

CHAPTER ONE

INTRODUCTION

Background to the Study

Tertiary education institutions are institutions of higher learning where knowledge is imparted to its seekers and researches are undertaken in various fields of human endeavour. They are at the post-secondary level of the national education system, which include universities, polytechnics, colleges of technology, colleges of education, advanced teacher training colleges, correspondence colleges and such institutions as may be allied to them (Federal Republic of Nigeria (FRN), 2014). These institutions may be publicly or privately owned and are meant to contribute to national development by developing physical and intellectual skills which will enable individuals to become self-reliant and useful members of the society.

It is important to appreciate the fact that, for tertiary educational institutions to achieve their objectives effectively, there is need to establish an effective internal control system to furnish the management with necessary analyses, appraisals, and recommendations for decision making (Modibbo, 2015). An effective internal control system in tertiary educational institutions requires accountability in cash flow and adequate financial

reporting and accountability is paramount to the growth and development of tertiary educational institutions.

The main objective of financial reporting is to provide adequate and useful information for proper planning, control and decision making that will aid in achieving organizational short-term and long-term goals. These objectives can be achieved where the information received is understandable, timely, accurate, complete and comparable (Muhammad in Filli & Opeyemi, 2016). Accordingly, auditing is carried out by qualified auditors to ensure that financial reporting contains the salient qualities.

Auditing plays an essential role in serving the public interest in order to strengthen accountability and reinforce trust and confidence in financial reports presented to stockholders, members, creditors and the entire public. Anichebe (2010) defined auditing as a systematic investigation and appraisal of transactions, procedures, operations and result in financial statements to determine the degree of adherence to the prescribed criteria and to express opinion thereon. The quality of internal audit helps an organization to accomplish its objectives by providing a systematic approach to evaluate and improve the effectiveness of risk management processes, internal control and corporate governance. In recognition of the importance and essence of internal auditing, governments and private sector in many countries consider

the establishment of internal audit units and empowerment of internal auditors (AIs) as imperative. The Federal Government Financial Regulations (2009) considered internal audit as a control mechanism which operates by assessing and measuring the effectiveness of internal control system in an organization, using auditing guidelines.

Guidelines are rules or instructions that are given by an official organization telling you how to do something especially something difficult. Auditing guidelines are the principles and standards guiding the practice of auditing. The main objective of the audit guideline is to ensure compliance with audit best practices. It is therefore mandatory for all auditors to adhere to the guidelines in the manual in order to ensure consistency and coherence of the auditing process rather than relying on personal interpretation and opinion (Federal Ministry of Finance, 2011).

It is on this ground that the regulatory authorities of tertiary institutions (TI) which include the National Commission for Colleges of Education (NCCE), National Board for Technical Education (NBTE), and National Universities Commission (NUC) provided uniform accounting and auditing manual, explaining the specific guidelines, methods, and ways of audit guidelines such as audit guideline for revenue collection; audit guideline for stores; audit guideline for fixed assets; audit guideline for

disposal of fixed assets; audit guideline for payroll and audit guideline for staff advances and staff debtors, prepayment audit procedures, among others (NCCE Audit Manual, 2006; Federal Ministry of Finance, 2011; University of Ibadan Audit Manual, 2014).

The manual is designed to standardize the practice of internal auditing in public tertiary institutions in Nigeria. Guidelines in financial reporting of the activities of tertiary institutions in the South-East would facilitate auditing. It is also a truism that the manuals and guidelines would be applied to control corrupt practices by account officers. Under this accountability and good financial management environment, employment opportunities would be created, facilities for research would be provided and sustained, and investment from the private and corporate organizations would be attracted to the public tertiary institutions in South-East Nigeria.

The expected result for the tertiary institutions under this transparent system is (1) rapid growth and development in teaching and learning; (2) research and publications in public tertiary institutions in South-east Nigeria. The audit guidelines in public tertiary institutions specify the functions of the account officers. Among many other functions, the regulation and manuals mandate the department to ensure compliance with the internal control system put in place and safeguard the assets of the institutions.

Account officers make sure that the financial records are kept for smooth running of the institution and accountability purposes. Account officers in tertiary institutions include Bursars and Directors, Senior Accountants and Auditors, Accounts and Store officers (Nwaigburu & Mark, 2014). Despite the existence and reforms in internal audit tasks, studies Adetoso, Oladejo and Akesinro (2013); Whawo (2015) have shown lapses in the internal control system leading to several occurrences of fraud, misappropriation, and irregularities in Nigerian tertiary educational institutions.

Tertiary education institutions in this study include public universities, polytechnics and colleges of education which are established to meet the nation's need for socio-economic development through knowledge-sharing, research and development. Modibbo (2015) asserted that tertiary institutions are expected to provide educational services, counselling and credible financial statements to the general public at the right time. Tertiary educational institutions provide for internal audit functions through uniform accounting and audit manuals which are used by auditors to examine material account balances. Asset balance, which deals with assets that cannot easily be converted into cash, is a common material account balance on an entity's financial statements (Kendra, 2017). Asset is audited through

procedures that confirm the existence and valuation of the reported account balance.

An asset is defined by the International Accounting Standards Board (IASB, 2015) as a resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity. Timely maintenance, effective tracking and audit of these assets are mandatory for educational institutions (Tracet, 2016). Asset auditing involves current and non-current assets (fixed assets) which are useful and valuable resources by institutions and ensures the accurate record of such assets. An institutions balance sheet normally splits assets into current assets and non-current (fixed) assets.

Current assets are assets which can easily be converted into cash or used to pay-off current liabilities within one year (IASB, 2015). Examples of current assets include cash, inventory, accounts receivable (money that customers owe), prepaid liabilities or other liquid assets. These are the assets that help institutions operate on a day-to-day basis to cover expenses as they arise and ensure the smooth functioning of business activities.

Non-current assets (fixed assets), on the other hand, are assets which represent a longer-term investment and cannot be converted into cash quickly. They are likely to be held by an institution for more than a year.

Non-current assets constitute a major chunk of the assets of an educational institution. Examples of non-current assets include land, property, investments in other companies, machinery and equipment. Intangible assets such as branding, trademarks, intellectual property and goodwill are also considered non-current assets. An auditor's job is to examine the records at a particular time, verify all assets appearing on the balance sheet and ensure that there are no other assets, which ought to appear on the balance sheet.

Audit guidelines for assets follow several related steps to ensure that the reported asset balance is free of material accounting errors (Jay, 2018). Several common audit guidelines are used to ensure the existence of assets in a business (VanBaren, 2017). These guidelines include checking an institution's documents and comparing them with a physical inspection of the assets, reviewing the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations that could have a significant impact on operations, reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets; reviewing and appraising the economy and the efficiency with which resources are employed, and reviewing operations or guidelines to ascertain whether results are consistent with established goals and objectives. This study, however focuses on the implementation of asset auditing guidelines for fixed

assets, disposal of fixed assets, review of cash collection and bank transactions, payroll and expenses, as well as staff debtors and advances as it is contained in the audit manual for universities, colleges of education and polytechnics (NCCE Audit Manual, 2006; Federal Ministry of Finance, 2011; University of Ibadan Audit Manual, 2014).

Audit guideline for fixed assets pertains to an examination of relevant records and physical checking of assets. Physical verification of fixed assets is primarily the responsibility of the management but the auditor must pay particular attention to the verification system to ensure that it is adequate and reliable (Financial Accounting Standards Board (FASB), 2016). All the fixed assets should be valued and recorded in the financial statements as per the generally accepted accounting practices that suit educational institutions.

Disposal of fixed assets involves eliminating assets from the accounting records. Bragg (2017) explained that this is needed to completely remove all traces of an asset from the balance sheet (known as derecognition). An asset disposal may require the recording of a gain or loss on the transaction in the reporting period when the disposal occurs. Disposal of assets is an important part of asset auditing management in educational institutions because it is a function that guarantees that institution funds are not wasted on obsolete and unserviceable equipment

and assets and that when stores are disposed, they are sold at the best achievable value in the market.

Cash collection and banking (treasury) transactions are the most fundamental systems operated by any organization. Cash is an organizations most important physical asset and ability to pay wages and suppliers depends on the availability of cash (Internal Audit Manual, n.d). The auditing guideline regarding cash collection and bank transactions includes implementation of computerized accounting system for cash receipts and reconciliation of funds received by comparing the bank balance as per bank book and the pass book.

Payroll usually represents the largest proportion of an institution's expenditure and is an area where good controls are essential to prevent fraud and corruption (Internal Audit Manual, n.d). Payroll systems usually incorporate payments that are made direct from employees' payroll such as personnel income tax and pension contributions. The auditing guideline in review of payroll and expense arrangement include verifying duties of all workers in the payroll department and generating payroll report and comparing the balances of expense account with the budgeted balance for the current period.

A cash advance to a staff is usually a temporary loan by an institution to a staff. In other words, the institution is the lender and the staff is the borrower. The cash advance needs to be reported as a reduction in the institution's cash account and an increase in an asset account to staff or other receivables. According to Sheth (2015), during the process of verifying debtors, the auditors need to ascertain an adequate internal control on the clients' accounting system.

The influencing factor on the extent of implementation of asset auditing guidelines in the financial reporting by tertiary education institutions could be by the type of institution and the ownership of institution. This variable is likely to affect account officer's mean ratings on the extent of implementation of asset auditing guidelines. Type of institution in this study means universities, polytechnics and colleges of education. Account officers in this study are the principal officers in tertiary education institutions.

Another influencing factor could be ownership of institution. Ownership of institution in this study means the Federal and State Government owned tertiary educational institutions. According to Ibrahim, Adeyemi and Ayeni (2016), independent tertiary institutions selected showed that the accounting guideline and policies have no significant impact

on the preparation of the financial statement. This occurred as a result of some of the enabling statutes of tertiary institutions do not contain or provide proper guidelines on the nature of financial statements to be compiled. Apart from this, the attitudes of governing council members of these institutions circumvent the ability of the institutions to follow the guideline and policies in implementing the accounting system to put in operation while preparing its financial statement. In view of this, it is appropriate for any type and ownership of educational institution to have an effective control system of accounting by instituting internal audit for good monitoring and checking against financial reporting

Literature has revealed various violations of normative rules in financial reporting of most tertiary educational institutions in Nigeria (Auditor-General of the Federation 2009 Annual Report). This report contained queries and indictments of many Chief Executive Officers (CEOs) of tertiary educational institutions (Section 7, subsections 10, 11, 12, 15, 61, 78 and 92 of the report). Furthermore, captions on daily newspaper and media publications do not give a good indication of prudent management of funds by tertiary educational institutions in Nigeria.

The increase in fraudulent activities in Nigeria and South-East in particular has become a common phenomenon leading to the collapse of

many organizations and greater weakening of the economy. Fraud is a serious problem in Nigeria compared to other developing nations in Africa. It is so endemic that it is gradually becoming a normal way of life in both public and private sectors of the economy. The education sector of Nigeria and the South-East in particular the economy appears to be affected by fraud which jeopardizes the success of long-term initiatives in every area of educational development. This means that education devoid of fraud is a sine qua non for national development since an educational system that is characterized by fraud and corruption will breed bad leaders, unqualified teachers, quack doctors, technologists and technicians, managers and corrupt public officers (Odimmega, 2015).

Fraud cases and some other corporate financial accounting scandals and financial scams have continued to increase concerns about the effectiveness of internal control systems in most public and private organizations. Considering this view, it is appropriate for any tertiary educational institution to have an effective control system of accounting by instituting internal audit for good monitoring and checking against financial statements; ensure compliance with asset auditing guidelines requirements and safeguard the asset of the institutions.

Statement of the Problem

Auditing guidelines mandate institutions to ensure compliance with the internal control system put in place, safeguard the assets of the institutions, prevent and detect irregularities, fraud and audit all the daily transactions. Despite the guidelines and the existence of internal audit tasks, frequent and large-scale financial fraud occur in tertiary institutions, South East in particular and as such disrupt effective research, teaching and learning as well as community services which are the functions of tertiary institutions. Petitions have been written against the Management of tertiary institutions on selfish use and poor management of funds (Azuka, 2011). In some cases, tertiary institutions' Managements have been taken to court to explain issues bothering on poor accounting but most often nothing came out of it. Even when the Economic and Financial Crime Commission (EFCC) is involved, in most cases the accused goes free probably because there is no accurate and transparent record or effective machinery in use that dictates accounting and financial fraud in tertiary institutions.

All these notwithstanding, studies have shown that lapses exist in the internal control system and several occurrences of fraud and misappropriation of funds in public tertiary institutions in Nigeria in general and South East in particular. Laxity in revenue and expenditure

management, inadequate payroll controls and weak internal control systems and other problems seem to point to the weakness of internal control systems leading to irregularities in financial management and reporting in public tertiary institutions in South-East, Nigeria. These result in improper verification and valuation of assets in institution's financial reporting. Hence, the study sought to find out the implementation of asset auditing guidelines in financial reporting of tertiary educational institutions in South-east Nigeria.

Purpose of the Study

The main purpose of this study was to determine the implementation of asset auditing guidelines in the financial reporting of tertiary educational institutions in South-East Nigeria. Specifically, the study determined the extent:

1. audit guidelines for fixed assets are implemented in financial reporting in tertiary educational institutions.
2. audit guidelines for disposal of fixed assets are implemented in financial reporting in tertiary educational institutions.
3. audit guidelines for cash collections and bank transactions are implemented in financial reporting in tertiary educational institutions.

4. audit guidelines for payroll and expenses are implemented in financial reporting in tertiary educational institutions.
5. audit guidelines for staff advances and debtors are implemented in financial reporting in tertiary educational institutions.

Significance of the Study

The findings of this study would be of immense benefit to the students, accounting officers and professionals in tertiary institutions, regulatory agencies and government. Students and researchers in accounting education would find the findings of this study useful as a reference material which will help them to uncover new knowledge in the area of audit of assets within educational institutions. Thus, this would help to increase the data bank of these future researchers on asset auditing guidelines for national development.

To the account officers and professionals in tertiary institutions, the findings of the study would broaden their knowledge and expose them to the use of appropriate auditing guidelines that would provide proper safeguards to the internal checks and control. This will help in reporting quality financial statements of their activities at the end of every financial year. It would also help them on how to maintain a good accounting system by ensuring that all assets acquired are properly recorded in the appropriate

books. The findings of the study would also facilitate informed decision making concerning management of public funds in tertiary education institutions in Nigeria.

The study would help the regulatory agencies such as the NUC, the NBTE, the NCCE and the offices of the Auditor-General of the Federation and States redesign programmes in the area of asset auditing guidelines and device techniques that would aid in reporting credible financial statements at the end of every financial year by tertiary educational institution in South East, Nigeria. This will help tertiary education institutions to maintain good accounting system which helps in ascertaining the future sustainability of programmes, liquidity position and comprehensive information on the financial position of the institution.

Finally, State government in the South-East of Nigeria would know from the findings of the study that account officers moderately implemented asset auditing guidelines in tertiary education institutions financial reporting. This will help government to monitor the financial statements presented by tertiary educational institutions and how factual audited reports are in the financial statement. It would also give the government positive insight on how to fight this evil menace called corruption in tertiary education institutions.

Scope of the Study

The focus of this study was to determine the implementation of asset auditing guidelines in financial reporting by public tertiary education institutions in South-East Nigeria. The study was delimited to audit guidelines for fixed assets, audit guidelines for disposal of fixed assets, audit guidelines for cash collections and bank transactions audit guidelines for payroll and expenses and audit guidelines for staff advances and staff debtors. The study did not cover the following aspects of auditing guidelines: - audit for stores and properties system, audit of the budget cycle, income and debtor, purchasing and payment processes, among others.

Research Questions

The following research questions guided the study:

1. To what extent are audit guidelines for fixed asset implemented in financial reporting in tertiary education institutions in South-East Nigeria?
2. To what extent are audit guidelines for disposal of fixed asset implemented in financial reporting in tertiary education institutions in South-East Nigeria?

3. To what extent are audit guidelines for cash collections and bank transactions implemented in financial reporting in tertiary education institutions in South-East Nigeria?
4. To what extent are audit guidelines for payroll and expenses implemented in financial reporting in tertiary education institutions in South-East Nigeria?
5. To what extent are audit guidelines for staff advances and staff debtors implemented in financial reporting in tertiary education institutions in South-East Nigeria?

Hypotheses

The following null hypotheses were tested at 0.05 level of significance:

1. Account officers in universities, polytechnics and colleges of education did not differ significantly in their mean ratings on the extent audit guidelines for fixed assets are implemented in financial reporting in tertiary education institutions in South-East, Nigeria.
2. There is no significant difference in the mean ratings of account officers in Federal and State tertiary institutions on the extent audit guidelines for fixed assets are implemented in financial reporting in tertiary education institutions in South-East, Nigeria.

3. Account officers in universities, polytechnics and colleges of education did not differ significantly in their mean ratings on the extent audit guidelines for disposal of fixed assets are implemented in financial reporting in tertiary education institutions in South-East, Nigeria.
4. There is no significant difference in the mean ratings of account officers in Federal and State tertiary institutions on the extent audit guidelines for disposal of fixed assets are implemented in financial reporting in tertiary education institutions in South-East, Nigeria.
5. Account officers in universities, polytechnics and colleges of education did not differ significantly in their mean ratings on the extent audit guidelines for cash collections and bank transactions are implemented in financial reporting in tertiary education institutions in South-East, Nigeria.
6. There is no significant difference in the mean ratings of account officers in Federal and State tertiary institutions on the extent audit guidelines for cash collections and bank transactions are implemented in financial reporting in tertiary education institutions in South-East, Nigeria.

7. Account officers in universities, polytechnics and colleges of education did not differ significantly in their mean ratings on the extent audit guidelines for payroll and expenses are implemented in financial reporting in tertiary education institutions in South-East, Nigeria.
8. There is no significant difference in the mean ratings of account officers in Federal and State tertiary institutions on the extent audit guidelines for payroll and expenses are implemented by tertiary education institutions in South-East, Nigeria.
9. Account officers in universities, polytechnics and colleges of education did not differ significantly in their mean ratings on the extent audit guidelines for staff advances and debtors are implemented in financial reporting in tertiary education institutions in South-East, Nigeria.
10. There is no significant difference in the mean ratings of account officers in Federal and State tertiary institutions on the extent audit guidelines for staff advances and debtors are implemented in financial reporting in tertiary education institutions in South-East, Nigeria.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

Literature related to the study is reviewed under the following sub-headings:

Conceptual Framework

Implementation

Asset

Auditing

Auditing Guidelines

Financial Reporting

Theoretical Framework

Policeman Theory

Agency Theory

Theoretical Studies

Objectives of Tertiary Education Institutions

History and Relevance of Auditing

Financial Reporting in Tertiary Education Institutions

Guidelines for Auditing of Assets

Empirical Studies

Audit Guidelines for Fixed Assets

Audit Guidelines for Disposal of Fixed Assets

Audit Guidelines for Cash Collection and Bank Arrangements

Audit Guidelines for Payroll and Expense Arrangements

Audit Guidelines for Staff Advances and Staff Debtors

Summary of Review of Related Literature

Conceptual Framework

Relevant concepts in the title of the study are reviewed as follows:

Implementation

Implementation is the realization of an application or execution of a plan, idea, model, design, specification, standard, algorithm or policy (Laudon & Laudon, 2010). It is the act or instance of putting something into use; the process of checking out the effectiveness of a plan, guideline or design. According to Rouse (2018), implementation is the carrying out, execution, or practice of a plan, a method, or any design, idea, model, specification, standard or policy for doing something. Implementation is the action that must follow any preliminary thinking in order for something to actually happen.

