

Evaluating The Role of Internal Auditor's Autonomy and Financial Accountability in Kogi State Local Government System (2010 - 2015)

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Abstract: *The paper evaluated the role of Internal Auditors autonomy in ensuring financial accountability in Kogi State Local Government. This was occasioned with the view to verify whether the necessary control measures put in place to check-mate the arbitrary expenditure of the Local Government are fully utilized. The essence is to enable the Local Government discharge its expected constitutional responsibilities. Employing content analysis, the paper reviewed and discussed the role of internal auditors and constraints to financial accountability in Kogi Local government system. The paper revealed that Internal Auditors in Kogi State Local Government are faced with numerous challenges which range from corruption and regular influence from the Chairmen. They have in so many ways limited the potentials of the Internal Auditors in the discharge of their constitutional duties with the various Local Government Systems. From their various reports, it shows that Local Government Chairmen have their hand in the major role played by Internal Auditors. The Internal Auditors in Kogi State have their challenges which are occasioned by the regular interference by the Chairmen in the discharge of their duties. Against this backdrop, the paper recommends inter-alia that to ensure independence of Internal Auditors, effort should be made by Local Government to specifically define the role of Internal Auditors with meaningful level of autonomy. Also, serious effort should be made to rid the Internal Auditor of corruption and regular interference by the Chairmen.*

Keywords: Internal Auditor, Internal Auditors' Autonomy, Financial Accountability, Fiscal Federalism

1. INTRODUCTION

The Internal Auditing of Local Government in Nigeria came as a result of the tremendous and progressive innovations recorded in the Local Government Administration in Nigeria, contrary to what was in existence before the 1976 Local Government reforms. These innovations include increase in statutory revenue, allocations from the federation account, and increase in responsibilities of Local Government in Nigeria. These progressive innovations, however, were brought about through several reforms, edicts, decrees, various enactments, law guidelines, the Federal constitutional provisions and increasing quest for participatory democracy, all aimed at ensuring a virile and enduring Local Government system in Nigeria. A virile and enduring local governing system would recognize the implications of autonomy and participatory democracy. It would also maintain proper financial management, probity and accountability, as well as achieve the various aims and objectives of the establishment. Hence the maintenance of veritable internal control machinery (Internal Audit) becomes imperative in the Local Government Administration in Nigeria.

Accountability, according to Olowu (2012) can be examined in either restrictive or generalized forms, while the former deals with management of funds entrusted to the care of an Administrator in accordance with laid down rules and regulations, the later deals with accounting for the usage of power, influence and responsibility given by statue and by

weight of custom rendering accountabilities for the action of those in position of responsibility as well as the Local Government as a tier of government required by law and conventions. The Internal Auditor is accountable and responsible to the Chief Accounting Officer of the Local Government.

The Chairman of the Local Government is the Chief Executive and Accounting Officer of the Local Government. The account kept by a Local Government shall be subjected to audit by the Auditor General in accordance with audit law. The provisions of the Public Account Committee (PAC) Act of 1958 provide that public monies should be spent with prudence, accountability and rendition of stewardship to the public. It is against this background that this work sought to find out whether the necessary control measures put in place to check-mate the expenditure of the Local Government are being fully utilized as to enable the Local Government discharge its constitutional responsibilities.

2. PROBLEM STATEMENT

In the Local Government, there have been cases of corrupt practices, unaccountable expenditure, and undue process of contract award and high rate of financial mismanagement despite the internal control measures put in places to check mate the financial recklessness in the Local Government Council (Unegbu and Kida, 2011). Also the nature of Nigeria laws does not help matters, for instance,

1999 Federal Constitution on Local Government Administration, which placed Internal Auditor under the accounting officer who has the right to fire and hire does not allow Internal Auditor the required independent position to challenge the irregularities of his accounting officer. This has become an impediment to the autonomy of an Internal Auditor who is supposed to work independently as a watch dog in the Local Government Council.

Corruption is also a major issue confronting the performance of Internal Auditors at Local Government. So many times, the dynamics of financial management tends to tilt towards the influence of the Chairman. To that extent, it results in the sharing of the resources of the Local Government between the Internal Auditor and the Chairman. The situation in Kogi State reflects the true character of the interaction between the Internal Auditors and the Executive Chairmen. The implication is that the practice has to a large extent affected the proper and constitutional role of the Internal Auditor in ensuring financial accountability in Kogi State Local Government.

Again, as a result of the corrupt practices prevalent in Local Government, the Internal Auditors tend to thwart financial reports to avoid implicating the Executive Chairman. This to a large extent has hindered greatly the responsibility of the internal auditor towards ensuring financial accountability in Kogi State Local Government.

