75. This meant that

the responses of the respondents were unanimous.

Research Question 2: What are the measures put in place by the management of the local governments to prevent fraud in their various domains?

Table 3: Mean responses of respondents on the measures put in place by the management of the local governments to prevent fraud in their various domain

S/N	Items	Mean	S.D	Remark
1	Fear of auditors makes decision-makers in the LGA to be cautious in mismanaging the funds`	2.67	0.55	Agreed
2	Auditors assist decision-makers to complying with laws and regulations guiding the council	3.09	0.74	Agreed
3	Auditors contribute to public accountability by providing access to the performance information of the management to Stakeholders	4.17	0.77	Agreed
4	Auditors monitor the effectiveness of management's internal control structure to identify and reduce the conditions that breed corruption	2.68	0.68	Agreed
5	Auditors review contracts for potential conflicts of interest	2.63	0.63	Agreed
6	Auditors serve as a check on abuse of power and	2.88	0.88	Agreed

	privilege			
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The items had a mean range of 2.63 to 4.17, according to the data in Table 2. All of the mean items were higher than the 2.50 cut-off threshold. This indicates that the majority of the highlighted items were existing auditing methods in the research area, according to the respondents.

Test of Hypotheses

Hypothesis One

H_{01} : There are no significant factors affecting the effectiveness of auditors in fraud Prevention in Ekiti State Local Government Areas.

Table 4 F-Test computed for the variables of Factors affecting effectiveness of Auditors in Fraud Prevention

S.N	Variable	F-calculated	P-value	Remark
1	The auditors work without intervention from the council management.	2.062	0.5632	Not Sign
2	Auditors do not have total and unlimited access to personnel, property, and other information that they require to carry out their duties.	34.897	0.0021	Sign
3	The audit activity is underfunded in comparison to the scope of its audit responsibilities.	67.098	0.0000	Sign
6	A professional workforce with the relevant credentials and expertise to undertake the entire range of audits needed by its mandate is essential for audit activities.	87.342	0.0000	Sign

Source: Researcher's computation, 2021 (SPSS Version 21)

Table 4 presents the result of the F-statistics computed for the factors affecting the effectiveness of Auditors in fraud prevention. Looking at the result in the table, it might be inferred that auditors work without intervention from the council management was not one of the factors affecting the effectiveness of auditors in Ekiti State LGA in fraud prevention. This infact was premised on the fact that the p-value of the F-statistics computed for the test of 0.5632 was greater than the critical value of 5%. The implication of this was that auditors in the selected LGA work with substantial intervention from their respective council

management. This according to the respondents had limited the intervention of Auditors in matter of frauds involved in council management and other powerful invested interest in the local Government Areas.

Furthermore, it was observed that auditors did not have total and unlimited access to vital information in the course of their audit works, audit activity was underfunded, and that a professional workforce and expertise needed to undertake the entire range of audits had been lacking in many of the LGAs' in Ekiti State. The assertion was based on the fact

that the p-values of the F-statistics computed for the test items of 0.0021, 0.0000 and 0.0000 were less than the critical value of 5%. The consequence of all these was that with the absence of these essential variables the ability of the Local Government Areas to be able to curtail the incidence of

frauds in their domains might be difficult to attain.

Test of Hypothesis Two

H₀₂: There are no significant measures put in place by the management of the local Governments to prevent fraud in their various domains.

Table 5 F-statistics computed for the variables of Measures put in place to prevent fraud by the Management of the Local Government

S/N	Variables	F-calculated	P-values	Remark
1	Fear of auditors makes decision-makers in the LGA to be cautious in mismanaging the funds`	13.789	0.0342	Sign
2	Auditors assist decision-makers to comply with laws and regulations guiding the council	56.876	0.0000	Sign
3	Auditors contribute to public accountability by providing access to the performance information of the management to Stakeholders	93.789	0.0000	Sign
4	Auditors monitor the effectiveness of management's internal control structure to identify and reduce the conditions that breed corruption	77.903	0.0000	Sign
5	Auditors review contracts for potential conflicts of interest	67.342	0.0000	Sign
6	Auditors serve as a check on abuse of power and privilege	121.009	0.0000	Sign

Source: Researcher's Computation, 2021

****SIGN= Significant**

**** Test is carried out at 5% critical level of Significance**

Table 5 presented the results of the F-statistics calculated for the variables of the measures put in place by the management of the selected Local Government Areas to prevent fraud in their various domains. From the table, it might be asserted that the measures put in place by the management of the LGAs were effective to curtail the incidence of fraud in the various Local Government Areas if appropriately followed. This inferred was premised on the fact that the p-values of the F-statistics computed for the test variables were less than the critical

value of 5%. Adenigbagbe (2020) opined that the ability of the internal auditors to work effectively without hindrance would depend on adequate measures management of an organization laid down to enhance effective internal financial control.

This shows that the activities of unscrupulous officials and management might be adequately curtailed by the auditors in the selected Local Government of Ekiti State if the right measures were put in place to support the work of the auditors by the management councils.

Summary

Due to inappropriate intervention from management, local government areas in Ekiti State use internal audit procedures in fraud prevention and detection, which are effective in executing this job. The internal audit techniques/procedures responsible for preventing fraud at the local governments in Ekiti State make a significant effort to provide the required safeguards to ensure that fraud and irregularities are reduced to a bearable minimum.

Conclusions

Internal audit is a critical component of any firm, and local governments in Ekiti are no different. This is because internal audit improves the internal control system at the local government level, even though local government internal auditors report to their respective chief executives, ensuring that internal audit techniques are implemented.

Internal auditors at the local government level are under undue influence of the chief executive to whom the auditors are supposed to report, according to this study. This threat of management independency has weakened control in Nigeria's local government financial systems, resulting in poor performance by the local government, which is closest to the people on the ground.

Recommendations

The study recommends the following:

- Laws that will grant internal audit unit autonomy to discharge their functions should be enacted by Ekiti state government.
- Internal audit unit and other adequate measures and control should be put in place to prevent fraud through sound control environment that will ensure that policies and plans are implemented

for effective internal audit technique capable of preventing any type of fraud.

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