Implementation is a specified set of activities designed to put into practice an activity or guidelines of known dimensions (Fixsen, Blasé, Metz & VanDyke, 2013). According to Fixsen et al., implementation processes

are purposeful and are described in sufficient detail such that independent observers can detect the presence and strength of the "specific set of activities" related to it. In addition, the activity or guideline being implemented is described in sufficient detail so that independent observers can detect its presence and strength. Implementation focuses on how to use innovations as intended and achieve the promised results in typical practice settings.

According to Esposito, Heeringa, Bradley, Croake and Kimmey (2015), implementation is the deliberate, iterative process of integrating evidence into policy and practice. In the context of this study, implementation is a continuous process that includes a set of activities designed to put an idea, guideline or plan into practice. Effective implementation of asset auditing guideline by accounting officers in tertiary institutions is essential to reinforce their financial reporting.

Asset

The International Financial Reporting Standard (IFRS) (2015) defined an asset as a resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity. This means that the probable present benefits involve a capacity, singly or in combination with other assets, in the case of profit oriented enterprises, to

contribute directly or indirectly to future net cash flows, and, in the case of nonprofit organizations, to provide services. The entity can control access to the benefit, the transaction or event, giving rise to the entity's right to, or control of, the benefit which has already occurred.

Similarly, in economics, an asset is any form in which wealth can be held (Kean, 2016). There is a growing analytical interest in assets and asset forms in other social sciences too, especially in terms of how a variety of things (examples, personality, personal data, ecosystems, among others) can be turned into an asset. In the financial accounting sense of the term, it is resource controlled by an entity as a result of past events and from which future economic benefits or service potentials are expected to flow to the entity

Assets are listed on the balance sheet. On a company's balance sheet, certain divisions are required by generally accepted accounting principles (GAAP), which vary from country to country (Kieso, Weygandt & Warfield, 2016). Assets can be divided into current assets and fixed assets, often with further subdivisions such as cash, receivables and inventory. Assets are formally controlled and managed within larger organizations through the use of asset tracking tools. These tracking tools

monitor the purchasing, upgrading, servicing, licensing, disposal of both physical and non-physical assets.

According to the International Financial Reporting Standard (2015), assets are divided into current and fixed assets. Current assets are cash and other assets expected to be converted to cash or consumed either in a year or in the operating cycle (whichever is longer), without disturbing the normal operations of a business. These assets are continually turned over in the course of a business during normal business activity. Fixed assets are also referred to as PPE (property, plant, and equipment). These are purchased for continued and long-term use in earning profit in a business. This group includes land, buildings, machinery, furniture, tools, information technology (IT) equipment (like laptops) and certain wasting resources (timberland and minerals). They are written off against profits over their anticipated life by charging depreciation expenses (with the exception of land assets).

Assets are items that have monetary value and are owned by a business (Bossart, 2018), and can be either tangible or intangible. Tangible assets are those assets that have physical form. They can be seen and touched. Intangible assets are just the opposite and are concepts rather than concrete objects. Intangible assets have no physical form. Examples of intangible assets are such things as the right to a domain name or a trade

name. Even the knowledge and skills of employees can be considered intangible assets. In the context of this study, assets are what educational institutions own in carrying out the affairs of the institutions which can be tangible or intangible.

Auditing

Internal auditing is an integral function that assists organizations in achieving their objectives and prevents them from asset loss (Abuazza, Mihret, James & Best, 2015; Cohen & Sayag, 2010). It is vital for achieving a company's business objectives, obtaining reliable financial reporting on its objectives, preventing fraud and misappropriation of its assets and minimizing its cost. According to Drogalas, Alampourtsidis and Koutoupis (2014), auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. Auditing plays a vital role in accounting of a systems internal control. It seeks to provide a reasonable assurance that the financial statements are free from material misstatement and error.

The Auditing Standard and Guidelines (2010) defined audit as the independent examination and expression of an opinion on the financial statement by an appointed auditor in compliance with any relevant statutory obligations. Auditing has to do with conducting an examination of a series of

events or activities to verify whether they are maintained and recorded in accordance with established guidelines, policies and procedures (General Accounting Office, n.d). This examination is conducted by an internal auditor on a periodic basis and by an independent auditor on an annual basis.

Auditing is an independent examination and expression of opinion on the financial statement of an enterprise by an independent person called auditor in pursuance of that appointment and in compliance with any relevant statutory obligation (Adeniji in Gehya & Ibitomi, 2016). It is an activity that allows the independent person, called the auditor, to express opinion on the reliability and credibility of the financial statement of an organization to determine if it shows a true and fair view. An auditor is any human being who has been trained to review and carry out independent and objective verification that accurately links the activities of an institution to the accounting data provided by the same audited company (e-Economic, 2013). To this end an auditor must be an expert who serves as an examiner to the preparers of financial statements and the internal control system.

In the context of this study, auditing is the examination of various books of accounts by an auditor to verify whether the financial statements prepared show a true and fair view of the state of affairs of the organization. It is a physical checking of inventory to make sure that all departments are

following established /approved system of recording transactions in the appropriate books of accounts in order to ascertain the accuracy of the financial statements of an organization.

Auditing Guidelines

Auditing guidelines are the principles and standards of practice guiding the practice of auditing. Auditing is governed by the provisions of laws, standards and these are fundamentally, the professional brainpower of the auditor that carries out the assignment. However, the determinant of the auditor's mentality or attitude to auditing can only be approximated by the accountancy professional guidelines. These guidelines are primarily referred to as professional ethics in accountancy (Abuh & Samaila, 2015).

Audit guideline is a compilation of current audit policies, procedures, and guidelines of the Audit and Compliance Division of the Nigerian Taxation and Revenue Department. The purpose of audit guideline is to ensure a standard procedure of auditing and to achieve uniformity in all auditing procedures rather than following one's own personal interpretations and opinions at the time of actual auditing (Gehya & Ibitomi, 2016). It is therefore mandatory for all auditors to follow and adhere to the instructions provided in the guideline rather than to rely on personal interpretations and opinions. The purpose of audit is to enable the departments, offices and

institutions to efficiently carry out their various activities. It is not aimed at finding faults. Taking this into consideration, guidance should be sought and given as prescribed in the audit manual. The audit guideline is designed to serve as the primary reference source for the audit process for department auditors, to assist new auditors in their professional development and to provide auditors with guidelines for applying audit techniques.

In the context of this study, auditing guidelines are standards or regulations that guide auditors in the verification and examination of financial records of an institution. The objective of the auditing guidelines is to provide further information on how to comply with the Auditing Standards.

Financial Reporting

Financial reporting involves the disclosure of financial information to the various stakeholders about the financial performance and financial position of the organization over a specified period of time (EduPristine, 2018). These stakeholders include – investors, creditors, public, debt providers, governments and government agencies. In case of listed companies the frequency of financial reporting is quarterly and annual. Financial reporting is usually considered as an end product of Accounting. The Government and the Institute of Chartered Accounts (ICA) have issued

various accounting standards and guidance notes which are applied for the purpose of financial reporting. This ensures uniformity across various diversified industries when they prepare and present their financial statements.

According to the International Accounting Standard Board (IASB) (2010), the objective of financial reporting is to provide information about the financial position, performance and changes in financial position of an enterprise that is useful to a wide range of users in making economic decisions. Financial reporting involves reporting for all statutory income and other internally generated revenue reported for the period in question (Berheci, 2010). Formal records of financial activities of tertiary institution are expressed in the financial statements which quantify the financial strength, performance and liquidity of the institution. Financial reporting facilitates statutory audit. The statutory auditors are required to audit the financial statements of an institution to express their opinion.

Financial statement audit is the examination of institutions' financial records. This can be carried out by an external independent auditor, who is then able to report on the accuracy and fairness of the statements. The tertiary institution has become a true profession as to be able to influence the management of public finance (Gehya & Ibitomi, 2016). In view of this, it is

appropriate for any organization to have an effective control system of accounting by having internal audit for good monitoring and check against the financial statements, ensures compliance with statutory requirements and safeguards the asset of the institution.

In the context of this study, financial reporting is a statement which conveys to management and to interested outsiders a concise picture of the profitability and financial position of an institution. It is an audited annual report and accounts of an organization which gives a summary of the results of operations of an entity for the period represented.

Theoretical Framework

The theoretical framework on which this study is based includes the policeman theory and agency theory.

The Policeman Theory

The policeman theory was propounded by Hayes, Schilder, Dassen and Wallage (1940). The theory states that an auditor's job is to focus on arithmetical accuracy and on the prevention and detection of fraud. It claims that the auditor is responsible for searching, discovering and preventing fraud. This was the most widely held theory on auditing. Under this theory, an auditor acts as a policeman focusing on arithmetical accuracy and on prevention and detection of fraud. However, due to its inability to explain

the shift of auditing to the, 'verification of truth and fairness of the financial statements,' the theory seems to have lost much of its explanatory power. It restrains the auditor's responsibilities on arithmetical accuracy and on the prevention and detection of fraud. The policeman theory is relevant to the present study because internal control system of an organization is on detection and prevention of fraud and accountability of financial information. The policeman theory though relevant to the present study does not emphasize on verification of truth and fairness of the financial statements. It focused only on detection and prevention of fraud, hence the need to bring in agency theory.

Agency Theory

The agency theory is propounded by Jensen and Meckling in 1976. Agency theory is a management and economic theory that attempts to explain relationships and self-interest in business organizations. It describes the relationship between principals/agents and delegation of control. It explains how best to organize relationships in which one party (principal) determines the work which another party (agent) performs or makes decisions on behalf of the principal. A general description of an agency relationship states that it is a contract under which one or more principals engage another person or persons as their agent(s) to perform some service

on their behalf. To enable this performance, delegation of some decision making authority to the agent is needed.

This theory is extensively employed in accounting literature to explain and predict the appointment and performance of external auditors. Agency theory provides a useful theoretical framework for the internal auditing function. The theory, not only helps to explain and predict the existence of internal audit, but it also helps to explain the role and responsibilities assigned to internal auditors by organizations, and predicts how the internal audit function is likely to be affected by organizational changes. According to this theory, the role of the auditor is to supervise the relationship between the manager and the owners. A gap expectation occurs when the distribution of the responsibility is not well defined. The responsibility of every part is well defined in the regulation. The manager and the owners have to realize that the auditor does not have the responsibility of the accounting, but only sees that auditing is done properly.

The relevance of this theory to the study is that accounting and auditing have an important task in providing information and this task is often associated with stewardship, in which an agent reports to the principal on the companies' events. It helps to explain the role and responsibilities assigned to internal auditors by the institution and that it predicts how the

internal audit function is likely to be affected by institutional changes. Audits of financial reports in tertiary institutions would be one form of such information providing the shareholders with independent assurance about the ongoing development. The demand for auditing is sourced in the need to have some means of independent verification to reduce record keeping errors, asset misappropriation, and fraud within business and business organizations.

Theoretical Studies

This section is discussed in line with the following sub-headings:

Objectives of Tertiary Institutions

Tertiary institution encompasses all organized learning activities at the tertiary level. The Federal Republic of Nigeria (FRN) (2014) defined tertiary institution to include the universities, polytechnic, monotechnics and colleges of education in Nigeria higher education. The objectives of tertiary institution, as specified in the FRN, (2014) are: 1) to contribute to national development through high-level relevant manpower training, 2) to develop and inculcate proper values for the survival of society, 3) to develop the intellectual capability for individuals to understand and appreciate their local and external environments, 4) to acquire both physical and intellectual skills which will enable individuals to be self-reliant and useful members of the

society, 5) to promote and encourage scholarship and community services, 6) to forge and cement national unity, and 7) to promote national and international understanding and institutions.

The tertiary education institutions are established to contribute optimally to national development. This is done by intensifying and diversifying its guidelines for the development of both middle and high level manpower within the context of the need for the nation (Ibrahim, Adeyemi & Ayeni, 2016). To implement the various guidelines of the higher institution, staffs (teaching and non-teaching) are needed from various disciplines and in most cases, in large number. Based on the largeness of the educational institution, the act of managing the system becomes relatively complex and demands high level of professional competence from the head of the institutions. Being an organization that will be run by independent management entirely, there is need to install an accounting system that will suit the purpose of the establishment. The funding system of these institutions are in the form of subventions, grants from both state and federal governments, including the internally generated revenue (IGR) and donations from non-governmental agencies.

History and Relevance of Auditing

The development of modern accountancy and auditing dates back to the great expansion in industry and commerce, which took place the Industrial Revolution in the 18th century (Okezie 2008). Ecaterial (2007) pointed out that the Industrial Revolution led to the development of large industrial companies with complex bureaucratic structures. In the course of time, specialists were needed to provide appropriate book-keeping and auditing as a result of separation of ownership from management of large companies. The need for the managers to account to the shareholders became necessary. The shareholder thus, requires an independent person(s) to represent their interest in reviewing the reports of the managers to ensure that it is accurate.

In recent times, the demand for auditors exists not just only in the process of communication of accounting information but also a regulation requirement made by government to ensure proper accountability of both public and private companies. Okezie (2008) posited that the 1844 Joint Companies Act started the legal lead for the annual audit of the balance sheet of Joint Stock Companies in Britain. Later is 1856, the compulsory audit of limited liability companies was abolished. It was, however, restored by the Companies Act of 1900 which required the auditors to state whether

in their opinion, the balance sheet showed a true and correct view of the state of affairs in such companies. There was no provision relating to the profit and loss account in the 1900 Act. The English Companies Act 1948 however laid a comprehensive foundation for modern day auditing practice which includes:

1. It laid down certain minimum information to be disclosed by companies account.
2. It required auditing report to express opinion on both profit and loss account and the balance sheet.
3. It required auditing report to express opinion on group financial statements.
4. It set a minimum requirement for any person or group of persons aspiring to be auditors.
5. It replaced the true and current view with the true and fair view.●
6. Similarly, the development of accountancy and auditing in Britain influenced that of Nigeria. This took the form of the establishment of the Institute of Chartered Accountants of Nigeria (ICAN). In 1965, the enactment of the Companies Decree of 1968 which can rightly be referred to as the carbon copy of the English Companies Act of 1948 to the Companies and Allied Matters Decree of 1990 and lastly new

legislations such as the Companies and Allied Matters Act (CAMA) 2004, Investment and Securities Act (ISA) 1999, the Bank and Other Financial Institutions Act (BOFIA) 2003 etc. have in one way or the other sharpened the industry the way it is today.

Auditing has become an integral part of most organizations especially with the growth of size and operations of businesses. The need for auditors in organizations regardless of the nature of the business entity has, in fact been geared by the growth of number of employees and operations which sometimes necessitate organizations to operate from various locations. On this basis, a need for specialists to examine procedures and operations of various units to facilitate control and management of financial resources becomes inevitable. Auditors' role is to verify whether or not the financial statements of an organization or institution reflect the true and fair view (Gupta, in Mbura, 2013).

The need for auditing arose as a discipline due to the concept of stewardship and stewardship accounting (Akinbuli, 2010). Stewardship is the practice by which productive resources owned by one person or group of persons are managed by another person or group of persons. In view of the fact that the management of the organization is in the hand of persons other than the owners, the owners would want to know the true position of the

organization from time to time. It is in the light of this that the managers should render detailed accounts of their operations to the owners (Okezie, 2008; Atu and Atu, 2010). Usman and Ogbada (2010) argue that it is with this that the owners, usually the stakeholders can assess the performance of the management to justify the returns on investment.

The quality of internal audit helps an organization to accomplish its objectives by providing a systematic approach to evaluate and improve the effectiveness of risk management processes, internal control and corporate governance (Coram, in Drogalas, Arampatzis & Anagnostopolou, 2016). Auditing in the past, has been considered as a simple administrative procedure comprised mainly of checking accuracy of transactions, pre-payment verification and control, counting assets and reporting in past event. A combination of forces has, in recent times, led to a quiet revolution in the accounting profession. Government, private and public companies are moving towards a higher level of transparency and as such demonstrate accountability and stewardship in the use of resources entrusted to them.

Financial Reporting in Tertiary Education Institutions

Tertiary educational institutions are meant to contribute to national development through acquiring both physical and intellectual skills which will enable individuals to be self-reliant and useful members of the society.

In order to achieve this, adequate financial reporting and accountability is paramount to the growth and development of any institution (Gehya, 2014). The main objective of financial reporting is to provide adequate and useful information for proper planning, control and decision-making that will aid in achieving organizational short term and long-term goals. This can be achieved where the information received is understandable, timely, accurate, complete and comparable (Muhammad, in Gehya & Ibitomi, 2016). For these qualities to be achieved, some kinds of professional work known as auditing need to be carried out by an auditor.

The financial statements of government institutions like tertiary educational institutions are required to provide information useful for making resource allocation or funding decisions. This information is useful for assessing services provided and the ability to provide such services, for assessing management stewardship, performance and economic resources, obligations, net resources and change thereto. Books and records which are kept for institutions are the record of fixed assets, cash and bank statements, student enrollment, academic records, payroll records and other expenditures (Gehya & Ibitomi, 2016). Proper internal control requires that these records are kept in a permanent file. This means that all records that are of continuing importance should be typed and documented and should also be

stored electronically, duplicated for safety and prevented from unauthorized persons. Financial control in an organization focuses on the key transaction areas, with emphasis on safeguarding of assets and maintenance of proper accounting records and reliable financial information (Subomi, 2010). It is also important that these records are updated regularly and proper reconciliation should be carried out between these records and any other relevant independent reports before they are published.