3. LITERATURE REVIEW

Concept of Internal Audit

Institute of Internal Audit (2011) defined Internal Audit “as an independent, objective assurance and consulting activities designed with the intention to add value and improve an organization’s operations. It then helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”. From the definition, it is clear that internal audit should be designed in such a way to be independent and objective in order to evaluate and improve the effectiveness of risk management, control and governance processes at the same time, the internal audit are expected to provide assurance and consulting service. Jurchescu, (2011) defined Internal Audit” as an independent and objective functional activity which provides security and management advice with the aim of ensuring effective management of public income and expenditure, ensuring proper activities within public organization, helps the public organization to achieve their objective through systematic and methodical approaches, evaluate and improves the efficiency and effectiveness of internal control system, risk management and management processes”. The definition above concerned with the activities of Internal Auditors in public organization, especially on the protection of the public

property, the proper utilization of revenue and expenditure as well as the evaluation of the efficiency and effectiveness of risk management, internal control system and organizational process.

Unegbu and Kida (2011) defined Internal Audit as “an aspect of the internal control system established by management of an organization in order to ensure proper compliance with the stipulated policies and procedure in order to achieve management objectives”. This definition indicates that the Internal Auditor is part of internal control system established within the organization with the aim of evaluating the efficiency and effectiveness of other controls established by management. From all the above definitions, Internal Audit can be seen as independent appraisal established within the organization with the aim of reviewing the effectiveness and efficiency of the activities of an organization, ensuring compliance with established regulations, evaluation of risk management and internal controls system of the organization. Therefore, the Internal Auditor is an employee within an organization's Internal Audit department who is assigned with the responsibility of performing internal auditing functions.

Adedeji (2013) while treating the techniques of Accountability- Budgeting Control and Auditing recognized two types of Audit: the external check system within the treasury, and the continuous external audit under the direction and control of the Auditor General of the State Government. He advocated that more advanced local authorities should be granted greater controls over their internal financial management and internal audit system to facilitate quick detection of fraud and financial mismanagement by council officials, and not-depend entirely on State Government Audits. The above suggestion means the establishment" of Internal Audit by the Local Authorities, to ensure greater internal controls. Awoyemi (2009) discussed accounting and auditing in the government establishments and said that the operation of a particular organization will determine the specific responsibilities of the Chief Internal Auditor. He further defined Internal Auditing: As an independent appraisal of accounting, financial, and other operations as a basic for service to management. It is a managerial control, with function by measuring and evaluating the effectiveness of other controls. Thus Internal Auditing is distinct from the financial accounting system. It is concerned appraising the operations of various other internal controls; It is distinct from the review which one employee makes, as part of a routine procedure of a voucher prepared by another employee.

Awoyemi discussed various other areas of Internal Auditing, and identified four 'general types of guides used by Auditors which include; principles, standards, techniques, and procedures. According to Awoyemi, auditing principles are the basic premises of auditing which indicate the purpose and objectives of auditing. Auditing standards are criteria or

measures of performance. Principles define objectives, standard set up criteria to be observed in accomplishing these objectives. Auditing techniques are the devices or method available to the Auditor for obtaining complete evidential matter. They are the working tools of the Auditor. Auditing procedures are a way of applying techniques to particular places of audit. The procedures adopted in different engagement result from the judicious application of the available techniques. The objective of modern auditing techniques is to improve and enhance their scope of knowledge of the audit staff so as to equip them with tools with which to carry out their duties and to reduce the incidence of frauds, irregularities, and to enlarge the field involved in auditing duties, by auditing the system producing the information. Howard (2012) in his work defined auditing as "The examination of certain statements covering the transactions over a period and the financial position of all organization on a certain date in order that the Auditor may issue a report on them. He also offered a more involved definition issued by the Consultative Council of the Accountancy Bodies (CCAB) which defines an Audit as "The independent examination and expression of opinion on the financial statements of an enterprise by an appointed Auditor in pursuance of that appointment and in compliance with any relevant statutory obligation. Howard made a general study on Auditing, he explained what he referred to as a system audit, and said that all audit is a systems audit when the operational standards apply. He explained that system auditing is the modern and scientifically planned method of auditing. Systems based auditing arose, as a result of the need for the Auditor to be able to give report of his/her investigations into businesses, which have now increased in both size and complexity. The Auditor no longer limits himself with routine checks alone, with the belief that the more in number of items he checks the more efficient he becomes as an Auditor. Modern auditing is done with both scientific and efficient methods in which the Auditor reports on his findings with confidence". Howard stated, the auditor's operational standard which provides a useful summary of the operations to be applied as follows:

- a) **"Planning, Controlling and Recording:** The Auditor should adequately plan, control and record his work
- b) **Accounting System:** The Auditor should ascertain the enterprises system of recording and processing transactions and assess its adequacy as a basis for the preparation of financial statements.
- c) **Audit Evidence:** The Auditor should obtain relevant and reliable audit evidence sufficient to enable him to draw reasonable conclusions there from, Audit evidence is obtained by the Auditor in arriving at the conclusions on which he bases his opinion on the financial statements.
- d) **Internal Controls:** If the Auditor wishes to place reliance on any internal controls, he should

ascertain and evaluate those controls and perform compliance tests on their operation.

- e) **Review of Financial Statements:** The Auditor should carry out 'such a review of the financial statements as is sufficient, in conjunction with the conclusions draw from the other audit evidence, obtained to give him a reasonable basis for his opinion on the financial statement".

Aborisade (2010) discussed the accounting methods' and auditing in the government. He discussed the statutory functions and powers of the internal auditors as contained in the financial memoranda and the Local Government Edict (1976). Furthermore, it explained that the federal government has appointed local government inspectors to monitor and control the expenditure patterns of the Local Governments. In this manner, prudent financial management is instilled on the Local Government" the question here is to what extent was this aim achieved, considering the level of corrupt practices in our Local Government today? It did not discuss the relationship between the inspectors and the Local Governments with a view to identifying the effects of this on performance. Also, the effects of not being familiar with the work environments on the inspectors were not discussed, but relevantly, they observed that no business can survive without financial control and internal checks and balances. It recognized fraud and embezzlement as the most important problems facing the management of Local Governments in Nigeria, but observed that "The instrument establishing the Local Government in Nigeria has not provided the necessary guidelines for prudent financial control. This problem identified by Nzelibe and Nwagwu is very much relevant to this study.

However, it failed to provide the probable solution to these problems, and did not equally dwell on the subject of Internal Auditor's Autonomy in the Local Government in Nigeria. Adamolekun (2009), in his discussion scantily mentioned the Internal Audit and said that the idea of establishing an Internal Audit within governmental organizations cannot be described as a tool but as an innovation (in places where they do not already exist) it is a practice that could be called a technique for ensuring a more effective internal check on financial management. He did not discuss internal audit in the Local Governments in Nigeria.

Millichap (2009) treated the general areas of auditing, he said that Internal Audit is set up by management to ensure internal control and did not relate it to the mode of appointment of Internal Auditor is in contrast with the situation in the Local Government, where Internal Auditors are appointed for the Local Government and instructed to be accountable to the Local Government Chairman who did - not appoint him/her. Oguonu in Ikejiani-Clark and Okoli (2006) discussed various aspects of Local Government auditing leading the reader through the relevant provisions in

the revised Financial Memoranda (F.M) for Local Governments, she discussed the accounting and auditing in Local Government, external audit, Local Government Inspectors, Internal Audit, auditing procedures, and the problems of auditing in Local Government System. One of the auditing problems in Local Government, which she identified, is that: Internal Auditors under ideal circumstances are to carry out an independent auditing work within the Local Government System this type of independence is lacking. In most instances, the Internal Auditor's place in the organization is not even clearly defined; the administrative set-up is such that the Internal Auditor can hardly exercise his powers independently because he depends on his superiors for recommendations, for promotions and career advancement. An Internal Auditor querying an expenditure of the Chief Executive may have his position threatened. The Internal Auditor therefore, cannot act as a watch-dog in the system if he wants to consolidate his position, he is only interested in his office not in the duties of the office.

Furthermore, Oguonu (2006) identified that "in almost all the Local Government Studies, little or no attention is paid to the provisions of the financial memoranda, even the "Audit Alarm" is not taken seriously for fear of victimization. In conclusion Oguonu said that "Auditing is a very important function that affects efficiency and effectiveness if carefully done, especially in the Local Government. She proffered some solution among which are:

- a. Auditors should possess necessary educational qualifications to help them face the challenges of their work.
- b. Those appointed auditors should be familiar with provisions of the financial memoranda, and
- c. Equally important is the issue of making internal audit unit to be fully independent. It should not be under the administrative control of the chief executive or the treasurer if it is to function effectively.

In fact, Oguonu's probable solution is very much relevant to this study. However, she did not suggest how the independence of the Internal Auditors, which she advocated for, should come about, she did not suggest to whom the Internal Auditor should be accountable, and what should constitute the operational guidelines of such independent Internal Auditors, so that the activities and the autonomy of the Local Government would not be threatened and frustrated. She did not discuss the effects of the "post mortem examination" of the accounts of the Local Government on the finances and property of the Local Government. Her study did not extend to Ankpá Local Government Area of Kogi State, which is a case study of this work.

Nwachukwu (2008) partly discusses auditing as a very important control system. The Auditor records and

statements of accounts, and expresses an opinion regarding their fairness and accuracy. Nwachukwu further said that the principal task of the Internal Auditor is to ensure that company control systems function as expected and give timely information on deviation and suggest corrective action. The Internal Auditors ensure that the various operating divisions observe the policies and procedures, prescribed by management. Nwachukwu said that; "Auditors therefore, help to remove "ghost" employees from company pay rolls...Thus an Internal Auditor goes beyond what an External Auditor does by evaluating non-quantitative areas of managerial performance" He discussed management audit which he said takes place every two to three years. However, he did not discuss Internal Audit in Local Government.