The objectives of published reports and financial statements of tertiary educational institutions are governed by the needs of users and potential users. Published reports and financial statements should give a true and fair view of the institution's financial position so that they may be of use, and relied upon, by users, or potential users, of the information contained therein. According to Gehya (2014), reports should be consistent with the financial statements. The users, to varying degrees, of an institution's reports and financial statements are:

- (a) the governing body of the institution;
- (b) the funding councils;
- (c) government departments and parliaments;
- (d) the institution's employees;
- (e) the institution's students (past, present and future);

- (f) lenders and creditors;
- (g) other institutions, schools and industries;
- (h) grant-awarding bodies, donors and benefactors; and
- (i) the general public.

Many of these users will also be interested in the non-financial reports of institutions. According to Lateef (2013), the main objectives of the reports and financial statements are, therefore, to provide the following information:

- a) a true and fair view of the financial position of the institution at the balance sheet date and of the income and expenditure and cash flows for the period then ended;
- b) an explanation of how the institution is governed and managed;
- c) a suitable analysis of:
 - i) the income from all sources within the period of the accounts;
 - ii) the expenditure on all activities within the period of the accounts;
 - iii) the assets and liabilities of the institution, classified in suitable form;
 - iv) any known or probable circumstances which might significantly affect its financial position; and,

v) how the institution is performing financially, including the adequacy of the working capital, its solvency (or insolvency), and its investment performance.

Guidelines for Auditing of Assets

According to the generally accepted accounting practice in Ireland and specifically Financial Reporting Standards (FRS) 15, fixed asset can be defined as an item of property, plant, equipment or fixtures and fittings among others, whose useful life exceeds one year and it is intended for continuing use, rather than a short-term, temporary assets such as class materials/stocks. This is to include all items funded through the capital guidelines of educational institutions. Handbook of Auditing Pronouncement (2008) outlines the procedures of the auditor in relation to the audit of fixed assets. It highlights the peculiar features of fixed assets, which impact the audit thereof. The following are the important aspects of audit of fixed assets:

- a) Internal Controls: control over expenditure on fixed assets, self constructed assets, accountability and utilization controls, as well as information controls.
- b) Verification of Records: acquisition of new fixed assets, improvements to existing ones, self constructed assets, capital

work-in-progress, scrutiny of expense accounts, audit procedures in respect of sold, destroyed or scrapped assets, procedures to identify unrecorded transactions in respect of such assets.

- c) Physical verification: management's responsibility in respect of physical verification, factors to be considered in assessing the appropriateness, as well as reasonableness of the physical verification conducted by management, auditor's duties in case of discrepancies noticed on physical verification.
- d) Valuation and Disclosure: compliance with the generally accepted bases of accounting, calculation of depreciation, revaluation of fixed assets and using the work of experts in case of revaluation, among others, assets purchased for a consolidated price, joint ownership of assets.

Auditing guideline for asset is a pre-listed schedule of work to be carried out by the auditor which guides one in the audit process and provides for the recording of both tests done and the conclusion. In tertiary educational institutions, asset auditing guidelines are as follows

Audit Guidelines for Fixed Assets

1. Ensure existence of an up-to-date fixed assets register.

2. Check from approved annual budget of the college to confirm proposal for acquisition of assets.
3. Examine the necessary documents to ensure authorization for the acquisition of the asset.
4. Ensure that all the documents are daily filed.
5. Carry out periodic verification of assets to confirm location, condition and identification marks.
6. Verify according to category in the fixed asset register to ascertain the following: value of asset, location, improvement and maintenance, depreciation charges, all transfers and disposal of fixed assets must be properly recorded.
7. Ensure existence of inventory list.
8. Ensure that all the fixed assets are insured.

Audit Guidelines for Disposal of Fixed Asset

- a. Ensure existence of an up-to-date fixed assets disposal register
- b. Ensure adherence to the provisions of financial regulations and accounting manual on disposal of fixed assets.
- c. Ensure that boarding is in the best interest of the institution, if otherwise advise accordingly.

- d. Ensure that assets to be disposed of are as recommended by the asset disposal committee and duly approved by the Management/Governing Council.
- e. Ensure that identification numbers are attached to the assets to be boarded.
- f. Ensure that the date of boarding and items to be boarded is widely publicized.
- g. Ensure that there is transparency in the whole process of bidding and that the highest bidders are accepted.
- h. Ensure that receipts are issued on payment by the highest bidders.
- i. Ensure removal of the disposed assets from the fixed assets register.

Audit Guidelines for Cash Collection and Bank Arrangements (Revenue)

- a. Obtain the list of all the sources of revenue accruing to the institution.
- b. Obtain the names, designations and destinations of all revenue collectors from the Bursary and the list of all registered students from the Registry.
- c. Obtain the revenue receipts stock register.
- d. Compare receipts booklet with the revenue stock register.
- e. Compare the receipts issued with the cash book entries
- f. Compare the cashbooks with the bank tellers.

- g. Reconcile cashbooks, bank tellers, lodgement registers and bank statements.
- h. Ensure that receipts posted to cash analysis book are examined to see that amounts in figures and words agree. Ensure there are no alterations or erasures, no correction fluid is used, and that they are dated and issued in serial number, make sure that the originals and duplicates of cancelled receipts be made available for inspection, and take note if any fake tellers are used.
- i. Ensure that receipts are issued for all monies, cash cheques, drafts, money orders collected and lodged in the bank the very day or the next day of collection.
- j. Advise that revenue collector should not stay for too long on the schedule.
- k. Obtain independent bank statements at reasonable intervals.
- l. Carry out cash survey periodically.

Audit Guidelines for Payroll and Expense Arrangements

- a. Verify the name and department of the staff.
- b. Verify the cadre and the step the staff should be in the salary schedule.
- c. Verify the basic pay and other allowances due to the staff.
- d. Ascertain the gross pay and identify any variation therein.

- e. Where any variation exists, ascertain the reason for the variation and the amount involved.
- f. Verify the various deductions made.
- g. Ascertain the net pay due.

Audit Guidelines for Staff Advances and Staff Debtors

- a. Ensure that up -to -date loans and advances registers are maintained.
- b. Ensure that there are no outstanding loans and advances against the applying officer.
- c. Ensure the authorization of advances and loans
- d. Ensure proper categorization of staff in terms of rank and level.
- e. Ensure that loans agreements are dully signed and sealed.
- f. Ensure that the purpose for the advance is reasonable in the best interest of the institution.
- g. Ensure that the rules and regulations guiding loans and advances are strickly adhered to.

Audit Guidelines for Fixed Assets

Fixed assets represent the long-term tangible assets an institution utilizes to produce and deliver its products or services and manage its operations. Fixed assets are the assets held with the intention of being used on a continuous basis for the purpose of producing or providing goods or

services and are not held for resale in the normal course of business (Satyanarayana, Sidhu & Naresh, 2015). Example of such fixed assets includes land and buildings, plant and machinery, motor vehicles, furniture and fixture. In many capital-intensive industries including healthcare, fixed assets represent the largest item on the balance sheet. However, fixed assets have historically received little audit scrutiny. As a result, some major financial frauds have been perpetrated through significant misstatements of fixed asset balances in the financial statements of public institutions (Spring, 2017).

According to Tracet (2016), the verification of fixed assets consists of examination of records and review of physical verification conducted by the management. Physical verification is the process of comparing an organization's official list of assets to the actual assets. By conducting this examination in person, auditors confirm that the assets listed on an entity's balance sheet are real (Bragg, 2017). If the assets cannot be found, then they are assumed to have been dispositioned, and are written off in the firm's accounting records. Without this audit step, there is a risk that a company's assets will be overstated. It is mandatory for organizations to conduct an annual physical count of all fixed assets to check for depreciation, resale value, verifying the accuracy as there would be

continuous addition and disposal of items regularly. Estimating the remaining utilization factor is something that is equally important in evaluating the life cycle of particular products/ resources.

According to Holmes and Waynes, in Turedi and Celayir (2018), verification of assets is the proof or accuracy of extension, footing, posting existence and ownership assets. Objects of verification, according to Holmes and Waynes, in Turedi and Celayir (2018) include: true and fair view of the financial statements; certify ownership of assets; ascertain the existence of assets; check that the assets are free of charge; detect fraud; arithmetical accuracy of the assets stated in the accounting books; verify possession of assets; internal control evaluation; determine the recording method and examination of evaluation method.

Auditing fixed assets is extremely important to ensure that accounting for capital assets and depreciation is in compliance with management's objectives (Scheierman, 2017). Auditors have a duty to verify all the assets appearing on the balance sheet and also a duty to ensure there are no other assets which ought to appear on the balance sheet. In order to verify the physical presence, accounting and documentation of fixed assets, one must understand the policies and processes that were documented and followed in the institution. This is a crucial step in auditing fixed assets as it helps an

organization to get acquainted with the environment and the procedures that the institution follows. Based on this, one can plan the type of audit procedures and the depth of checks to be performed.

The physical existence of the assets needs to be examined with the relevant records. Tagging of assets is done in different ways in different institutions such as using barcode technology for tagging of assets and pasting codes on the assets. The ultimate goal of physical verification according to Vinod (2017) is to know whether the assets are really present; assets are not misappropriated; assets are tracked and fixed assets register is maintained properly. One may not verify the existence of few assets because the assets are continuously in use or they might be in such a place where one cannot go and verify. Some assets may be inside other assets which one cannot verify through naked eye. In such situations, an auditor should apply professional skepticism and judgement to come to a conclusion.

The important procedures to be followed in verification of fixed assets according to Rai (2013) include: the opening balances of fixed assets should be verified from relevant records e.g., schedule of fixed assets, ledger or register balances; check whether the institution is in compliance with Accounting Standards; acquisition of fixed assets and improvements to the existing ones should be verified with reference to supporting documents

such as orders, invoices, receiving reports and title deeds; review of the lease agreements, valuation and disclosure of fixed assets acquired on lease with respect to Accounting Standards; self constructed fixed assets, improvements and capital work-in progress should be verified with reference to the supporting documents such as contractor's bills, work order records and independent confirmation of the work performed; expense accounts (e.g., repairs and renewals) should be scrutinized to ascertain that new capital assets and improvements have not been included therein; where fixed assets have been written-off or fully depreciated in the year of acquisition/construction, the internal auditor should examine whether these were recorded in the fixed assets register before being written-off or depreciated; in respect of fixed assets retired i.e., destroyed, scrapped or sold, the internal auditor should examine whether it has been accounted for.

According to Rai (2013), the internal auditor may use the following procedures to ascertain such omission such as review of work orders/physical verification reports to trace any retirements; examination of major additions to ascertain whether they represent additional facilities or replacement of old assets, which may have been retired; making enquiries of key management and supervisory personnel; and obtaining a certificate from a senior official and/or managers that all assets scrapped, destroyed or sold

have been recorded in the books. Ownership of assets such as land and buildings should be verified by examining the original title deeds. The title deeds should be in the name of the Society/Company, where they own the educational institutions.

The internal auditor should also verify if the vehicles are registered in Road Transport Office (RTO) in the name of the institution (Rai, 2013). It is the responsibility of the management to carry out physical verification of fixed assets at appropriate intervals in order to ensure that they are in existence. However, the internal auditor should be satisfied that such verification was done. For this purpose, the internal auditor should observe the verification being conducted by the management, wherever possible. He should also examine the written instructions issued to the staff by the management and the relevant working papers. The internal auditor should also be satisfied that the persons conducting the verification, whether the employees of the organization or outside experts (if employed), had the necessary competence.

The internal auditor should examine whether the method of verification was reasonable in the circumstances relating to each asset. Where the fixed assets can be moved and where verification of all assets cannot be conducted at the time, they should be marked with distinctive

numbers (Rai, 2013). The internal auditor should examine whether the frequency of verification was reasonable in the circumstances of each case. Where the assets are few and can be easily verified, an annual verification may be considered reasonable. However, where the assets are numerous and difficult to verify, verification, say, once every three years by rotation so that all assets are verified at least once in every three years, may be sufficient. The internal auditor should test-check the records of fixed assets with the physical reports. The auditor should examine whether the discrepancies noticed on physical verification have been properly dealt with.

According to The Chartered Accountants (2011), it is the responsibility of the management to carry out physical verification of fixed assets at appropriate intervals in order to ensure that they are in existence. However, the auditor should be satisfied that such verifications are done by observing the verification being conducted by the management wherever possible and by examining the written instructions issued to the staff by the management and the relevant working papers. The auditor should also be satisfied that the persons conducting the verification, (whether the employees of the entity or outside experts) have the necessary competence. The auditor should examine whether the frequency of verification was

reasonable in the circumstances of each case. Where the assets are few and can be easily verified, an annual verification may be considered reasonable.

Valuation of fixed assets is important to have a fair measure of profit or loss and financial position of the concern. Fixed assets are meant for use for many years. The value of these assets decreases with their use or with time or through many other reasons. Sidhu and Naresh further stated that a portion of the fixed assets are reduced by usage or converted into cash through depreciation. For correct measurement of income, proper measurement of depreciation is essential, as depreciation constitutes a part of total cost of production.

All the fixed assets should be valued and recorded in financial statements as per the generally accepted accounting practices that suit educational institutions. Accounting Standards (AS) 28, Impairment of Assets needs to be followed and implemented during audits (Tracet, 2016). The internal auditor should test and check the calculation of depreciation, the same should be compared with that of the preceding years and identify reasons for variations.

The auditor should be satisfied that the fixed assets have been valued in the financial statements according to the generally accepted bases of accounting and as per the applicable reporting framework which are

determined by law, professional pronouncements of the institute and the prevailing institution's practices (The Chartered Accountant, 2011). After initial recognition of the asset, in the case of subsequent measurement, the auditor should verify that the value of the asset is as per the model chosen by the institution as cost or revaluation model. The auditor should also be satisfied that the method by which the fair value has been determined is reasonable for the asset under consideration.

The following terms according to the Fixed Asset Accounting and Management Procedures Manual (2013) are used in fixed asset valuation:

Acquisition Cost – The total cost of obtaining a fixed asset and putting it in place and in condition for use. This cost is recorded in the Fixed Assets Management Section (FAMS), representing the value of the asset when it was acquired. The acquisition cost is generally the historical or original cost but may be based on a different valuation for certain types of transactions.

Book Value – The portion of an asset's historical or original cost not yet depreciated or used. Book value can be calculated by subtracting accumulated depreciation from the historical or original cost of the asset.

Depreciation – An amount charged against the historical cost of an asset representing the loss in value of the original asset as it is used. Depreciation

reduces the accounting value of an asset and is accumulated over the estimated life of the asset.

Estimated Cost – Professional (certified) appraisals of the cost of an asset used in those instances where historical cost records are not available. The estimated cost is determined by the inventorying existing assets. When required, the estimated cost will be used as the acquisition cost.

Fair Market Value – The price at which a willing seller would sell something to a willing buyer, neither being under any compulsion to buy or sell. This is the price that would be paid for an item in a condemnation proceeding.

Historical Cost (or Original Cost) – The actual amount paid for an asset at the date of acquisition, including any normal costs associated with preparing the asset for use. In the case of most new assets, particularly machinery and equipment, this is the acquisition cost.

Replacement Cost – The estimated cost of acquiring a new equivalent asset. Replacement cost may be approximated through the use of a specific price index. For example, a building constructed in 2000 for ₦2,000,000 would cost considerably more to rebuild today. Therefore, replacement cost will usually be higher than the original cost.

According to Rai (2013), the internal auditor should ensure that fixed assets have been valued and disclosed in the financial statements according

to the generally accepted bases of accounting which are determined by law, professional pronouncements and prevailing practices governing educational institutions. The internal auditor should test and check the calculation of depreciation. The total depreciation arrived at should be compared with that of the preceding years to identify reasons for variations. The internal auditor should, particularly, examine whether the depreciation charge is adequate, keeping in view the generally accepted bases on accounting for depreciation.

Revaluation of fixed assets implies restatement of their book values on the basis of a systematic scientific appraisal, which would include ascertainment of working condition of each unit of fixed assets, technical estimate of future working life and the possibility of obsolescence (Rai, 2013). Independent and qualified persons such as engineers, architects, etc usually make such an appraisal. To the extent possible, the internal auditor should examine these appraisals. As long as the appraisals appear reasonable and based on adequate facts, he is entitled to accept the revaluation made by the experts.

Where several assets have been purchased for a consolidated price, the internal auditor should examine the method by which the consideration has been apportioned to the various assets. In case this has been done on the basis of an expert valuation, he should examine whether the same appears

reasonable and is based on adequate facts. Where an organization owns assets jointly with others (example: the office building being owned jointly by two companies), the internal auditor should examine the relevant organization's share in such assets (Rai, 2013). The internal auditor must review the fixed assets for impairment; wherever changes in circumstances indicate that the carrying amount may not be recoverable. Valuation of the impaired assets should be made as per Accounting Standard (AS) 28, "Impairment of Assets", where the assets whose carrying value exceeds the recoverable value are written down to the recoverable amount and the impairment loss is recognized.

Audit Guidelines for Disposal of Fixed Assets

According to Bragg (2017), the disposal of assets involves eliminating assets from the accounting records. This is needed to completely remove all traces of an asset from the balance sheet (known as derecognition). An asset disposal may require the recording of a gain or loss on the transaction in the reporting period when the disposal occurs. The overall concept for accounting for asset disposals is to reverse both the recorded cost of the fixed asset and the corresponding amount of accumulated depreciation (Bragg, 2017). Any remaining difference between the two is recognized as either a gain or a loss. The

gain or loss is calculated as the net disposal proceeds, minus the asset's carrying value. A proper fixed asset disposal is of some importance from the perspective of maintaining a clean balance sheet, so that the recorded balances of fixed assets and accumulated depreciation properly reflect the assets actually owned by a business.

Asset disposal is mostly known as the act of selling an asset usually a long term asset that has depreciated over its useful life like production plant and vehicles (Susan & Namusonge, 2014). Disposal may be considered as the third life of any item acquired by a procuring entity. First it is procured and accepted- the procurement cycle; second, it is utilized by the procuring entity in the discharge of its duties-the life cycle; and third, it has to be disposed- the disposal cycle (Public Procurement Oversight Authority, 2009). The user department has the responsibility of identifying items to be disposed and where possible assemble them together. The head of stores should be responsible for the identification of stocked items which are candidates for disposal and the list of all items identified for disposal should be submitted to the head of the procurement unit or the head of assets management unit, depending on the internal audit.

Disposal of asset involves identifying whether the asset can be sold or not. Based on this, disposable assets are classified into saleable and non-

saleable items. There are several possible means of materials disposal. For saleable items, there are different selling options based on the nature of the item, geographical location, volume and existence of bidders for the item. Non saleable items consist of fixed assets retaining no salvage or disposal value and are occasionally discarded or abandoned as scrap, recyclable items, donation to charities or work creation organizations, destruction dumping or burying hazardous items (Addisalem, Lididya & Worknesh, 2014).