Contributing in a national seminar on planning for Local Government Officials, held at the Institute for Development Studies, Enugu (2002), Y. Yinka Giwa, discussed 'Financial Regulations and Accountability'. Giwa (2012) a retired Deputy Accountant General of the Federation discussed auditing and stated that Internal Audit is one of the essential ingredients before any Ministry, Department or Unit considered for a self-accounting status. He also said the Internal Audit is established to provide a complete and continuous audit accounts and records of revenue, expenditure, plant, allocated and unallocated stores where applicable. Furthermore, Giwa said that the situation under Decree No. 43 of 1988 (on Civil Service Re-organization) and 1999 Federal Constitution on Local Government Administration, where the Internal Audit is placed under the Accounting Officer who has the right to 'hire and fire' does not allow the internal auditor required independent position to challenge or query the irregularity of his accounting officer. He also stated that the Internal Auditor who will not want to be prematurely retired or laid off for ministry's re-organization cannot raise any alarm bell against the inadequacy of his boss, the Accounting officer. Giwa said that "it has been strongly suggested from many quarters to place Internal Auditor under the Accountant General, the Chief Accounting Officer in order to enforce effective accountability on the Accounting Officer, the Chief Executive of a ministry".

Dynamics of Local Government in Nigeria

Local Government has been defined by the United Nations documentary on public administration as a political sub-division of a nation or state which is constituted by law and has substantial control of local activities, which include the power to impose taxes or to enact prescribed purpose (Ajayi, 2010). From these definitions, Local Government is a government at the local level, established by law to perform specific functions within defined areas or jurisdiction. Therefore, Local Government is the third tier of Government in Nigeria that is nearest to the people at the grassroots.

Since these work concerned with Nigerian Local Government, it's important to give brief about Nigerian Local Government. Even though Johnsen and Vakkuri (2011) point out that what people understand as Local Government in one country may not be identical with Local Government in other countries. Therefore, the Nigerian Local Government was established under the Local Government Reform of 1976. The Local Government Reforms Guidelines of 1976 defined Local Government "as Government at local level exercised through representative council established by law to exercise specific powers within defined region" (Noun, 2010). In line with the above definitions, it's paramount to consider some of their constitutional functions. The main functions of a Local Government as specify in the fourth schedule of the 1999 constitution includes; The consideration and the making of recommendations to the State Commission on economic planning or any similar body on: (I) The economic development of the State population in so far as the areas of authority of the council and of the State are affected;(ii) Collection of rates, television and radio licenses fees; providing and maintaining of burial grounds and cemeteries; providing license of bicycles, trucks, canoes, wheel barrows and carts; Providing, maintaining and regulating of markets, motor parks as well as public conveniences; Construction and maintenance of streets, street light, roads, drains and other public facilities as may be prescribed from time to time by the House of Assembly of a State; naming of roads and streets and numbering of houses; provision and maintenance of public convenience, waste disposal, registration of all births, deaths and marriages; (1999 Constitution).

Nature of Internal Audit at Local Government

Due to the growing importance of the Internal Audit departments, many Organizations identified the benefits and they are trying to establish it in their operation (Schneider, Sheikh, & Simone, 2011) in this context, it's a clear indication that Internal Audit function within the Local Government has increased in profile during the past decade (Davies, 2014) that is why Internal Auditing departments in any organizations help the management of that organization towards solving some of their problems (Jerome, 2009). In line with the above, financial audit is also carried out at the Local Government level by either Internal Auditor, Audit Committee or various supervisory organs from the State Government and External Audit (Friedberg, 2010). Therefore, it is paramount for the personnel of Internal Audit department to exercise due professional care in carrying out their respective duties (Jansson, 2013). Hence, proper staffing of an Internal Audit department with enough qualified personnel and proper management of the staff are among the keys to the effective operation of an Internal Audit (Cohen & Sanyang, 2010).

However, all Local Government Councils should have an Internal Audit function for the following reasons;

They supports good internal governance for ensuring consistency with other levels of Government for the evaluation of the effectiveness of risk management, control and governance processes; helps to build public confidence in an organization's ability to operate effectively (IAG, 2010). In addition, Al-Twaijry (2013) suggests that organizations that have no Internal Audit department should be encouraged to have such departments.

Similarly, organization that has Internal Audit department enjoys two main benefits: prevention and detection of irregularities; and economy, efficiency and effectiveness of various section of the organization (Aguolu, 2009; Al-Twaijry, 2013). Likewise, section 95 of the Local Government (Scotland) Act 1973 and section 54 of the Local Government Act (Northern Ireland) 1972 makes provision that all local authorities should have an established Internal Audit department (CIPFA, 2006). However, in Malaysia the Local Government Act of 1976 of the Law of Malaysia Act 171 provided in section 60 (1) that "The Auditor General or other Auditor appointed by the State Authority on the recommendation of the Auditor General shall, throughout the financial year, inspect and examine the accounts of the local authority, and the local authority shall, by the Treasurer or other officer authorized by the local authority, produce and lay before the auditor all books and accounts of the local authority together with all vouchers, papers, contracts and documents relating thereto". Virtually, all the above are provisions of foreign laws on the establishment of Internal Audit within their respective local authorities because of the importance of Internal Audit on organizational efficiency and effectiveness especially the roles play by the Internal Auditors in the aspect of evaluating risk management, internal control system and good governance as well as review of the activities of organization with the view of ascertaining their level of compliance with various regulations, efficient resources utilization for organizational goals and assets protection. Hence, the strength of an Internal Audit department must be examined with respect to the degree of independence it benefits from management and from operating responsibilities (Aikins, 2011).

4. INTERNAL AUDIT AND FINANCIAL ACCOUNTABILITY AT LOCAL GOVERNMENT IN NIGERIA

It is germane to note the fact that the nature and position of the Internal Audit department in Local Government differs from one country to another (Mizrahi & Ness-Weisman, 2014). In Nigeria, Civil Service Reforms in the Local Government Service (1998) as contained in the implementation guideline in section 12 (12) stated that, an Internal Audit department or unit shall be established in each Local Government in Nigeria, and shall be headed by a qualified accountant in order to provide a complete and continuous audit of the accounts, and records of all received and expenses (Aruwa, 2013). Additionally, Internal Auditors

of every Local Government should be accountable to the Accounting Officer and Auditor General of the Local Government Council on the real situation in terms of conformity with the standards of the audit work and also the Internal Auditor shall issue special reports where necessary if it is of the views that the Auditor General of the Local Government Council concerned is needed because the financial accountability in Local Governments is monitored through External Audit carried out by an Independent Auditor-General of Local Governments as contained in the Section 7 and the Fourth Schedule of the 1999 Constitution (Barkan, Gboyega & Steven, 2011).

By its structure, the Internal Audit is a service department and as such, it is essential that it should not be connected to finance and account unit and ideally the head of Internal Audit should belong to top management and should report to the Audit Committee. (Aguolu, 2009; Belay, 2007). However, Local Governments should periodically measure their Internal Audit function to ensure that it is operating in accordance with best practice & principles (Glance, 2015). Thus, the motives behind the establishment of Internal Audit unit at Local Government level was; to promote accuracy and reliability in accounting and operating data; safeguarding government resources in order to prevent resources embezzlement and fraud, also to determine the extent of compliance with relevant Government laws, policies and procedure established within the various department as well as ensuring proper and judicious resources utilization.

Furthermore, when it come to the issues of legality of auditing in Nigeria, the legal instruments that sets the overall framework for the financial management, auditing procedures, government accounting and financial reporting for either the federal, state or local government are: The Constitution of the Federal Republic of Nigeria 1999, the Finance (Control and Management Act) 1958, the Audit Ordinance No. 28 of 1956, the Annual Appropriation Act and the financial memoranda of 1999. While in the aspect of professionalism, is usually handled by the professional bodies such as Institute Of Chartered Accountant Of Nigeria (ICAN) and Association Of National Accountant of Nigeria (ANAN) through Nigerian Standard on Auditing (NSA) (Aruwa, 2013) which will be address below: The Nigerian Constitution of 1999 is the optimal instrument which deals with the following area: The funds utilization, the external controls for the effectiveness of accounting system by way of investigations and audit, and the appropriate methods. The Finance (Control and Management) Act 1958 deals with the management and operation of government funds. However, the Act also regulates the various books of accounts, accounting system to be utilized and the methods to be followed in the preparation of accounts and financial statements of the government. Similarly, the Audit Ordinance of 1956 as amended by Audit Act 1988 deals

with the Audit and accountability for the public funds of government in Nigeria.

Appropriation Acts are also enacted annually for some reasons not only for financial and accounting regulating matters, but also principally to some issues regarded the Consolidated Revenue Fund. The Financial Memorandum (1999) deals with the accounting at Local Governments' level. However, it provides that an internal audit department or unit shall be responsible for carrying out an independent appraisal of the accounting and other processes of the Local Government with the motives of; safeguarding the assets of the Local Government, evaluate the internal control system, ensuring compliance with relevant regulations, ensure efficient resources utilization toward achieving objectives of the Local Government. Furthermore, the Memorandum also make a provision that; the Internal Auditor shall report to the Chairman of the Local Government at least four times each year on the achievement of the internal audit work, which include the finding with regard to; the revenue collection, safeguarding of the Local Government assets, current and capital expenditure, efficiency and effectiveness of system control and procedure, resources utilization, and any instance of fraud observed should be revealed to the Chairman's attention.