Disposal of assets is an important part of asset auditing management in educational institutions because it is a function that is necessary for guaranteeing that institution funds are not wasted on obsolete and unserviceable equipment and assets. When stores are disposed, they are sold at the best achievable value in the market. The disposal of obsolete assets is an area where the risk of corruption is high which can undermine the integrity and operational efficiency of educational institutions. Institutions may not dispose assets without approval by the relevant authorities. The auditor has to thoroughly verify the disposal agreement. If a substantial part of fixed assets has been disposed during the previous year, the auditor has to study the effect of the same on the basis of the going concern concept.

There are various disposal methods open to educational institutions. These include: sale by public auction; sale by open tender; transfer to another public entity; destruction, dumping, or burying; trade-in; and disposal to public servants (Public Procurement Oversight Authority, 2009). The procedure for sale by open tender begins with invitation for bids through publication of an announcement of tendering proceedings inviting all potential bidders to submit bids with an indication of the deadline for submission. Stores, equipment and assets to be disposed should be valued by an independent valuation agent. The reserve price is a mechanism designed to ensure that the procuring entity secures money for value when the valuation of the stores, equipment or assets to be disposed cannot be sufficiently precise (Public Procurement Oversight Authority, 2009). The Tender Committee should award the contracts, taking into consideration the evaluation report and the agenda prepared by the secretary of the Tender Committee. Notification of contract award should be made to the winning bidders and at the same time the unsuccessful bidders (Public Procurement Oversight Authority, 2009). The bidders are given a period of 14 days from the date of notification of award within which to pay and collect the items failure to which the contract award lapses. In case of failure to pay for and collect the items awarded, the bidder should forfeit the deposit and the items

should be offered to the next highest evaluated bidder and the items written off the records (Public Procurement Oversight Authority, 2009).

Audit Guidelines for Cash Collection and Bank Transactions

Cash is the most liquid of assets and is susceptible to loss if not properly controlled. Therefore, it is extremely important that all departments handling cash should implement and adhere to strong internal controls. Cash includes coins, currency, cheques, money orders, internal charges and credit/debit card transactions. Holzer and Kimes, in Mwachiro (2013) defined cash collection (revenue) as the monetary unit received during a period of time. It may also mean the gross receipts. This revenue includes donations from individuals and corporations, support from government agencies, income from activities related to the organization's mission, and income from fundraising activities, membership dues, and financial investment.

Cash management and banking transactions are one of the most fundamental systems operated by any organization (educational institution inclusive). Also, cash (and other liquid resources) are an organization's most important physical asset. The ability to pay wages and pay suppliers depends on the availability of cash. As an asset, cash is also the asset most at risk

from fraud and corruption, as it can be hard to trace and is easy to spend. It is therefore of fundamental importance to any organization to have good systems for collecting, managing and disbursing cash. The system objective with respect to cash and banking transaction is to ensure that all cash income is collected, recorded adequately and promptly banked; and that suitable banking (Treasury) services are obtained.

According to UI Audit Manual (2014), the main objective of cash collection (revenue) is to ensure that all monies generated by and all allocations to the institutions, are adequately collected and documented in line with the extant Federal Government Financial Regulations. The objectives include the following:

- 1) Ensure proper internal control systems, mostly in the area of printing, issuing and keeping custody of receipts;
- 2) Ensure that the objectives for which funds are made available to the institution are met;
- 3) Ensure that rules, regulations, policies and procedures are compiled with;
- 4) Ensure the prevention of loss through fraud or theft; and,

- 5) Ensure adequate collection of all monies from all revenue sources by authorized persons using official receipts (UI Audit Manual, 2014: 39).

Procedure and operations for auditing of cash office includes:

- a) Ascertain that the source of official receipts used in the cash office is in line with financial regulations (that is, collection of all official receipts must be from internal audit and every used booklet should be submitted to the Director of Audit);
- b) Ensure that a general receipt is used for collection of Federal Government Subvention, as well as for payments by the general public; and,
- c) Ensure that students' receipts are used for all monies received from students: to ensure that master receipts are used for receipts of money from cashiers and confirm that every official receipt is in triplicate and each with the institutions crest (UI Audit Manual, 2014: 47).

Strong internal controls for cash collection are necessary to prevent mishandling of institution funds and are designed to safeguard and protect employees from inappropriate charges of mishandling funds by defining their responsibilities in the cash handling process (Gyebi & Quain, 2013). All cash received must be recorded through a computerized accounting

system with computer generated official company receipts. When a cash collection point with a computerized accounting system uses temporary cash receipts, those temporary receipts must be converted to computerized receipts as soon as possible. The funds received must be reconciled to the computerized accounting system cash report or to the total of the temporary receipts at the end of the day or at the end of each shift. Cash must be reconciled separately from cheques and money orders by comparing actual cash received to the cash total from the cash report or to the sum of the cash sales from the manual receipts. All cash must be protected immediately by using a cash drawer, safe or other secure place until they are deposited. A secure area for processing and safeguarding funds received is to be provided and restricted to authorized personnel (Supervisors)

Effective internal control is a built-in part of the management process (plan, organize, direct, and control). Internal control keeps an organization on course towards its objectives and the achievement of its mission, and minimizes surprises along the way. According to Gyebi and Quain (2013), internal control promotes effectiveness and efficiency of operations, reduces the risk of asset loss, and helps to ensure compliance with laws and regulations. Internal control also ensures the reliability of financial reporting (all transactions are recorded and all recorded transactions are real, properly

valued, recorded on a timely basis, properly classified, and correctly summarized and posted). General controls commonly include controls over data center operations, system software acquisition and maintenance, access security, and application system development and maintenance. Application controls such as computer matching and edit checks are guided steps within application software. They are designed to help ensure the completeness and accuracy of transaction processing, authorization, and validity. General controls are needed to support the functioning of application controls. Both are needed to ensure complete and accurate information processing.

The internal audit assists the head of Finance by evaluating and recommending improvements to the control environment surrounding an organization's cash management and banking transactions. According to the Internal Audit Manual (n-d), types of generic controls for this system are the following segregation of duties, organizational, authorization and approval, physical, supervision, personnel, arithmetical and accounting and management

This part of the manual provides guidance to assist internal audit in the review of cash management and banking transactions in organizations. The overall audit objectives with respect to an organization's cash

management and banking (Treasury) transactions are to ensure the complete and accurate recording and disclosure of all transactions and assets, and the proper security, substantiation and utilization of all assets.

The establishment of strong internal controls for cash collections is necessary to prevent mishandling of funds and to safeguard against loss. Strong internal controls are also designed to protect employees from inappropriate charges of mishandling funds by defining responsibilities in the cash handling process. Cash handling includes, but is not limited to, staff with the following roles and responsibilities: unit management, e-deposit users, billers/invoicers, cash collection point cashiers and supervisors, deposit preparers and reconcilers.

The process of receiving cash is highly regimented, because the task of processing cheques is loaded with controls. They are needed to ensure that cheques are recorded correctly, deposited promptly, and not stolen or altered anywhere in the process. The auditing procedure for cheque receipts processing according to Bragg (2017: 3) is outlined below:

1. Record cheques and cash. When the daily mail delivery arrives, record all received cheques and cash on the mailroom cheque receipts list. For each cheque received, state on the form the name of the paying party, the cheque number and the amount paid. If the receipt was in

cash, then state the name of the paying party, cheque the “cash?” box, and the amount paid. Once all line items have been completed, enter the grand total in the “total receipts” field at the bottom of the form. Sign the form and state the date on which the cheques and cash were received. Also, stamp “for deposit only” and the company’s bank account number on every cheque received; this makes it more difficult for someone to extract a cheque and deposit it into some other bank account.

2. Forward payments. Insert all cheques, cash, and a copy of the mailroom cheque receipt list into a secure interoffice mail pouch. Have it hand-delivered to the cashier in the accounting department. The cashier matches all items in the pouch to the mailroom cheque receipt list, initials a copy of the list, and returns the copy by interoffice mail to the mailroom. The mailroom staff then files the initialed copy by date.
3. Apply cash to invoices. Access the accounting software, call up the unpaid invoices for the relevant customer, and apply the cash to the invoices indicated on the remittance advice that accompanies each payment from the customer. If there is no indication of which invoice is to be credited, record the payment either in a separate suspense

- account, or as unapplied but within the account of the customer from whom it came. In the latter situation, make a photocopy of the cheque and retain it for application purposes at a later date, so that the cheque can still be deposited on the current date.
4. Record other cash (optional). Some cash or cheques will occasionally arrive that are not related to unpaid accounts receivable. For example, there may be a prepayment by a customer, or the return of a deposit. In these cases, record the receipt in the accounting system, along with proper documentation of the reason for the payment.
 5. Deposit cash. Record all cheques and cash on a deposit slip. Compare the total on the deposit slip to the amount stated on the mailroom cheque receipts list, and reconcile any differences. Then store the cheques and cash in a locked pouch and transport it to the bank.
 6. Match to bank receipt. Upon receipt of the cheques and cash, the bank issues a receipt for it. Someone other than the cashier should compare this receipt to the amount on the deposit slip and reconcile any differences. It may be useful to staple the receipt to a copy of the deposit slip and file the documents, as proof that the matching step was completed.

Verification and Valuation of Current Assets

Cash-in-hand is verified by actual counting of cash. Cash-in-hand should be verified at the close of the business or on the date of the balance sheet. Counting of cash must be done in the presence of cashier (Internal Audit Manual, n-d). If physical verification of cash is not feasible for an auditor due to branch located abroad or in remote area, the auditor should ask the cashier to deposit all his cash-in-hand in bank account on the last date. It is the primary duty of an auditor to verify the cash-in-hand and in case of non verification, the auditor will be held responsible for breach of his duty. If there is heavy cash balance in hand at any time, the auditor should immediately inform the management beforehand. If the cashier is made accountable for payment to employees or others, the auditor should carefully verify the same.

Cash at Bank: The auditor needs to consider the following points for verification of cash at bank:

- a) The auditor should prepare a bank reconciliation of account as on date. With the help of it, the auditor will clearly come to know the status about the cheque issued but not yet presented in the bank and cheques deposited in the bank but not yet cleared. There are many kinds of frauds which are detectable through preparation of bank reconciliation of account.

- b) The auditor should obtain different certificates from banks for different types of accounts like current account, fixed deposit account, savings account, overdraft account or cash credit account, among others.
- c) The auditor should obtain a letter of confirmation of bank balances directly from banks.
- d) The Auditor should compare the bank balance as per the bank book and the pass book.
- e) If payments are deposited in foreign banks under exchange control regulation, they should be verified by the auditor (Internal Audit Manual, n-d).

Audit Guidelines for Payroll and Expenses

Payroll refers to that aspect of accounting needed to determine the accurate records of salaries and wages paid to workers. Naturally, tertiary institutions are required by law to keep accurate payroll records. Apart from being needed to compute the accurate amount of employees' salaries and wages, payroll accounting is needed to establish the various expenses related to salaries and wages (Okoye, in Bahati, 2014). Payroll usually represents the largest proportion of an organization's expenditure, and is an area where good controls are essential to prevent fraud and corruption. Payroll systems

usually incorporate payments that are made direct from employees' payroll such as personnel income tax and pension contributions. The accuracy of these payments is therefore covered by internal audit work on payroll systems. The system objective with respect to payroll and expenses is to ensure that current employees are paid accurately and promptly.

The most important controls in a payroll system are to ensure the segregation of duties between the personnel functions (responsible for hiring new staff and setting salary rates) and the payroll functions (responsible for administering payroll payments), and to ensure that prompt and accurate budget reports are distributed to all budget holders showing the payroll costs charged to their budget (Internal Audit Manual, n-d). Payroll is an area where computer-based control checks and computer-based audit techniques can usefully be employed. For example, if all payroll payments are processed on a single computer payroll system, it is possible to download the payment file into a database and interrogate it for duplicate names and addresses, payments over particular values, allowances over a particular percentage of salaries, among others. It is also possible to run cross checks between the payroll system data and personnel system data, and reconcile the two.

The overall audit objectives with respect to an organization's payroll and expense systems are to test the completeness, occurrence, measurement/evaluation, regularity and disclosure of all payments for employees. According to Ruhland (2014), conducting periodic audits at least once or twice per year helps one maintain compliance and strengthen an institution's financial controls. The audit enables institutions to verify that payroll records are correct and to spot and fix issues that could have led to an external audit. Steps to be followed when performing a periodic audit of payroll according to Ferguson (2017: 2) include:

1. Verify duties of all workers in the payroll department and ensure their payroll system access is restricted to the type of work they do.
2. Generate a payroll report that identifies active employees and confirm that these employees actually work for the company. Run a report to identify terminated employees and ensure that they are not getting paid. This helps an auditor recognize ghost or phantom employees, which is a type of payroll fraud. The ghost employees may be terminated employees who have not been taken out of the payroll system or fictitious employees who do not work for the company.
3. Compare regular and overtime wages with employees' timekeeping data, which should be approved by their respective supervisors or

- managers. Verify salaries, pay increase and supplemental wage payments such as commissions and bonuses.
4. Confirm that mandatory deductions, such as payroll taxes and wages garnishments if applicable, are being withheld from employees' wages. Generate a report that shows the institution's employment tax liabilities, and verify that the employees' withholding and portion of taxes are paid and reported to the appropriate government.
 5. Evaluate employee benefits, such as health insurance and retirement benefits, and balance payments made to vendors. Review fringe benefits, including expense reimbursements and vacation and leave procedures.
 6. Reconcile amounts paid to employees via live cheques and direct deposit and amounts paid to third parties with the amounts posted in one's institution's financial statements. Ensure accurate coding.
 7. Confirm that all wage and hours laws that pertain to an institution are being met. These include Fair Labour Standards Act policies for classifying and paying nonexempt and exempt employees and related state and local policies.

8. Assess record keeping procedures to ensure compliance with federal and state record keeping laws. Ensure that payroll records are stored in secure areas.
9. Review internal payroll policies, such as confidentiality clauses and policies relating to termination, timekeeping, paycheck distribution and security breaches.
10. Create a written evaluation of findings and suggestions for improving internal controls.

The critical reasons for conducting a payroll audit according to Ruhland (2014: 4) include:

1. **Confirm that payroll information is accurate and up-to-date:** One of the most common errors that can occur with the payroll process is when an employee is paid at a higher or lower-than-normal rate of pay. Regular internal audits allow one to verify the rate of pay on each employee's pay distribution against the rate of pay in the payroll ledger. If applicable, one can use the audit process to verify the pay rates against each employee's employment contract or most recent review.
2. **Ensure that proper payments and employee contributions are being made:** An internal payroll audit ensure that hourly employees

have recorded the actual hours they were paid for the period being audited. One can verify time cards, one's own payroll reporting system, and the paychecks that are given. In addition, audit allows one to confirm that sick time and vacation pay was accurate, and that the employees receiving it are eligible for that pay.

3. Establish ongoing compliance for accounting and record-keeping:

While most institutions maintain accurate records, as required by law, errors in accounting and inefficiencies with record-keeping can and do occur. Most countries particularly the underdeveloped ones lack good personnel information systems to accurately record and regularly update the payroll databases (Fink & Hussmann, 2013). Weak personnel database results in lack of control over staff due to the inability of account officers to effectively monitor the activities of employees. The problems of weak personnel database is prevalent in the education and health sectors in Africa because of the large numbers of employees in those sectors, coupled with ineffective supervision of staff by heads of government agencies. Conducting an audit provides an opportunity for reviewing and correcting or improving compliance practices. With an audit, one can review payroll ledger accounts and verify cheques against the transactions

listed in the ledger. This would include the paycheques, withholding, insurance and taxes.

4. **Review and reconcile banking activities:** Whether one is still cutting and distributing paper paychecks or making use of a paperless payroll process, regularly reviewing and reconciling an institution's banking activity is crucial. While this may be done in a separate process strictly for accounting purposes, it can also be included as a critical component of internal payroll audit process. Institutions should confirm that all canceled cheques are accurate and match exactly with what was issued to each employee. In addition, institutions should reconcile bank statements to match activities in the bank account against the payments and transactions in the payroll ledgers.

5. **Verify current employment status of employees:** In most institutions, employees that are no longer employed by the institutions can still be receiving paycheques. More often, the employment status may have changed if an employee is on disability or on some form of employment leave. Though not likely, it can happen if the proper procedures are not followed, or overlooked.

Regardless of whether an institution decides to hire a firm to conduct a payroll audit, or if it chooses to perform one using the internal staff,

scheduling regular, comprehensive payroll audits is essential. Compliance, accuracy, and efficiency can be improved and optimized with regular audits.

An educational institution incurs educational and academic expenditure, administrative expenditure, occupancy expenditure and promotional expenditure. According to Rai (2013: 10), the internal auditor should follow the following procedures while auditing these types of expenses:

- a) Compare the balances of each significant expense account with the comparable balance for the preceding period and with the budgeted balance for the current period. Examine unusual fluctuations.
- b) Compare current period relationships between accounts (example, total expenses as a percentage of revenue, among others.) with the comparable relationships for the prior period and with budgets. Examine unusual fluctuations.
- c) Analyze comparative expense calculations on per unit basis (examples, academic expenditure or cost of utilities per student, transportation expenses per student, space mutilation ratios, among others.). Examine unusual fluctuations.
- d) Review all expense accounts to determine whether year end accrual is appropriately recorded.

- e) Check expense account balances to the appropriate analyses of balance sheet accounts (example, rent expense to accrued rent, among others.).
- f) Check source documents (invoices) along with supporting forms and documents of all major expenses with amounts recorded in accounting records to ensure that all expenditures incurred during the period have been properly recorded.
- g) Ensure that the capital expenditure has not been booked as revenue expenses and vice-versa.
- h) Authorization by appropriate authority to all the expenses should be confirmed.
- i) Check to ensure that no expenditure on personal account is debited as expenses.

The fund balances of an institution may exist in various forms. The internal auditing aspects to be kept in mind in respect of each of these are elaborated as under: Restricted Funds (Rai, 2013). Restricted funds normally consist of donations received and grants sanctioned with conditions attached to the manner of the utilization. This restriction may specify that the funds be spent only for specified purposes, whether revenue or capital in nature. The correspondence attached to each receipt, as well as the sanction letters

accompanying the grants need to be verified by the internal auditor to ascertain the restrictions and verify the utilization of the grants in accordance therewith. Any mis-utilization of funds may lead to claims against the institution, which may, in extreme cases, affect the financial viability of the institution.

Audit Guidelines for Staff Advances and Staff Debtors

An advance payment is a type of payment made ahead of its normal schedule, such as paying for a good or service before one actually receives it (Kenton, 2019). Advance payments are sometimes required by sellers as protection against nonpayment, or to cover the seller's out-of-pocket costs for supplying the service or product.