Therefore, from the above provision, it can be clearly seen that the scope and objective of internal audit unit in local government in Nigeria are almost the same with the provision of Institute of Internal Audit to some extent. The Nigerian Standard on Auditing (NSA) concerned with the professional pronouncement on the auditor's responsibilities relating to accounting issues and related to disclosures in an audit of financial statements as well as the review of organizational operation by an auditor. Internal Auditors are uniquely placed in organization with the view to examine and evaluate the systems used in different parts of organization and to make recommendation for improvement (Page & Spira, 2014). Therefore, the status of Internal Audit at Local Government in Nigeria should be improving from the current situation to meet international standard so that to improve the performance of Local Government activities and also to ensure the achievement of local objectives.

Reviewed Management of Local Government Funds as Provided in the Financial Memoranda 1991

Some systems of care and custody of local government funds are designed in the Revised Financial Memoranda 1991 to guide local governments in the management of their finances. Some of the systems of care and custody of funds are reviewed here under. Section 1.5 of the Revised Financial Memoranda states that the Executive Committee will meet at least once a week to consider all

matters referred to it and all statements and reports which the committee will require should be brought before it;

- i. The monthly reconciliation of accounts showing the position at the end of the previous month.
- ii. Secondly, the bank reconciliation statement as at the end of the previous month.
- iii. Thirdly, the register of audit correspondence and a statement made in dealing with any outstanding matters raised by the auditor general.
- iv. Reports by the treasurer on any of the matters referred to in the Financial Memorandum 1.4 or any failure to reconcile departmental records with those of the treasury.

Section 1.3 specifies the duties and responsibilities of the treasurer. The section authorizes the treasurer to be the chief accounts officer and head of the Finance Department of a Local Government. The treasurer, as the chief accounts officer, shall be in attendance at executive committee meetings and other committees to provide advice concerning the financial implication of the proposed policies. Section 1.14 also empowers the treasurer to be responsible for ensuring that there is strict compliance with financial memoranda in the Finance and other departments of the local government. Secondly, the accounting system as laid down in the financial memoranda be complied with by all the Departments in local governments. Section 1.8 authorizes the Finance Department to be responsible for the;

- i. The care and custody of the local government Funds, whether in cash or held in the local government Bank account.
- ii. Seeing that all revenues due to the local governments are collected promptly and properly paid into the local government Funds.
- iii. Dealing promptly with queries arising from inspections or audits and keeping records of such queries showing how they were cleared.
- iv. All commitments and liabilities are recorded immediately they are incurred in the Departmental Vote Expenditure Account and that the payment and expenditure control arrangements as set out in Financial Memoranda, chapters 13 and 14 are faithfully followed and adequate provision is retained to meet all outstanding liabilities.

Furthermore, section 5.2 states that the cash book and the control of the receipts and payment of monies shall be the responsibility of an official of the treasury to be designated as the cashier. It is important to note that section 5.3 stipulates that in no circumstance shall the treasurer himself hold the office of cashier. Further, the work of handling money and keeping the cashbook must be kept separate from other accounting work and the cashier must not be required to act as an accountant as well as undertaking his cashier's position. Moreover, section 7.1 requires the receipt book register on form LGT 24 to be kept by the treasury to record the receipt of all revenue earning books, the issuance of such books to the officials of local government, the ultimate returns of the books to the treasury and their final deposit.

However, section 7.12 noted that all revenue earning books unused, used, partly used or obsolete must be safeguarded from theft or misuse and kept in a secure place under lock and key. The books should be stored tidily in numerical order and each of the four categories of books (unused, used, partly used and obsolete) kept in a separate group. Section 7.13 provides that the treasurer must ensure that checks of stocks of revenue earning books are carried out periodically and not less frequently than once in every two-month-period. Moreover, the officers carrying out the check will insert the date and his signature in column 10 of the Receipt Book Register. Section 14 (2-8) provides the following:

- i. No payment shall be made unless authorized funds are available
- ii. Each payment must be supported by a properly authorized payment voucher prepared on one of the forms referred to below

Forms No	Purpose
LGT 45	General Payments
LGT 46	Salaries
LGT 48	Pensions
LGT 49	Traveling allowances.
- iii. A payment voucher shall be prepared as follows:
 - a. It must be made out in favour of the person to whom the fund is actually due.
 - b. It must be capable of being checked without reference to other documents.
 - c. It must be clearly worded and give full particulars of payment. Etc.
- iv. Each voucher shall show the head or subhead of expenditure to be charged.
- v. Alterations to payment voucher must be signed in full by the official authorizing payment; vouchers with extensive alterations may be rejected at the discretion of the treasurer, etc.

Section 14 (8) also requires the payment voucher to be authorized by the officer controlling the vote; or the person to whom an authority to incur expenditure (A.I.E) has been issued. Section 14 (9) on the one hand proves that the signature of the official authorizing the payment certifies the correctness of all the details on the voucher. He will therefore be held liable for any payment in excess of approved votes, which are unreasonable or are found to be irregular in any other respect.

Again, section 19.4 states that all receipt of money (cash or cheque) shall be entered in the cash column on the receipt side (i.e. the debit side) of the cash book strictly in the order that the transactions occur. Section 19.6 also stipulates that a treasury receipt shall be issued in respect of every payment into the treasury or direct to the local government's bank account. The treasury receipt number must be shown against the relevant Cash Book entry.

In addition, section 39.3 requires the internal auditor to carry out all audit queries and sanctions not irrespective of who is involved. Below are some of the areas the internal auditor is required to carry out audit queries:

- i. Irregularities resulting in losses to local government due to either fraudulent activities of the functionaries to their negligence or incompetence.
- ii. Payment through false certificate of completion.
- iii. Shortage or losses of stores by storekeeper.
- iv. Assets paid for but not collected.
- v. Payment of ghost workers
- vi. Failure to collect local government revenues and also failure to account for local government revenues
- vii. Overpayment of salaries and allowances to staff. etc.

Furthermore, in section 3.2 of the Revised Financial Memoranda, the local government executive committee shall issue a circular calling for the preparation by local governments of the estimates for the succeeding financial year. The call circular shall:

1. Contain such general guideline to be followed by departments in the preparation of their annual estimates as reflected in the local government Policy and priorities with regards to the discharge of functions and provisions of services at the local levels.
2. Stress such procedural and timing matters and matters relating to the objectives and contents of estimates as considered appropriate by the executive committee.

The above section helps in the control of revenues and estimates hence the guideline and timing to be adopted

by the Department in preparing the annual estimates are reflected in the section. Section 3.2 and 3.12 of the Revised Financial Memoranda discuss local governments annual revenue and estimates and their approach at length. It is expedient for management to control results with the estimates and this can only be achieved through budgetary control found in these sections of the financial memoranda.

These are some of the systems designed for the management of local governments' fund in Nigeria local governments. It is therefore, surprising to note that despite all these mechanisms designed to ensure effective and efficient management of local governments' funds, that the issue of management of funds is still topical in Nigeria local governments. We discovered that, presently local governments in Nigeria cannot provide basic necessities of life to the citizenry and the blame is often laid on the paucity of fund. It is important to mention, that mismanagement of funds contributes immensely to poor performance.

Based on this therefore, the gap in this literature can be closed by exploring, all these measures contained in the Revised Financial Memoranda for management of funds. There is still much to be desired from the services provided by the local governments in Nigeria. Local governments, however, blame inadequacy of funds as a major problem for poor performance. It is not very correct to say that lack of quantum of funds is a sufficient explanation for the poor performance of local governments. However, a cursory look at the resources bestowed upon local governments statutorily, between 1999 – 2004 does not show that local governments are poorly funded as purported. The point here is that the proper management of these funds is as important as, and perhaps even more important than the level of funding in explaining the performance of local governments. Poor management of funds arising from irregularities as well as lack of integrity of local government officials contributes to this state. Oguonu (2004) is of the view that these human related factors negatively affect development at the local government levels, which is the bedrock for "genuine national development".

However, there are many cases of mismanagement of resources in the audit report collected from some local governments in Anambra State we therefore, discover that the problem confronting local governments in the south eastern states is not necessarily poor funding as purported by many, but poor management of these resources. This has resulted in local governments in the south eastern, states not living up to the desired expectation despite the enormous sources of revenue, bestowed upon them. There is, therefore, need for local governments in Nigeria to comply with the rules in the Revised Financial Memoranda. The federal and state governments should enact a law to guide the compliance of the Revised Financial Memoranda and also ensure that all local government officials have the Revised Financial Memoranda. There is also need for sanctions to be

placed on all offending officers to ensure compliance. This should be holistic from the chairman down to the junior workers as half measure yields no result but failure. Compliance with the rules of the Revised Financial Memoranda (CRFM) 1991 and 1994 will assist in the achievement of the aims of the 1976 local government reform and other subsequent reforms. Furthermore, the art and act of training and supervision should be instituted in the Nigeria local governments. Workers newly employed should be properly oriented on the rules in the Revised Financial Memoranda and the reasons for compliance. Workshops, conferences and retreat should be organized on the subject "compliance with the rules of the Revised Financial Memoranda 1991 and 1994" occasionally. This, we believe will go a long way in inculcating in the workers the principles guiding the care and custody of funds in the local government system.