An advance paid to an employee is recorded as a current asset in the company's balance sheet. There may not be a separate account in which to store advances, especially if employee advances are infrequent; possible asset accounts in which to store this information are: employee advances (for high-volume situations), employee loans (useful if the company intends to charge interest on funds advanced to employees), other assets (probably sufficient for smaller companies that record few assets other than trade receivables and fixed assets), other receivables (useful if you are tracking a number of different types of assets, and want

to segregate receivables in one account) (Accounting Tools, 2018). Employee advances require considerable vigilance by the accounting staff, because employees who have limited financial resources will tend to use the institution as their personal banks, and so will be reluctant to pay back advances unless pressed to do so repeatedly. Thus, it is essential to continually monitor the remaining amount of advances outstanding for every employee.

According to UI Audit Manual (2014), there are two types of advances, namely: salary advance and cash advance. Salary advance is granted to individual staff for personal use and it is deductible from the salary of the beneficiary from source in six equal installments with accrued interest deductible together with the first deduction. The work to be done includes the following:

- a) Obtain a copy of deduction form duly signed by the beneficiary indicating the amount collected, the accrued interest and the period of deduction;
- b) Ascertain whether the deduction together with the accrued interest is deducted in the first month of deduction as contained in the deduction form; and,

- c) Where no deduction was made for any of the period or month as indicated, liaise with the salary section in order to ascertain the reason (UI Audit Manual, 2014: 22).

A cash advance to a staff is usually a temporary loan by an institution to a staff. In other words, the institution is the lender and the staff is the borrower. The cash advance needs to be reported as a reduction in the institution's cash account and an increase in an asset account to staff or other receivables. These advances are to be retired and cleared within a prescribed period. Failure to do this would lead to deduction from the salary of the concerned staff. The clearance procedure involves the following:

- a) checking and cross checking the name on the clearance form with the name on the application form;
- b) ensuring that the amount is within the approval limit of the approving officer;
- c) where the amount involved is beyond the Head of Department/Unit's approval limit, the approval of the Departmental Finance Committee (DFC) should be attached to the clearance;
- d) ensuring that the appropriate authorization is sought and obtained from the Bursar and Vice Chancellor where required;

- e) ensuring that the advance is spent for the purpose for which was required to avoid misappropriation of funds;
- f) casting and cross-checking the attached receipts with the amount obtained and the analysis of expenditure on the clearance form together with the budget or estimate earlier submitted;
- g) where there is variation in the above, adequate and satisfactory explanation should be given;
- h) where the amount obtained was not fully spent, the excess should be paid into the Finance Office, receipt obtained and attached to the clearance form;
- i) every supporting document should be adequately endorsed (example, by crossing) to forestall representation; and,
- j) ensuring that the copy of the clearance form together with a copy of the application form is kept in a file (UI Audit Manual, 2014: 23-24).

Employees traveling on university business may be authorized to obtain a cash advance for minor travel expenses. Every reasonable effort should be made to identify an alternative to the use of a cash advance and limit the amount of the cash advance requested. Alternatives available include direct billing, invoiced payment, and one card. There must be a

reasonable timing relationship between when the advance is given to the employee, when the travel occurs, and when it is substantiated.

According to Sheth (2015), during the process of verifying debtors, the auditors need to ascertain an adequate internal control on the clients' accounting system. The auditor should study and evaluate the system of internal control relating to debtors, loans and advances to determine the nature, timing and extent of other audit procedures. An auditor reviews the following aspects of internal control relating to staff debtors, loans and advances according to Sheth (2015):

- a) In respect of debtors: verify whether the basis on which credit limits for staff is to be determined has been clearly laid down. Check whether the credit limits fixed in respect of individual staff is approved by an official independent of the department. Is there also a system of the credit limits? Ensure whether there is prompt recording of debts and realizations and of linking receipts without standings. Is there a procedure for preparation of aging schedule of debtors at regular intervals? Are these schedules reviewed by a responsible official and necessary action initiated in respect of overdue accounts? Are statements of accounts sent to all debtors at periodic intervals? Are material adjustments in debtors' accounts

or any write-off of bad debts approved by the competent authority?

Is there a system of periodic reconciliation of various debtor balances with related control accounts?

- b) In respect of loans and advances: Does the system specify the following: total amount up to which loans may be made; the purposes for which loans may be made; maximum amount of loans which may be made for each such purpose in individual cases; the terms on which such loans may be made; the persons who are authorized to make loans; and procedure for ensuring compliance with relevant legal requirements. Are all variations in the terms of loans and advances duly approved in writing by the competent authority? Where security is taken against the loans, is the form and adequacy of security reviewed by a responsible official? Are the loan and security documents kept in safe custody of a responsible official? Is a record of all such documents maintained and the documents periodically verified with reference to such record? Are confirmations of balances obtained at periodic intervals in the same manner as in the case of debtors? Verify whether trade loans and advances outstanding in respect of

international transactions have been restated in accordance with the provisions of Accounting Standards.

According to the Institute of Chartered Accountants (2012), staff loans, advances and deposits should be classified and disclosed as follows:

- 1) Loans & advances to staff (interest bearing and non-interest bearing advance shall be shown separately). Others include (i) other amounts recoverable in cash or kind for value to be received like to contractors for capital works; to other contractors/suppliers; for services; and (ii) prepaid expenses
- 2) Deposits (other than with bank) such as for telephone and electricity, etc.
- 3) Others (specify).

Where any item constitutes ten percent or more of total loans, advances and deposits, the nature and amount of such item may be shown separately and the same may not be included under the head 'Others'.

Examples of advances in educational institutions include: Advances to employees: (Non interest-bearing) such as salary, festival, medical advance, others (to be specified). Long-term advances to employees (interest-bearing) are vehicle loan, home loan, others to be specified. Advances and other amounts recoverable in cash or in kind or for value to be received: on capital

account, to suppliers. Prepaid Expenses are insurance and other expenses. Deposits are telephone, lease rent and electricity. Income accrued: on investments from earmarked/ endowment funds, on investments-others, on loans and advances and others. Other receivables are debit balances in sponsored projects, debit balances in fellowship & scholarship, grants recoverable and other receivables and claims receivable (Institute of Chartered Accountants, 2012: 50).

Empirical Studies

This section reviews some empirical studies that are relevant to the present study as follows:

Implementation of Audit Guidelines for Fixed Asset

Tanui (2016) carried out a study on asset management practices as a boon for a successful business: A case of Kenya's businesses. Three research questions guided the study. Survey research design was adopted for the study. Purposive sampling method was adopted for the study. Secondary data were obtained from books, government documents, relevant journal articles, publications from private and public institutions. Library design led to collection of secondary data in August 2015 that was qualitatively analyzed. From the findings, the study integrated the management techniques for both tangible and intangible assets. The study recommended

more scholarly works to be done on ways to automate asset management practices in businesses and on intangible assets.

The study of Tanui (2016) is related to the present study because both focus on assets management. The two studies however, differ in areas of the study, method of data collection and data analysis. While Tanui's study focused on asset management practices as a boon for a successful business in Kenya, the present study determined the implementation of asset auditing guidelines in financial reporting in tertiary institutions in South East Nigeria.

Satyanarayana, Sidhu and Naresh (2015) carried out an evaluation of fixed asset management. Three research questions guided the study and three hypotheses were tested at 0.05 level of significance. Descriptive survey research design was adopted for the study. The data used for the analysis and interpretation were from annual reports of the quoted companies, (that is, secondary forms of data). Tables and graphs were used for interpretation. Ratio analysis was used for analysis. No survey was undertaken or observation study conducted by evaluating fixed assets performance of the companies. Findings of the study revealed that regarding to the fixed assets to net worth ratio shows a continuous increase in net worth fixed assets. From the findings, it was concluded that the Ultratech Cement's overall financial position of fixed asset was satisfactory.

Satyanarayana, Sidhu and Naresh (2015) study is related to the present study because both focus on evaluation of fixed assets in organizations. However, the two studies differ in geographical location, method of data collection and analysis. While Satyanarayana, Sidhu and Naresh's study focused on evaluation of fixed asset management, the present study focused on the implementation of asset auditing guidelines in financial reporting in tertiary institutions in South East Nigeria.

Sunildutt (2013) investigated the accounting treatment of property, plant and equipment in public higher education institutions in South Africa. The purpose of the study was to determine how assets are classified and recorded in the appropriate books. Based on the International Financial Reporting Standards, the study used a mixed-methods research approach to collect data. The target population for this study was the 23 public higher education institutions and their auditors in South Africa. The study used primary and secondary data for data collection. Primary data were collected through the use of questionnaires and semi-structured interviews. A pilot study involved pre-testing of the data collection instrument. Analysis of results indicated that some institutions applied different useful life for the same asset classes; used threshold amounts for the recording and depreciating of assets; used the same value for the recording and

depreciating of assets while others recorded at one value but depreciated at a higher value; and depreciated PPE at different rates as they apply varying useful life to different asset classes. Given that the activities or business of educational institutions are similar in nature, the study recommended that public higher educational institutions need to apply consistent recording of assets in terms of their useful life as the useful life of an asset has direct correlation with the surplus or deficit of an institution.

The study of Sunildutt (2013) is related to the present study because both focus on accounting treatment of fixed assets in tertiary institutions. However, both studies differed in the area of the study, method of data analysis and research design. While Sunildutt's study focused on investigation of the accounting treatment of property, plant and equipment in public higher education institutions in South Africa, the present study determined implementation of asset auditing guidelines in financial reporting in tertiary institutions in South East Nigeria.

Papapostolou and Mandilas (2011) conducted a study on the impact of revaluation of tangible fixed assets at fair value on borrowing ability, on exports and on financial position: Evidence from the Greek small and medium scale enterprises in textile industry. Five research questions guided the study and five null hypotheses were tested at 0.05 level of significance.

A sample size of 48 companies was studied. Descriptive survey research design was adopted for the study. A structured questionnaire was used for data collection. Cronbach Alpha was used to test the reliability of the instrument which yielded a reliability index of 0.63. Data were analyzed using factor analysis. The findings of the study indicated a clear relationship between revaluation of tangible fixed assets at fair value with the borrowing ability and the level of exports.

Papapostolou and Mandilas's study is related to the present study because both focus on valuation of fixed asset in organizations. The two studies differ in geographical location and method of data analysis. Papapostolou and Mandilas's study focused on the impact of revaluation of tangible fixed assets at fair value on borrowing ability, exports and financial position from the Greek SMEs in textile industry, the present study focused on the implementation of asset auditing guidelines in financial reporting in tertiary institutions in South East Nigeria.

Implementation of Audit Guidelines for Disposal of Fixed Asset

Susan and Namusonge (2014) conducted a study on factors affecting the rate of disposal of assets in public sector organizations: A case study of Yatta Sub-County Kenya. The purpose of the study was to assess the factors affecting the rate of disposal of assets by public organizations within Yatta

sub-county. Four research questions guided the study. The study used a descriptive survey research design. The population of the study consisted of 60 employees of 28 government departments in Yatta. The researcher applied the case study method which is a popular form of qualitative analysis. A census inquiry was carried out on all the 28 government departments. The researcher collected data using questionnaire for procurement and workshop personnel; interview guides for heads of departments and observation schedule. The collected data were analyzed using both quantitative and qualitative data analysis techniques where findings were presented through pie charts, bar charts and frequency tables for easy interpretation. Statistical package for social sciences was used for data analysis. The findings of the study revealed that the rate of disposal in public sector organizations in Yatta sub-county was low and that the process of procurement planning for disposal was long and tedious.

Susan and Namusonge (2014) study is related to the present study disposal of fixed assets, research design and method of data collection. However, the studies differ in geographical location, coverage and method of data analysis. Susan and Namusonge's study focused on factors affecting the rate of disposal of assets in public sector organizations in Yatta sub-county in Kenya, using only research questions and hypothesis. The present

study focused on the implementation of asset auditing guidelines in financial reporting in tertiary institutions in South East Nigeria, using research questions and hypotheses.

Addisalem (2014) assessed fixed assets management in Addis Ababa University, Ethiopia. Four research questions guided the study. Descriptive survey research design was adopted for the study. A total of 14 employers (three fixed asset managers, three store and fixed assets store units, three store and supply units, three internal audit service unit, and two finance officers) were involved in the study as respondents. A structured questionnaire was used to collect primary data while secondary data were gathered through annual report of the Addis Ababa University, reference books, internet, and previous researches. Tabulation and percentages were used for data analysis to answer the research questions.

Findings of the study revealed lack of provision of trainings on fixed assets management manual application, mismatching of the manual of fixed assets registry book with the Federal Finance and Economic Development manual and absence of procedure for the distribution of fixed assets to employers. Based on the findings, it was recommended among others that when determining assets for disposal, managers should be aware that the useful life of the asset should be determined, authorized person responsible

for determining assets for disposal action is involved and be accountable for all decisions taken in the disposal process.

Addisalem (2014) study is related to the present study in that they both focus on disposal of fixed assets in tertiary institutions. The two studies differ in content, coverage, location and use of hypotheses. Addisalem's study focused on assessment of fixed asset management in Addis Ababa University, Ethiopia while the present study focused on the implementation of asset auditing guidelines in financial reporting in tertiary institutions in South East Nigeria with disposal of fixed assets as a component.

Implementation of Audit Guidelines for Cash Collection and Bank Transactions

Modibbo (2015) carried out a study on the impact of internal audit on the effectiveness of internal control system of tertiary educational institutions in Adamawa State, Nigeria. The purpose of the study was to find out whether or not internal audit unit impacted positively on the effectiveness of internal control system of tertiary educational institutions. Two research questions guided the study and one null hypothesis was tested. The study employed descriptive survey research design. A sample size of 200 audit staff was used for the study. A structured questionnaire was used for data collection. Descriptive statistics and Chi-square technique were used to analyze data obtained through the use of SPSS 15.0 version.

The main findings of the study were that internal audit unit of tertiary educational institutions in Adamawa State were not effective because they lacked independence and were short of adequate staff. More so, they were not timely in their internal audit reporting. The study also revealed that, the components of internal control system were not properly put in place by the management of the institutions, especially in the areas of authorization and approval, supervision, segregation of duties and personnel controls. Based on the findings, the researcher concluded that these phenomena contributed to the ineffectiveness of internal control system of the institutions. The study therefore, recommended that internal audit units should be established as a separate department/unit to serve as custodian of internal control system, sufficient and competent staff should be recruited for the unit.

Modibbo (2015) study is related to the present study because both focus on implementation of auditing guidelines by internal auditors in performing their duties in tertiary institutions. The two studies are similar in research design and method of data collection but differ in the area of the study, sampling technique and method of data analysis. Modibbo's study focused on the impact of internal audit on the effectiveness of internal control system of tertiary educational institutions in Adamawa State,

Nigeria, the present study determined the implementation of asset auditing guidelines in financial reporting in tertiary institutions in South East Nigeria.

Gyebi and Quain (2013) carried out a study on internal control on cash collection: A case of the Electricity Company of Ghana (ECG) Ltd, Accra East Region. The purpose of the study was to find out the control system on cash collection in ECG and the general practical challenges of ensuring prudent cash collection. Three research questions guided the study. Survey design was used in the study. A survey design was used in the study. The study was carried out in Ghana. Multiple sampling method was adopted for the study. The sample size was made up of seventy respondents made up of twenty management officials in ECG, thirty five cashiers/cash collectors and fifteen personnel from other departments. Questionnaire and interview guide were used for data collection. The study found that internal control, no matter how well designed and operated, can provide only reasonable assurance to management and the Board of Directors regarding achievement of an entity's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. Based on the findings, it was concluded that before officers can select and implement controls suitable for the size and complexity of their operations, they must first

understand how, when and where cash is collected and the duties performed by each employee.

Gyebi and Quain's study is related to the present study because both focus on review of cash collections in organizations. Both studies are similar in research design and method of data collection. However, they differ in geographical location and method of data analysis. Gyebi and Quain's study focused on the internal control on cash collection: A case of the electricity company of Ghana Ltd, Accra East Region, while the present study focused on the implementation of assets auditing guidelines in financial reporting in tertiary institutions in South East Nigeria.

Implementation of Audit Guidelines for Payroll and Expenses

Nyaledzigbor (2015) carried out a study on payroll fraud: Effects of ghost names on the government wage bill in Ghana. The objective of the study was to determine how the size of management units and the number of opportunities for ghost workers correlate with the level of ghost workers in government agencies in Ghana. Two research questions guided the study and two null hypotheses were tested. Quasi experimental design was adopted for the study. The quantitative method was used to analyze the relationship between variables using a sampled data. A sample of 85 management units was selected from 35 Ghana Education Service. A structured questionnaire

was used for data collection. The instruments were subjected to face and content validity by experts. Descriptive statistics and correlational, and regression analysis were used for data analysis.

The overall result of the descriptive statistics showed that the highest number of opportunities for ghost workers occurred through retirements, vacation of posts, and deceased employees. The largest number of opportunities occurred in the largest government agencies in the public service namely: the Ghana Education Service, Ghana Health Service, and the Local Government Services. The findings also revealed that there was a positive relationship between opportunities for ghost workers and the level of ghost workers. However, the study showed that there was a negative relationship between the size of management units and the level of ghost workers. An additional finding was that there was a negative relationship between the size of management units and the number of opportunities for ghost workers.

Nyaledzigbor's study is related to the present study because both focus on review of payroll in institutions. However, the two studies differ in geographical location, method of data analysis and research design. While Nyaledzigbor's study focused on payroll fraud: Effects of ghost names on the government wage bill in Ghana, the present study determined the

implementation of asset auditing guidelines in financial reporting in tertiary institutions in South East Nigeria.

Osei (2012) assessed the methods of payment and its impact on fee paying in Takoradi Polytechnic. Two channels were investigated. The first was the payment methods used in paying fees which was categorized into traditional payment method and the new electronic payment methods which affected the performance of many institutions. Secondly, the impact of the payment methods on fees paying in Takoradi Polytechnic was also investigated. Four research questions guided the study and four null hypotheses were tested. The study adopted a descriptive survey research design. The study population included two staff and 100 students at the Takoradi Polytechnic in the academic year 2010-2011. The study was conducted using questionnaire and interview guide. Data were collected from ninety-four randomly selected student respondents. Regression was used for data analysis.

The study identified that traditional payment methods including; cash, cheque, banker's draft and pay-in slip were used. The new electronic payment instruments such as e-zwich, mobile phone, credit cards and debit cards were yet to find their rhythm in the institution. The study established that ineffective and inefficient payment methods slow down registration

process, causes late registration, and consumes time. The study recommended the need for the banks to establish branches or agencies on campuses and also adopt e-zwich or mobile phone payment methods to ease tensions during registration.

Osei's study is related to the present study because both studies focus on audit guidelines regarding the review of payroll in tertiary institutions. The two studies are also related in research design, method of data collection, but differ in geographical location and method of data analysis. Osei's study focused on the methods of payment and its impact on fee paying in Takoradi Polytechnic, while the present study focused on the implementation of assets auditing guidelines in financial reporting in tertiary institutions in South East Nigeria.

Implementation of Audit Guidelines for Staff Advances and Debtors

Gehya and Ibitomi (2016) conducted a study on the role of internal audit in enhancing accountability in tertiary institutions in Kogi State, Nigeria. The purpose of the study was to find out the extent to which effective internal audit role is of significant benefit to public sector management or could be used as an instrument to improve public sector management. Two research questions guided the study and two null hypotheses were tested. The survey method of generating data was

employed. The population of the study comprised 30 internal auditors from tertiary institutions in Kogi State. Data were collected via a well-structured and tested questionnaire administered on the staff of internal audit department of selected tertiary institutions in Kogi State. The data collected were analyzed using the descriptive statistics mean and standard deviation and ANOVA through the use of SPSS 20.0 version. The analysis of the responses gathered revealed that internal auditors were not independent of management in the course of performing their duties. The study therefore recommended that internal auditors should be independent from management through the promulgation of a law that would guarantee internal auditor's independence via recognition of the ethics guiding the accounting profession in order to promote accountability.

Gehya and Ibitomi's (2016) study is related to the present study because both focus on guidelines that auditors must follow while discharging their duties in order to report credible financial statements. The two studies are similar in the type of institution, method of data collection and data analysis. However both studies differ in geographical location. While Gehya and Ibitomi's study focused on the role of internal audit in enhancing accountability in tertiary institutions in Kogi State, Nigeria, the

present study focused on the implementation of assets auditing guidelines in financial reporting in tertiary institutions in South East Nigeria.

Okaro and Okoye (2012) conducted a study on the introduction of accrual accounting in Nigeria's public sector: The perception of auditors, preparers of financial statements and accounting academics. in Anambra State. The purpose of the study was to adopt accrual accounting standards and whether the proposed benefit of improved accountability would be achieved. Two research questions guided the study and six hypotheses were tested. A survey research design was adopted for the study. A structured questionnaire was used to generate data for analysis. The population of the study was 100, made up of staff of the Anambra State Auditor-General, Accountant General, Federal Auditor General's Office in Awka, Nnamdi Azikiwe University, and accounting staff of Anambra State Universal Basic Education Commission.

The study made use of a purposively selected sample of 80 respondents cutting across the three groups of accounting practitioners, accounting lecturers, and auditors. Cronbach Alpha reliability was used to establish the reliability of the instrument. Overall reliability coefficient of 0.81 was obtained. Descriptive statistics, including percentages, mean and standard deviation were used in presenting the data. The Chi- square test and

one-way ANOVA test statistics were used for data analysis. The study found that the introduction of Accounting Standards in the public sector would usher in an era of improved accountability and decision making in the Nigerian public sector.

Okaro and Okoye's study is related to the present study because both focus on the adoption of accounting standards (accounting guidelines) in financial reporting. They are also related in research design, method of data collection and data analysis. However, both studies differ in that Okaro and Okoye's study focused on the perceptions of preparers of financial statements (accounting practitioners), accounting academics, and auditors in Anambra State on the intention of Nigeria to adopt accrual accounting standards, while the present study focused on the implementation of asset auditing guidelines in financial reporting in tertiary institutions in South East Nigeria.

Summary of Review of Related Literature

The review of related literature was organized under conceptual framework, theoretical framework, theoretical studies and empirical studies. Under the conceptual framework, the concepts of implementation, auditing, asset and auditing guideline were reviewed. Auditing of assets helps to uncover invalid asset transactions, noncompliant asset valuations and

incorrect asset classifications. Audit procedures are used to ensure the existence of assets in an organization which shows transparency and accountability in the institution's financial statements.

Under the theoretical framework, policeman theory and agency theory were reviewed. The theories are relevant to the study since they focus on duties of auditors in verification and examination of accounting records. Theoretical studies reviewed several studies covering audit guidelines for fixed asset, disposal of fixed asset, review of cash collections and bank arrangements, payroll and expense arrangements and staff advances and staff debtors were reviewed.

The related empirical studies reviewed showed that auditing of asset and internal controls in tertiary institutions is efficacious in curbing corruption in tertiary institutions and had bolstered transparency and accountability of institutions in the country in the past. Most studies treated only one or two components of financial reporting and are therefore, narrow in coverage. Most of the studies also were conducted in other countries and zones in Nigeria. To the best of the researcher's knowledge, no study on the present topic has been carried out in tertiary institutions in South East, Nigeria. This has created gaps in the body of knowledge.

CHAPTER THREE

METHOD

This chapter presents the procedures that were used in the study which cover research design, area of the study, population of the study, sample and sampling techniques, instrument for data collection, validation of the instrument, reliability of the instrument, method of data collection and method of data analysis.

Research Design

The study adopted descriptive survey research design. According to Nworgu (2015), a descriptive survey research design is the one which aims at collecting data, and describing in a systematic manner the characteristics, features or facts about a given population. The researcher considers this design appropriate for this study since data was collected from account officers in tertiary educational institutions in South East Nigeria regarding the implementation of assets auditing guidelines in financial reporting in their institutions.

Area of the Study

The study was carried out in tertiary educational institutions in South East Nigeria. The South East is one of the six geo-political zones in Nigeria consisting of Abia, Anambra, Ebonyi, Enugu and Imo States. The major

language of the people of this area is Igbo but because of the presence of educational, financial and other institutions in the area, there are large number of people from other countries, ethnic groups and languages operating in the area. The choice of this area for the study was informed by the fact that the area has public and private tertiary educational institutions which earned it recognition as educationally advantaged area in Nigeria. Maintenance of South-East States requires that tertiary educational institutions in the area should implement assets auditing guidelines in financial reporting to quickly detect and prevent frauds, as well as possibly eradicating them for continued relevance.

Population of the Study

The population for this study consisted of 1405 account officers in all the 24 public tertiary educational institutions (ten universities, seven polytechnics and seven colleges of education) in South East Nigeria. The population distribution by institutions is presented in Appendix C on page 166.

Sample and Sampling Technique

A sample size of 311 account officers was used for the study. The sample size was derived using the Taro Yamani formula (applying the Taro Yamane formula) $n = N / 1 + N (e)^2$

n = sample size

N = population

e = error limit

Therefore, $n = 1405 / 1 + 1405(0.05)^2$

$n = 1405 / 4.5125$

$n = 311.36$

Based on the above calculation, a sample size of 311 was considered appropriate for this study. Thereafter, stratified random sampling technique was used to select them from the strata. By apportioning the account officers in tertiary institutions in every strata, the number of accounts officers to be sampled in every strata was calculated. The sample distribution according to the institution type is represented as Appendix D on page 168.

Instrument for Data Collection

Data for this study were collected using a structured questionnaire titled “Implementation of Assets Auditing Guidelines in Financial Reporting (IAAGFR)” developed by the researcher based on the research questions and insight gained from literature review. The questionnaire has two sections- A and B. Section A contains two items on the type and ownership of institution, while Section B consists of five clusters of B1 – B5 in line with the research questions with 8, 8, 8, 8 and 9 items respectively. Section B is structured on a 5-point rating scale of Very Highly Implemented (VHI),

Highly Implemented (HI), Moderately Implemented (MI), Low Implemented (LI) and Very Lowly Implemented (VLI).

Validation of the Instrument

To ascertain the face validity of the instrument, the researcher submitted the research instruments to three experts- two in business education and one in measurement and evaluation, all from the Faculty of Education, Nnamdi Azikiwe University. The purpose, research questions, hypotheses and the draft questionnaire were given to the experts and they were requested to validate the instrument relative to the appropriateness and coverage of the items, wordings and clarity of the instructions and make suggestions as they deemed appropriate. Their suggestions led to a slight modification on the title of the study. The response options were changed from very great extent to very highly implemented. The corrections also led to a reduction in the questionnaire items in Section B from 46 to 44. Their suggestions were incorporated in producing the final version of the instrument.

Reliability of the Instrument

To establish the internal consistency of the instrument, the researcher conducted a pilot test by administering 20 copies of the instrument which were administered to 20 accounting officers from public tertiary institutions

(Universities, Polytechnics and Colleges of Education) in Delta State who were not part of the population of the study. Cronbach Alpha using Statistical Package for Social Sciences (SPSS) version 23 yielded coefficient values of 0.81, 0.80, 0.91, 0.84 and 0.87 for the five clusters and an overall reliability value of 0.85. This high coefficient value indicates that the instrument is reliable for the study as recommended by Uzoagulu (2012), that a reliability coefficient of 0.70 and above is acceptable for a test of internal consistency for a research instrument. The reliability computation is presented in Appendix E on page 170.

Method of Data Collection

Copies of the data collection instrument were administered to the respondents in the institutions personally by the researcher with the help of five research assistants who were briefed on the methods to be used. Copies of the instrument were distributed to the respondents during the first visit and they were allowed to respond within one week during which reminders were sent to them. The researcher and research assistants revisited the respondents to retrieve the completed copies. Out of the 311 copies of the questionnaire administered, five were incompletely filled and nine were not returned, hence fourteen copies of the questionnaire were not utilized. Thus,

297 copies of the questionnaire represented 95.50% return rate, were used for data analysis.

Method of Data Analysis

Data collected in the study were analyzed using descriptive statistics of mean and standard deviation to answer the research questions and determine the closeness of the respondents' mean ratings respectively. Answers to the research questions were based on the cluster means relative to the real limits of numbers below:

Responses	Rating Scale	Real Limits of Number
Very Highly Implemented (VHI)	5	4.50 – 5.00
Highly Implemented (HI)	4	3.50 – 4.49
Moderately Implemented (MI)	3	2.50 – 3.49
Low Implemented (LI)	2	1.50 – 2.49
Very Low Implemented (VLI)	1	0.50 - 1.49

One-way analysis of variance (ANOVA) and t-test were used to test the null hypotheses at 0.05 level of significance. Where the calculated p-value is less than or equal to, the stipulated level of significance 0.05 (i.e. $p \leq 0.05$), it implies that there was significant difference between respondents' mean scores. Under this condition, the null hypothesis of no significant difference is rejected. On the other hand, if the p-value is greater than the

alpha level of 0.05 (i.e. $p \geq 0.05$), the null hypothesis of no significant difference is accepted.

CHAPTER FOUR

PRESENTATION AND ANALYSIS OF DATA

This chapter presents the data and the statistical analysis of the study. Data collected with respect to the five research questions and ten null hypotheses were analyzed and presented in Tables 1-15.

Analysis in Respect of Research Questions

Research Question 1

To what extent are audit guidelines for fixed assets implemented in financial reporting in tertiary education institutions in South East Nigeria?

Analysis of data relating to this research question is presented in Table 1

Table 1

Mean ratings of account officers on the extent audit guidelines for fixed assets are implemented in financial reporting in tertiary education institutions in South East Nigeria. N= 297

S/No	Audit for Fixed Asset	Mean	SD	Decision
1.	Ensuring existence of an up to date fixed asset register	4.01	0.65	Highly implemented
2.	Checking from approved annual budget to confirm provision for acquisition of assets	4.02	0.66	Highly implemented
3.	Examining the necessary documents to ensure authorization for acquisition of the assets	2.95	0.66	Moderately implemented
4.	Ensuring that all documents are duly filed	2.63	0.61	Moderately implemented
5.	Carrying out periodic verification assets to confirm location, condition and identification number	2.63	0.62	Moderately implemented
6.	Verifying improvement and maintenance of assets	4.02	0.66	Highly implemented
7.	Determining the depreciation charge	2.85	0.68	Moderately implemented
8.	Ensuring existence of fixed asset list	3.03	0.71	Moderately implemented
9.	Verifying valuation certificate	4.07	0.69	Highly implemented
10.	Regularly updating valuation of revalued assets	2.90	0.69	Moderately implemented
Cluster Mean		3.31		Moderately implemented

The analysis in Table 1 shows the cluster mean of 3.31 which indicates that audit guidelines for fixed assets are moderately implemented by account officers in financial reporting in tertiary education institutions in South East Nigeria. The item by item analysis shows that items 1, 2, 6 and 9 with mean scores ranging from 4.01 to 4.07 are audit guidelines for fixed asset highly implemented by account officers, while items 3, 4, 5, 7, 8 and

10 with the mean scores ranging from 2.63 to 3.03 are audit guidelines for fixed asset moderately implemented by account officers. The standard deviations show that there is homogeneity amongst responses indicating a greater consensus of opinion.

Research Question 2

To what extent are audit guidelines for disposal of fixed assets implemented in financial reporting in tertiary education institutions in South East Nigeria?

Analysis of data relating to this research question is presented in Table 2

Table 2

Mean ratings of account officers on the extent audit guidelines for disposal of fixed assets are implemented in financial reporting in tertiary education institutions in South-East, Nigeria. N= 297.

S/No	Audit for disposal of fixed asset	Mean	SD	Decision
11.	Existence of an up to date fixed asset disposal register	3.97	0.70	Highly implemented
12.	Adhering to the provisions of financial regulations and accounting manual on disposal of fixed assets	2.63	0.60	Moderately implemented
13.	Ensuring that assets to be disposed off are as recommended by the Board of Survey and duly approved by the Management	2.48	0.57	Low implemented
14.	Ensuring that identification numbers are attached to the assets to be boarded	4.14	0.68	Highly implemented
15.	Ensuring that date of boarding and items to be boarded are wisely publicized	2.49	0.56	Low implemented
16.	Ensuring that receipts are issued on payment by the highest bidders	4.00	0.69	Highly implemented
17.	Ensuring removal of the disposed assets from the fixed asset register	4.07	0.72	Highly implemented
18.	Ensuring transparency in the whole process of bidding	2.64	0.64	Moderately implemented
Cluster Mean		3.30		Moderately implemented

As displayed in Table 2, the cluster mean of 3.30 shows that audit guidelines for disposal of fixed assets are moderately implemented by account officers in financial reporting in tertiary education institutions in South East Nigeria. The item-by-item analysis shows that items 11, 14, 16

and 17 with mean scores ranging from 3.97 to 4.14 are audit guidelines for disposal of fixed asset highly implemented by account officers, while items 12 and 18 with the mean scores ranging from 2.63 to 2.64 are audit guidelines for disposal of fixed asset moderately implemented by account officers. Items 13 and 15 with the mean scores ranging from 2.48 to 2.49 are audit guidelines with low implement. The standard deviations of 0.56 to 0.72 are within the same range, showing homogeneity in responses.

Research Question 3

To what extent are audit guidelines for cash collections and bank transactions implemented in financial reporting in tertiary education institutions in South East Nigeria?

Analysis of data relating to this research question is presented in Table 3

Table 3

Mean ratings of account officers on the extent audit guidelines for cash collections and bank transactions are implemented in financial reporting in tertiary education institutions in South-East, Nigeria. N= 297.

S/No Audit for cash and bank collection	Mean	SD	Decision
19. Ensuring strong internal controls for cash collections	3.90	0.70	Highly implemented
20. Comparing cashbook with bank tellers	3.84	0.76	Highly implemented
21. Reconciliation of cashbooks, bank tellers, lodgement registers and bank statement	2.53	0.76	Moderately implemented
22. Complete and accurate recording and disclosure of all cash transactions	2.56	0.76	Moderately implemented
23. Recording all cheques and cash on a deposit slip	2.56	0.77	Moderately implemented
24. Issuing receipts for all monies, cash, cheques, drafts, money order collected and lodged in the bank.	2.65	0.75	Moderately implemented
25. Recording of cheques correctly and promptly	3.80	0.68	Highly implemented
26. Proper filing of cash and bank documents.	2.75	0.76	Moderately implemented
Cluster Mean	3.07		Moderately implemented

The cluster mean of 3.07 displayed in Table 3 indicates that audit guidelines for cash collections and bank transactions are moderately implemented by account officers in financial reporting in tertiary education institutions in South East Nigeria. The item-by-item analysis shows that items 19, 20 and 25 with mean scores ranging from 3.80 to 3.90 are audit

guidelines for cash collection and bank transactions highly implemented by account officers, while items 21, 22, 23, 24 and 26 with the mean scores ranging from 2.53 to 2.75 are audit guidelines for cash collections and bank transactions moderately implemented by account officers. The standard deviations of 0.68 to 0.77 are within the same range, showing that the respondents are not wide apart in their responses.

Research Question 4

To what extent are audit guidelines for payroll and expenses implemented in financial reporting in tertiary education institutions in South East Nigeria?

Analysis of data relating to this research question is presented in Table 4

Table 4

Mean ratings of account officers on the extent audit guidelines for payroll and expenses are implemented in financial reporting in tertiary education institutions in South-East, Nigeria. N= 297.

S/No Audit for payroll	Mean	SD	Decision
27. Verifying duties of all workers in the payroll department	2.67	0.73	Moderately implemented
28. Generating payroll report that identifies active employees	2.61	0.69	Moderately implemented
29. Ensuring that payroll information is accurate and up-to-date	2.61	0.80	Moderately implemented
30. Comparing the balances of expense account with the budgeted balance for the current period	2.65	0.68	Moderately implemented
31. Reviewing all expense account to determine whether accrued expenses are recorded appropriately	1.91	0.69	Low implemented
32. Confirming all the expenses by appropriate authority	2.88	0.71	Moderately implemented
33. Verification of current employment status of employees	3.59	0.75	Highly implemented
34. Reviewing and reconciling banking activities	2.60	0.70	Moderately implemented
35. Assessing record keeping procedures to ensure compliance with auditing guidelines	1.84	0.68	Low implemented
Cluster Mean	2.60		Moderately implemented

As indicated by the cluster mean of 2.60 in Table 4, audit guidelines for payroll and expenses are moderately implemented by account officers in financial reporting in tertiary education institutions in South-East, Nigeria. The item by item analysis shows that item 33 with the mean score of 3.59

are audit guidelines for payroll and expenses highly implemented by account officers, while items 27, 28, 29, 30 32 and 34 with mean scores ranging from 2.60 to 2.88 are audit guidelines for payroll and expenses moderately implemented by account officers. Items 31 and 35 with the mean scores ranging from 1.84 to 1.91 are audit guidelines for payroll and expenses with low implement by account officers. The standard deviations of 0.68 to 0.80 are within the same range, showing that there is homogeneity in items amongst account officers' responses.

Research Question 5

To what extent are audit guidelines for staff advances and staff debtors implemented in financial reporting in tertiary education institutions in South East Nigeria?