In addition, the two tiers of governments should adopt a Change of Attitude Mechanism (CAM) by investigating the affairs of the local governments on a regular basis ensuring that they comply strictly to the rules of the Revised Financial Memoranda. If funds are judiciously managed according to the rules in the Revised Financial Memoranda, no doubt, the problem of poor funding will be a thing of the past and local governments in Nigeria will take up their statutory responsibilities without complaint. The result will be felt in all the nooks and crannies of the states. Moreover, employment of honest, qualified and sincere personnel, we believe too, will determine the extent to which these rules are complied with. We therefore encourage local governments to employ men of integrity with good records to handle finances in the local governments.

We also advocate for the introduction and implementation of the Due Process mechanism in the local governments. Local government is the government at the grass root levels and therefore is a very important tier of government. The Due Process Mechanism should start from this very important tier of government. We discovered that this mechanism was not adhered to in the award of contracts and this led to embezzlement of government resources by local government functionaries.

Furthermore, we advise that the chairmen of local governments be career officials, not political office holders. Past records should also be considered in appointing chairmen, principal officers and those that work in the Finance section. This therefore, suggests that men of integrity should be employed based on past records not on god fatherism, to ensure proper management and utilization of resources.

However, areas of specialization should be given full attention and consideration in employment of workers. This will create avenue for staff to exhibit their skill. The issue of

areas of specialization has been a thorn in the flesh for years now. Unfortunately, staff are usually employed based on son of the soil syndrome in the local government systems. Adoption of the rules of the Revised Financial Memoranda and other measures outlined above will contribute immensely in the provision of basic social amenities; hence these resources that were carted away will be judiciously used in catering for the needs of the society.

Constraints to Internal Auditors' Autonomy

An individual or institution is said to be autonomous where such individual or institution is independent of external forces and environmental encumbrance, the more the independence, the greater the degree of autonomy. The concept of autonomy has created confusion and varied misinterpretation in effort to elucidate its relative connotation, in spite of its regular application by scholars and practitioners who use the term loosely with belief that their clients comprehend it. In view of these conflicting conceptual interpretations Adeyemo (2015) asserted that the term "autonomy" is perceived as independence or freedom from external control. Also Nwabueze (1988) saw autonomy as meaning "separate existence an independence from the control of the other person. In broader perspective, it is an autonomy which requires not just the legal and physical existences of an apparatus of government like the Legislative, the Executive and the Judiciary etc. but that each officials of government must exist not as an appendage of another government or public officials but as autonomous entity in the sense of being able to exercise his/her own will in the conduct of their own affairs, and free from being the directive of another person. Autonomy would only be meaningful in a situation whereby each Government or public officer is not constitutionally or legally bound to accept dictation or directive from another person.

Relating the above to Internal Auditors Autonomy in the Local Government, it could be seen as a situation whereby the Internal Auditor is made to be independent free from receiving directive from external body or political office holder like the Chairman who is the accounting officer of the Local Government.

Accountability

Olowu (2010) posited that accountability refers to answerability for one's actions or behavior. According to him, accountability involves the development of objective standard of evaluation to assist the owners of all organization to evaluate the performance of duties by individuals and units within the organization. Accountability thus, has three crucial components: a clear definition of responsibilities, reporting mechanisms, and a system of review, reward and sanctions.

Therefore, accountability flowed in different directions, downward between subordinate and superiors, and laterally among professional groups. Accountability means that:

- Every act or action is transparent, that is open to law;
- Regulation and prudent judgment;
- All participants are responsible for their own actions; and
- Every act or action is subject to independent, professional unbiased review (audit) and the result made available to all concerned. (World Bank, 2013)

In the Nigerian public services, particularly in the Local Government Systems, there are two major ways of enforcing accountability. They are Internal and External control. They are regarded as complementary rather than substitutes for one another. In other words, Internal control emphasize the social control on public officials through education and training and a codification of some ethical guidelines for officials that will enable them to override political direction contrary to state or public interests.

5. CONCLUSION AND RECOMMENDATIONS

The paper reviewed the role of Internal Auditor's autonomy and financial accountability in Kogi State Local Government System. Internal Auditors in Kogi State Local Government are faced with numerous challenges which range from corruption and regular influence from the Chairmen. They have in so many ways limited the potentials of the Internal Auditors in the discharge of their constitutional duties with the various Local Government Systems. From their various reports, it shows that Local Government Chairmen have their hand in the major role played by Internal Auditors. Thus, from the above submissions, the paper revealed that the Internal Auditors in Kogi State have their challenges which are occasioned by the regular interference by the Chairmen in the discharge of their duties.

Against this backdrop, the paper thus, recommends that to ensure independence of Internal Auditors, effort should be made by Local Government to specifically define the role of Internal Auditors with meaningful level of autonomy. Also, serious effort should be made to rid the Internal Auditor of corruption and regular interference by the Chairmen. To ensure this, the autonomy of Local Government Internal Auditor should be slightly separated from the office of the executive to avoid undue influence from the Chairmen. Finally, report of the Internal Auditors should be of utmost value to avoid regular abuse of the reports emanating from nature and character of the states.

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