Analysis of data relating to this research question is presented in Table 5

Table 5

Mean ratings of account officers on the extent audit guidelines for staff advances and staff debtors are implemented in financial reporting in tertiary education institutions in South-East, Nigeria. N= 297.

S/No	Audit for staff advances	Mean	SD	Decision
36.	Ensure authorization of advances and loans	3.76	0.72	Highly implemented
37.	Loans and advances are properly described and classified.	3.72	0.67	Highly implemented
38.	Adequate disclosures with respect to the amounts described have been made.	2.32	0.68	Low implemented
39.	Ensuring that loans agreement are duly signed and checked	3.63	0.62	Highly implemented
40.	Interest on loans and advances, if any, has been properly calculated and recorded.	3.70	0.63	Highly implemented
41.	Ensuring that rules and regulations guiding loans and advances are strictly adhered to	3.89	0.69	Highly implemented
42.	Allowances for doubtful debts are adequate.	2.65	0.69	Moderately implemented
43.	Reviewing and reconciling banking activities	2.62	0.64	Moderately implemented
44.	Determine whether the amounts are of a short-term nature and are properly classified in the financial statements.	3.80	0.68	Highly implemented
Cluster Mean		3.34		Moderately implemented

The analysis in Table 5 shows the cluster mean of 3.34 which indicates that audit guideline for staff advances and staff debtors are moderately implemented by account officers in financial reporting in tertiary education institutions in South East Nigeria. The item by item analysis shows that items 36, 37, 39, 40, 41 and 44 with mean scores ranging from 3.63 to 3.89 are audit guidelines for staff advances and staff debtors highly implemented by account officers, while items 42 and 43 with mean scores ranging from 2.62 to 2.65 are audit guidelines for staff advances and staff debtors moderately implemented by account officers. Item 38 with the mean score of 2.32 is audit guidelines for staff advances and staff debtors with low implement by account officers. The standard deviations 0.62 to 0.72 show that there is homogeneity amongst responses indicating a greater consensus of opinion.

Result of Test of Hypotheses

The 10 null hypotheses formulated for the study were tested in this section.

Hypothesis 1

Account officers in universities, polytechnics and colleges of education do not differ significantly in their mean ratings on the extent audit

guideline for fixed assets are implemented in financial reporting in tertiary education institutions in South East, Nigeria.

Table 6

Analysis of variance on the mean ratings of account officers on the extent audit guidelines for fixed assets are implemented in financial reporting in tertiary education institutions

	Sum of Squares	df	Mean Square	F	P-value
Between Groups	12.4	2	6.2	1.121	.327
Within Groups	1626.1	294	5.5		
Total	1638.6	296			

As shown in Table 6, there is no significant difference among the three groups in terms of their mean ratings on the extent audit guideline for fixed assets are implemented by account officers in financial reporting in tertiary education institutions in South East Nigeria based on type of institution (universities, polytechnics and colleges of education), as the F-ratio (2, 294) is 1.121 and *P-value* (.327) is greater than the stipulated 0.05 level of significance. Therefore the null hypothesis is accepted.

Hypothesis 2

There is no significant difference in the mean ratings of account officers in Federal and State tertiary institutions on the extent audit guideline

for fixed assets are implemented in financial reporting in tertiary education institutions in South East, Nigeria.

Table 7

Summary of t-test result of mean ratings of account officers on the extent audit guidelines for fixed assets are implemented in financial reporting in tertiary education institutions

Audit for fixed asset	N	\bar{X}	SD	df	P-value	Decision
Federal	192	3.31	.23	295	.880	Not Significant
State	105	3/31	.24			

Data in Table 7 show that there is no significant difference in the mean ratings of account officers in Federal and State tertiary institutions on the extent audit guidelines for fixed assets are implemented in financial reporting in tertiary education institutions in South East Nigeria. This is shown by the p-value of 0.88, which is greater than the significance level of 0.05. The null hypothesis of no significant difference between the two groups is therefore accepted.

Hypothesis 3

Account officers in universities, polytechnics and colleges of education do not differ significantly in their mean ratings on the extent audit

guideline for disposal of fixed assets are implemented in financial reporting in tertiary education institutions in South East, Nigeria.

Table 8

Analysis of variance on the mean ratings of account officers on the extent audit guidelines for disposal fixed assets are implemented in financial reporting in tertiary education institutions

	Sum of Squares	df	Mean Square	F	P-value
Between Groups	4.032	2	2.048	.539	.584
Within Groups	1106.624	294	3.776		
Total	1110.72	296			

The analysis in Table 8 shows that there is no significant difference among the three groups in terms of their mean ratings on the extent audit guideline for disposal of fixed assets are implemented by account officers in financial reporting in tertiary education institutions in South East, Nigeria based on type of institution (universities, polytechnics and colleges of education), as the F-ratio (2, 294) is .539 and *P-value* (.584) is greater than the stipulated 0.05 level of significance. Therefore the null hypothesis of no significant difference is accepted.

Hypothesis 4

There is no significant difference in the mean ratings of account officers in Federal and State tertiary institutions on the extent audit guidelines for disposal of fixed assets are implemented in financial reporting in tertiary education institutions in South East, Nigeria.

Table 9

Summary of t-test result of mean ratings of account officers on the extent audit guidelines for disposal of fixed assets are implemented in financial reporting in tertiary education institutions

Audit for disposal of fixed asset	N	\bar{X}	SD	df	P-value	Decision
Federal	192	3.31	.24	295	.737	Not Significant
State	105	3.30	.25			

Table 9 shows that the p-value of .737 is greater than the significance level of 0.05. This implies that there is no significant difference in the mean ratings of account officers in Federal and State tertiary institutions on the extent audit guidelines for disposal of fixed assets are implemented in financial reporting in tertiary education institutions in South East Nigeria.

The null hypothesis of no significant difference between the two groups is therefore, accepted.

Hypothesis 5

Account officers in universities, polytechnics and colleges of education do not differ significantly in their mean ratings on the extent audit guideline for cash collections and bank transactions are implemented in financial reporting in tertiary education institutions in South East, Nigeria.

Table 10

Analysis of variance on the mean ratings of account officers on the extent audit guidelines for cash collection and bank transactions are implemented in financial reporting in tertiary education institutions

	Sum of Squares	df	Mean Square	F	P-value
Between Groups	13.824	2	6.912	1.373	.255
Within Groups	1478.4	294	5.056		
Total	1492.224	296			

As shown in Table 10, there is no significant difference among the three groups in terms of their mean ratings on the extent audit guidelines for cash collection and bank transactions are implemented by account officers in financial reporting in tertiary education institutions in South East Nigeria based on type of institution (universities, polytechnics and colleges of

education), as the F-ratio (2, 294) is .079 and *P-value* (.255) is greater than the stipulated 0.05 level of significance. Therefore the null hypothesis of no significant difference is accepted.

Hypothesis 6

There is no significant difference in the mean ratings of account officers in Federal and State tertiary institutions on the extent audit guideline for cash collections and bank transactions are implemented in financial reporting in tertiary education institutions in South East, Nigeria.

Table 11

Summary of t-test result of mean ratings of account officers on the extent audit guidelines for cash collections and bank transactions are implemented in financial reporting in tertiary education institutions

Audit for cash collection and bank arrangements	N	\bar{X}	SD	df	P-value	Decision
Federal	192	3.06	.29	295	.356	Not Significant
State	105	3.10	.26			

Data analysis in Table 11 shows that there is no significant difference in the mean ratings of account officers in Federal and State tertiary institutions on the extent audit guidelines for cash collections and bank

transactions are implemented in financial reporting in tertiary education institutions in South East Nigeria. This is shown by the p-value of .356, which is greater than the significance level of 0.05. The null hypothesis of no significant difference between the two groups is therefore, accepted.

Hypothesis 7

Account officers in universities, polytechnics and colleges of education do not differ significantly in their mean ratings on the extent audit guidelines for payroll and expenses are implemented in financial reporting in tertiary education institutions in South East, Nigeria.

Table 12

Analysis of variance on the mean ratings of account officers on the extent audit guidelines for payroll and expenses are implemented in financial reporting in tertiary education institutions

	Sum of Squares	df	Mean Square	F	P-value
Between Groups	15.795	2	7.857	1.921	.148
Within Groups	1205.847	294	4.131		
Total	1221.561	296			

The analysis in Table 12 shows that there is no significant difference among the three groups in terms of their mean ratings on the extent audit guidelines for payroll and expenses are implemented by account officers in

financial reporting in tertiary education institutions in South East Nigeria based on type of institution (universities, polytechnics and colleges of education), as the F-ratio (2, 294) is 1.921 and *P-value* (.148) is greater than the stipulated 0.05 level of significance. Therefore the null hypothesis is accepted.

Hypothesis 8

There is no significant difference in the mean ratings of account officers in Federal and State tertiary institutions on the extent audit guidelines for payroll and expenses are implemented by tertiary education institutions in South East, Nigeria.

Table 13

Summary of t-test result of mean ratings of account officers on the extent audit guidelines for payroll and expenses are implemented in financial reporting in tertiary education institutions

Audit for payroll	N	\bar{X}	SD	df	P-value	Decision
Federal	192	2.59	.23	295	.147	Not Significant
State	105	2.61	.22			

Table 13 shows that the p-value of .147 is greater than the significance level of 0.05. This implies that there is no significant difference

in the mean ratings of account officers in Federal and State tertiary institutions on the extent audit guideline for payroll and expenses is implemented in tertiary education institutions in South East Nigeria. The null hypothesis of no significant difference between the two groups is therefore, accepted.

Hypothesis 9

Account officers in universities, polytechnics and colleges of education do not differ significantly in their mean ratings on the extent audit guidelines for staff advances and debtors are implemented in financial reporting in tertiary education institutions in South East, Nigeria.

Table 14

Analysis of variance on the mean ratings of account officers on the extent audit guidelines for staff advances and staff debtors are implemented in financial reporting in tertiary education institutions

	Sum of Squares	df	Mean Square	F	P-value
Between Groups	26.487	2	13.203	2.771	.064
Within Groups	1403.73	294	4.779		
Total	1430.136	296			

As shown in Table 14 there is no significant difference among the three groups in terms of their mean ratings on the extent audit guidelines for

staff advances and staff debtors are implemented by account officers in financial reporting in tertiary education institutions in South East Nigeria based on type of institution (universities, polytechnics and colleges of education), as the F-ratio (2, 294) is 2.771 and *P-value* (.064) are greater than the stipulated 0.05 level of significance. It followed therefore that the null hypothesis is accepted.

Hypothesis 10

There is no significant difference in the mean ratings of account officers in Federal and State tertiary institutions on the extent audit guidelines for staff advances and debtors are implemented in financial reporting in tertiary education institutions in South East, Nigeria.

Table 15

Summary of t-test result of mean ratings of account officers on the extent audit guidelines for staff advances and staff debtors are implemented in financial reporting in tertiary education institutions

Audit for staff advances and staff debtors	N	\bar{X}	SD	df	P-value	Decision
Federal	192	3.34	.24	295	.710	Not Significant
State	105	3.35	.25			

Data in Table 15 show that there is no significant difference in the mean ratings of account officers in Federal and State tertiary institutions on the extent audit guidelines for staff advances and staff debtors are implemented in financial reporting in tertiary education institutions in South East Nigeria. This is shown by the p-value of .710, which is greater than the significance level of 0.05. The null hypothesis of no significant difference between the two groups is therefore, accepted.

Summary of Results of Findings

The findings of the study are summarized as follows:

1. Audit guidelines for fixed assets are moderately implemented by account officers in financial reporting in tertiary education institutions in South East, Nigeria.
2. Audit guidelines for disposal of fixed assets are moderately implemented by account officers in financial reporting in tertiary education institutions in South East, Nigeria.
3. Audit guidelines for cash collection and bank transactions are moderately implemented by account officers in financial reporting in tertiary education institutions in South East, Nigeria.

4. Audit guidelines for payroll and expenses are moderately implemented by account officers in financial reporting in tertiary education institutions in South East, Nigeria.
5. Audit guidelines for staff advances and staff debtors are moderately implemented by account officers in financial reporting in tertiary education institutions in South East, Nigeria.
6. Account officers in universities, polytechnics and colleges of education do not differ significantly in their mean ratings on the extent audit guidelines for fixed assets, disposal of fixed assets, cash collection and bank transactions, payroll and expenses and staff advances and staff debtors are implemented in financial reporting in tertiary education institutions in South East, Nigeria.
7. There is no significant difference in the mean ratings of account officers on the extent audit guidelines for fixed assets, disposal of fixed assets, cash collection and bank transactions, payroll and expenses and staff advances and staff debtors are implemented in financial reporting in tertiary education institutions in South East Nigeria on the basis of ownership of institution.

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

This chapter discusses the findings of the study, draws conclusion and makes recommendations and suggestions for further studies.

Discussion of Findings

The findings of this study are organized and discussed based on the research questions guiding the study, as well as the hypotheses tested. The discussions are done under the following headings:

Audit Guidelines for Fixed Assets

Results of the study indicated that audit guidelines for fixed assets were moderately implemented by account officers in financial reporting in tertiary education institutions in South East Nigeria. This implies that audit guideline for fixed assets are not implemented by account officers in financial reporting. This finding could lead to improper verification and valuation of fixed assets by account officers in preparation of financial statements. Implementation of asset auditing guidelines by account officers is expected to establish the completeness of the list of assets at a given site; to give disclosures on the fair value of assets, useful life, depreciable amount and residual value of an asset at the end of its useful life.

The findings are similar with the findings of Sunildutt (2013) who stated that account officers in tertiary educational institutions applied different useful life for the same asset classes; used threshold amounts for the recording and depreciating of assets; used the same value for the recording and depreciating of assets. Account officers must ensure that fixed assets have been valued and disclosed in the financial statements according to the audit guideline (that is the generally accepted bases of accounting which are determined by law, professional pronouncements and prevailing practices governing educational institutions). In support of this, Tanui (2016) stated that auditing of fixed assets is extremely important to ensure that accounting for capital assets and depreciation is in compliance with management's objectives.

The test of the first and second hypotheses indicated that account officers in universities, polytechnics and colleges of education did not differ significantly in their mean ratings on the extent the audit guideline for fixed assets were implemented in financial reporting in tertiary education institutions in South East Nigeria. This indicates that both account officers in universities, polytechnics and colleges of education holds the same view as to the extent the audit guidelines for fixed assets were implemented in financial reporting. There was also no significant difference in the mean

ratings of account officers in Federal and State tertiary institutions on the extent audit guideline for fixed assets were implemented in financial reporting in tertiary education institutions in South-East, Nigeria. This disagrees with the findings of Papapostolou and Mandilas (2011) who found a significant difference among respondents on fair presentation of fixed assets.

Audit Guidelines for Disposal of Fixed Assets

Results of the study indicated that audit guidelines for disposal of fixed assets were moderately implemented by account officers in financial reporting in tertiary education institutions in South East Nigeria. This implies that account officers in tertiary educational institutions in South East Nigeria were not implementing audit procedures fully in determining assets for disposal and also accountable for all decisions taken in the disposal process as stipulated in the audit manual. This could lead to improper authorization of fixed assets, improper installation and disposal of fixed assets and low physical control of fixed assets which may result in tertiary educational institutions failure and hence it may hinder the institution's long run dreams.

The findings are in consonance with those of Susan and Namusonge (2014) who observed that the rate of disposal of fixed asset in public sector

organizations was low and that the process of procurement planning for disposal was long and tedious. Asset disposal is mostly known as the act of selling an asset, usually a long-term asset that has been depreciated over its useful life like production plant and vehicles.

In line with this, a study carried out by Addisalem (2014) revealed lack of provision of trainings on fixed assets management manual application, mismatching of the manual of fixed assets registry book with the audit manual and absence of procedure for the distribution of fixed assets. Disposal of assets is an important part of asset auditing management in educational institutions because it is a function that is necessary for guaranteeing that institution funds are not wasted on obsolete and unserviceable equipment and assets.

Test of the third and fourth hypotheses revealed that account officers in universities, polytechnics and colleges of education did not differ significantly in their mean ratings on the extent the audit guidelines for disposal of fixed assets are implemented in financial reporting in tertiary education institutions in South East Nigeria. Also, there was no significant difference in the mean ratings of account officers in Federal and State tertiary institutions on the extent audit guidelines for disposal of fixed assets were implemented in financial reporting in tertiary education institutions in

South-East, Nigeria. It follows therefore, that the null hypothesis of no significant difference was accepted. This indicates that both account officers in federal and state universities holds the same view as to the extent audit guidelines for disposal of fixed assets were implemented in financial reporting.

Audit Guidelines for Cash Collection and Bank Transactions

Results of the study revealed that audit guideline for cash collection and bank transactions were moderately implemented by account officers in financial reporting in tertiary education institutions in South East, Nigeria. This implies that account officers in tertiary education institutions in South East Nigeria have not fully implemented audit procedures to ensure proper internal control systems mostly in the area of accurate recording and disclosure of all cash transactions, recording of cheques and cash on deposit, issuing and keeping custody of receipts and proper filing of cash and bank documents. This could lead to mishandling of institution funds due to weak internal control system.

The findings are in consonance with those of Modibbo (2015) who observed that the internal audit unit of tertiary education institutions was not effective and that the components of internal control system were not properly put in place by the management of the institutions, especially in the

areas of authorization and approval, supervision, segregation of duties and personnel controls. Most public institutions do not have efficient internal control system on cash collection which has often accounted for poor financial management. In line with this, Gyebi and Quain (2013) found that internal control promotes effectiveness and efficiency of operations, reduces the risk of asset loss, and helps to ensure compliance with laws and regulations. Strong internal controls for cash collection are necessary to prevent mishandling of funds and are designed to safeguard and protect employees from inappropriate charges of mishandling funds by defining their responsibilities in the cash handling process. Internal control also ensures the reliability of financial reporting (all transactions are recorded and all recorded transactions are real, properly valued, recorded on a timely basis, properly classified, and correctly summarized and posted).

The test of the fifth and sixth hypotheses indicated that account officers in universities, polytechnics and colleges of education did not differ significantly in their mean ratings on the extent the audit guidelines for cash collection and bank transactions are implemented in financial reporting in tertiary education institutions in South East, Nigeria. Also, there was no significant difference in the mean ratings of account officers in Federal and State tertiary institutions on the extent the audit guidelines for cash

collections and bank transactions were implemented in financial reporting in tertiary education institutions in South East Nigeria on the basis of ownership of institution. This agrees with the findings of Modibbo (2015) who stated that there was no significant difference between federal-owned tertiary education institutions and state owned tertiary institutions in internal audit unit. This also disagrees with the findings of Gyebi and Quain (2013) who observed that there was a significant difference which implies that there are written cash handling procedures at a ninety-five percent confidence level.

Audit Guidelines for Payroll and Expenses

Results of the study revealed that audit guidelines for payroll and expenses were moderately implemented by account officers in financial reporting in tertiary education institutions in South East Nigeria. This implies that account officers in tertiary education institutions in South East Nigeria have not fully implemented audit procedures in all expense account to determine whether accrued expenses are recorded appropriately and assessing record keeping procedures to ensure compliance with auditing guidelines.

The findings corroborate those of Osei (2012) who found that ineffective and inefficient payment methods slow down registration process,

causes late registration, and consume time. The overall audit objectives with respect to an organization's payroll and expense systems are to test the completeness, occurrence, measurement/evaluation, regularity and disclosure of all payments for employees. Implementing audit guideline for payroll by accounting officers could enable institutions to verify that payroll records are correct and to spot and fix issues concerning irregularity in financial reporting activities. In support of this, Nyaledzigbor (2015) stated that such irregularity and non-disclosure of all payments for employees could lead to payroll fraud (that is creating opportunity for ghost workers) in institutions.

Test of the seventh and eighth hypotheses revealed that accounting officers in universities, polytechnics and colleges of education did not differ significantly in their mean ratings on the extent the audit guidelines for payroll and expenses were implemented in financial reporting in tertiary education institutions in South East Nigeria. Also, there was no significant difference in the mean ratings of account officers on the extent the audit guidelines for payroll and expenses were implemented in financial reporting in tertiary educational institutions in South-East, Nigeria on the basis of ownership of institution. This reveals that account officers in both federal and state tertiary education institutions in South-East holds the same view as

to the extent audit guidelines for payroll and expenses were implemented in financial reporting. This disagrees with the findings of Nyaledzigbor (2015) who observed a significant difference among respondents on public sector payroll.

Audit Guidelines for Staff Advances and Staff Debtors

Results of the study indicated that audit guidelines for staff advances and staff debtors were moderately implemented by accounting officers in financial reporting in tertiary education institutions in South East Nigeria. This implies that accounting officers in tertiary education institutions in South East Nigeria have not fully implemented audit procedures to ensure adequate disclosures with respect to the amounts described have been made. Non-disclosure of the amounts as advances and loans could make employees who have limited financial resources to use the institution as their personal banks, and so will be reluctant to pay back advances.

The findings of the study are similar with those of Gehya and Ibitomi (2016) who stated that account officers (internal auditors) were not independent of the management in the course of performing their duties in order to promote accountability. Also, Okaro and Okoye (2012) affirmed that account officers should implement accrual accounting standards in their financial reporting by making sure that audit procedures are adhered to. In

verifying debtors, the accounting officers need to maintain adequate internal control on the clients' accounting system and evaluate the system of internal control relating to debtors, loans and advances to determine the nature, timing and extent of other audit procedures.

The test of the ninth and tenth hypotheses indicated that account officers in universities, polytechnics and colleges of education did not differ significantly in their mean ratings on the extent the audit guidelines for staff advances and staff debtors were implemented in financial reporting in tertiary education institutions in South East Nigeria. This agrees with the findings of Gehya and Ibitomi (2016) who stated that there was no significant difference among account officers in universities, polytechnics and colleges of education. Also, there was no significant difference in the mean ratings of account officers in Federal and State tertiary institutions on the extent the audit guidelines for staff advances and staff debtors were implemented in financial reporting in tertiary education institutions in South East Nigeria.

Conclusion

It is clear from the study that audit guidelines for assets (fixed asset, disposal of fixed asset, cash collection and bank transactions, payroll and expenses and staff advances and staff debtors) have not been fully

implemented by account officers in their financial reporting activities in tertiary education institutions. Financial reporting can be seen as a means for the communication of financial information to its users and these reports should be based on sound accounting standards. Therefore, it could be concluded that tertiary educational institutions should create a control environment and that Audit Committee should review management work, as well as the internal audit roles to create an atmosphere of control within the organization. This will promote effectiveness and efficiency of operations, reduce the risk of asset loss, and help to ensure compliance with laws and regulations (auditing guidelines).

Implications of the Study

The findings of this study have some educational implications for tertiary institutions, professional accountants and ancillary staff of the accounts department as well as the auditors of tertiary institutions. Given that the activities of tertiary education institutions are similar in nature, institutions need to apply consistent recording of assets in terms of their useful life as the useful life of an asset has direct correlation with the profits or losses of an institution. For the sake of transparency, consistency and comparability across institutions, it is necessary for all tertiary education institutions to use the same asset auditing guidelines regarding useful life of

assets in verification and valuation of fixed assets. This will address the diverse interpretations and applications of asset auditing in relation to property, plant and equipments.

Account officers in tertiary institutions must implement auditing guidelines in their financial reporting activities so as to check the strength of the instituted controls within the system. Similarly, the accountants' continuous training and development at the tertiary level of education is highlighted as an effective measure to enhance the implementation of asset auditing guidelines in the preparation of financial statements. Updating the knowledge and skills of account officers to be in tandem with current trends in an ever-dynamic society becomes inevitable so that they will be competent enough in maintaining good accounting systems and to detect material misstatements in the financial information to deter any opportunities to manipulate reporting.

The findings also give credence to the benefits that will accrue if audit and financial reporting is introduced into Business Education programme. This will certainly be of great assistance to under graduate students who will constitute the core group of users that will implement the auditing guidelines in preparing financial statements in the future.

On the other hand, auditing guidelines and regulations should be effectively communicated by professionals and regulators to lecturers in Business Education through conference, seminars, workshops, advert placements and periodicals. This will enable the lecturers in Business Education create awareness via audit enlightenment, Business Education campaign beyond the traditional classroom environment to the general public.

Recommendations

Based on the findings of this study, the following recommendations are made:

1. The management of tertiary education institutions in South East should, as matter of urgency emboss the institution's name on all assets and update the fixed asset register thereon to safeguard all assets against pilfering and other irregularities.
2. Account officers in South East, especially the internal audit teams of the institutions should develop a structure and pay regular visits to all areas of the institution in order to keep all employees alert so as to eliminate any hidden transactions that may affect the institution's aims and objectives.

3. Tertiary education institutions in South-East should apply consistent recording of assets in terms of their useful life as the useful life of an asset has direct correlation with the profits or losses of an institution.
4. Assets that have been derecognized should be removed from the asset register and the accounting entries for the asset disposal should be processed so that the profit or loss on the disposal should be determined at the time of disposal.
5. The management of tertiary education institutions in South-East should keep updating the payroll with new information technology to ensure that there is accuracy and speed in transmitting information concerning payroll between departments and the payroll section/unit.

Limitations of the Study

The generalizability of the findings of this study and conclusion drawn may have been influenced by a number of limitations: for a study like this that sought to get the opinion on implementation of assets auditing guidelines in financial reporting of tertiary education institutions in South East, Nigeria, chances are that accurate information may not have come from all the respondents using the questionnaire.

Also, the data gathered for this study were only from public tertiary educational institutions as the researcher wanted to compare institutions with

similar characteristics. Any significant results emerging from this study therefore may not necessarily reflect the situation at private tertiary educational institutions and further education and training institutions in South East, Nigeria but will undoubtedly prove useful in beginning to understand and address issues around implementation of assets auditing guidelines in financial reporting.

Suggestions for Further Study

The findings of the study have paved way for future research directions and investigations. The researcher suggests the following areas for further study:

1. Further research is needed on the same topic in other parts of the geopolitical zone to confirm or repudiate the implementation of assets auditing guidelines in financial reporting.
2. Further research is needed on the constraints on implementation of audit procedures for disposal of fixed assets in financial reporting in the public sector.
3. Further research is needed on the role of internal control on revenue collection in tertiary education institutions.

REFERENCES

- Abiola, I. (2009). An assessment of fraud and its management in Nigeria commercial bank. *European Journal of Social Science*, 10(4), 628-640.
- Abuazza, W. O. Mihret, D. G. James, K. & Best, P. (2015). The perceived scope of internal audit function in Libyan public enterprises. *Managerial Auditing Journal*, 30(6/7), 560-581. <https://doi.org/10.1108/MAJ-10-2014-1109>
- Abud, S. & Samaila, T. (2015). Firm's attributes and the financial performance of Nigeria deposits money banks. *1st Academic Conference of Accounting and Finance, 2015 Conference Proceedings*, 198-211
- Accounting Tools (2018). *How to record an advance to an employee*. Accounting CPE Courses and Books.
- Adagye, D. I (2015). Effectiveness of audit committee practices and the value of listed deposit money banks in Nigeria. *European Journal of Accounting Auditing and Finance Research*, 3(6), 80-90.
- Addisalem, A. L., & Bawe, T. W. (2014). An assessment of fixed asset management in the case of Addis Ababa University, 6 Kilo Campus.
- Adetoso, J. A., Oladejo, K. S., & Akesinro, A. S. (2013). The effectiveness of internal auditors in controlling fraud and financial irregularities in private universities in South-West, Nigeria. *Research Journal of Finance and Accounting*, 4(13), 57-65.
- Akinbuli, S. F. (2010). The effect of audit expectation gap on the work of auditors, the profession and users of financial information. *Niger. Accountant*, 43(4), 37-47.
- Akpomi, M. E., Ugodulunwa, C. A., & Nnadi, M. A. (2005). Strategies for fraud detection and minimization in Nigerian tertiary educational institutions. *Journal of Financial Management and Analysis*, 18(1).
- Anichebe, A.S. (2010). *Auditing and investigation*. Onitsha: Ade Graphics & Publishers 275p.
- Atu, O. K., & Atu, E. R. (2010). Auditing: The journey so far and its expectation gap. *Niger. Accountant*, 43(2), 46-52.

- Azuka, E. B. (2011). Fraud and fraud prevention in Nigeria educational system: Implication for national development. *Asaba Journal of Business and Vocational Education (AJBVE)*, 1(1), 1-5.
- Badara, S. (2012). The role of internal auditors in ensuring effective financial control at local government level: A case of Alkalari Local Government Area, *Research Journal Finance and Accounting*, 3(4), 78-85.
- Badara, M. S., & Saidin, S. Z. (2012). Improving the existing functions of internal audit at organizational level. *International Journal of Arts and Commerce*, 1(6), 38-46.
- Badara, M. S., & Saidin, S. Z. (2012). The status of internal audit at local government level in Nigeria. *Journal of Business and management*, 5(5), 37-41.
- Bahati, A. (2014). *Impact of computerized accounting system on performance of payroll accounting: A case of urban water supply and sewerage authorities*. A Dissertation Submitted in Partial Fulfillment for the Requirements for the Degree of Master of Business Administration of the Open University of Tanzania
- Berheci, M. (2010). Financial reports capitalization. *Accounting Syntheses: Theory, Analysis, Case Studies CECCAR PH, Bucharest*, 380.
- Bossart, M. (2018). What are tangible assets? Patriot Accounting Software. <https://www.patriotsoftware.com/blog/accounting/tangible-assets/>
- Bragg, S. M. (2017). *Fixed asset accounting 4th edition*. United States: Accounting Tools, Inc.
- Cenit Online (2015). Substantive audit procedures of non-current assets. CPA P1. <http://studyonline.ie/wp-content/uploads/2016/08/>
- Cohen, A. & Sayag, G. (2010). The effectiveness of internal auditing: An empirical examination of its determinants in Israeli organizations. *Australian Accounting Review*, 20(3), 296-307. <https://doi.org/10.1111/j.1835-2561.2010.00092.x>
- Drogalas, G., Alampourtsidis, S. & Koutoupis, A. (2014). Value-added approach of internal audit in the Hellenic police. *Corporate ownership*

- and control*, 11(4-7), 692-698.
<https://doi.org/10.22495/cocv11i4c7p11>
- Drogalas, G., Arampatzis, K. & Anagnostopoulou, E. (2016). The relationship between corporate governance, internal audit and audit committee: Empirical evidence from Greece. *Corporate ownership and control*, 14(1-4), 569-577.
<https://doi.org/10.22495/cocv14i1c4art3>
- Drogalas, G., Anagnostopoulou, E., Koutoupis, A., & Pazarskis, M. (2018). Relationship between internal audit factors and corporate governance. *Journal of Governance & Regulation*, 7(3), 13-17.
http://doi.org/10.22495/jgr_v7_i3_p2
- Ecaterial, A. (2007). The modern industrial revolution. *International Journal of Media Management*, 7(4), 112-120.
- EduPristine (2018). Financial reporting. *Chartered Financial Analysts Institute*. <https://www.edupristine.com/blog/financial-reporting>
- Esposito D, Heeringa J, Bradley K, Croake S, & Kimmey L (2015). *PCORI dissemination and implementation framework*. Washington, DC: Patient-Centered Outcomes Research Institute
- Federal Ministry of Finance (2011). *Internal audit guidelines*. Abuja: Audit Monitoring Department.
- Federal Republic of Nigeria. (2009). *Federal Government financial regulations*. Retrieved online from 15th May 2015 from http://www.ohcsf.gov.ng/Publications/financial_regulation.pdf?Itemid=530
- Federal Republic of Nigeria (FRN, 2014). *National policy on education*. Lagos: NERDC press.
- Ferguson, M. (2017). *Conducting an internal payroll audit. Payroll programs for small business*. Press Conference at the National Press Theatre in Ottawa, Sean Kilpatrick/Canadian Press.
- Financial Accounting Standards Board (FASB, 2016). The objectives of financial reporting. <http://www.iasplus.compdf>

- Fink, H., & Hussmann, K. (2013). Addressing corruption through sector approaches: Exploring lessons from the Moroccan anticorruption strategy for the health sector. *U4 Practice Insight*, 2013(2). Retrieved from: <http://www.cmi.no/publications/file/4786-addressing-corruption-through-sectorapproaches>. Pdf
- Fixed Asset Accounting and Management Procedures Manual (2013). Asset Valuation, Section 2.
- Fixsen, D., Blase, K., Metz, A., & VanDyke, M. (2013). Statewide implementation of evidence-based programs. *Exceptional Children (Special Issue)*, 79(2), 213-230.
- GAO (Government Accountability Office) (2000). *Managing for results: Continuing challenges to effective GPRA implementation*. Washington DC: Government Printing Office.
- Gbenga, T. (2014). *Analyzing the importance of internal auditors for John Holt Nigeria PLC*. Unpublished Bachelor's Degree Guideline in International Business.
- Gehya . E. F. (2014). *Role of performance audit on expenditure control in tertiary institutions in Mubi, Adamawa State*. An unpublished master's Thesis.
- Gehya, E. F., & Ibitomi, O. (2016). The role of internal audit in enhancing accountability in tertiary institutions in Kogi State, Nigeria. *Journal of Financial and Accounting*, 7(14), 1-8.
- Gyebi, F., & Quain, S. (2013). Internal control on cash collection. A case of the Electricity Company of Ghana Ltd, Accra East Region. *International Journal of Business and Social Science*, 4(9), 217-233.
- Hayes, R., Schilder, A., Dassen, R., & Wallage, P. (1999). *Principles of auditing: An international perspective*. London: McGraw-Hill Publishing Co.
- Hornby, A. S. (2015). *The oxford advanced learner's dictionary of current English* 8th edition, London: Oxford University Press.
- IASB, (2010), *The conceptual framework for financial reporting*. <http://eifrs.iasb.org/eifrs/bnstandards/en/framework.pdf>.]

- Ibrahim, J., Adeyemi, A. O., & Ayeni, A. P. (2016). Critical evaluation of accounting system in tertiary institutions in Osun State, Nigeria. *Journal of Economics and Sustainable Development*, 7(3), 63-76.
- IFRS. (2015). *International Public Sector Accounting Standards (IPSAS) Board, Handbook of International Public Sector Accounting Pronouncements*. New York: IFAC sub Committee.
- International Financial Reporting Standards IFRS (2015). The Conceptual Framework and Requirements Part A: Official Pronouncements.
- IIA (2008). Audit and evaluation sector audit and assurance services branch Indian and Northern affairs Canada. *Internal audit manual*.
- IIA (2009). Definition of internal auditing code of ethics. *International Standards for the Professional Practice of Internal Auditing. Institute of Internal Audit*.
- Institute of Chartered Accountants of Nigeria (ICAN). (2013). Nigerian standards on auditing. Retrieved online on July 5, 2015, from www.icanig.org/ican/documents/NSAs.pdf
- Institute of Chartered Accountants of India (2012). *Report on implementation of accounting standards in educational institutions of department of higher education, Ministry of human resource development*. New Delhi: University Grant Commission.
- Internal Audit Manual (n.d). Detailed guidance on specific audit areas. *Part 4*, 27-28.
- Jay, S. (2018). Audit procedures for fixed assets. <http://www.systemid.com/learn/improve-business-fixed-asset/>
- Jensen, M., & Meckling, W. (1976). Theory of a firm: managerial behavior, agency costs and ownership structure. *Journal of Financial Economics* 3:4, 305–360.
- Kean, B. (2016). *Rethinking value in the bio-economy: Finance, assetization and the management of value*. Science, Technology and Human Values. 42 (3): 460–490. doi:10.1177/0162243916661633

- Kehinde, O. H., Che-Ahmad, Oluwatoyin, M. & Popoola, J. (2016). *Determinants of internal audit task performance in Nigerian tertiary institutions: A conceptual approach*. International Conference on Accounting Studies (ICAS) 15-18 August 2016, Langkawi, Kedah, Malaysia.
- Kendra, J. (2017). Audit procedures for fixed assets. *Qualified Advice and Audit Partners*.
- Kenton, W. (2019). Advance payment. *Corporate Finance and Accounting*.
- Kieso, D. E, Weygandt, J. J., & Warfield, T. D. (2016). *Intermediate accounting 16th edition*. John Wiley and Sons Inc.
- Kumolu, C. (2014). Oil money controversy: Lingerings posers over forensic option. *Vanguard Media Limited, Nigeria*. Retrieved February 19, 2014.
- Kunze, D. K. (2010). *Assessment of the impact of organization structure on internal audit functions in public organization in Tanzania* – Unpublished Msc (A&F) Thesis, Mzumbe University.
- Lateef, O. M. (2013). Roles of internal audit in enhancing of accountability in Local Government Councils of Kaduna State. *ADSU Journal of Accounting Research AJAR*, 1(2), 72-81
- Laudon, K., & Laudon, J. (2010). *Essentials of information systems*, ninth edition, published by Pearson Education, (2010)
- Mbura, J. J. (2013). *Assessing the efficiency of internal auditing and its contribution to improving financial management in local government authorities in Tanzania: A case study of Musoma Municipal and District Councils*. A Dissertation submitted for award of the Degree of Master of Science in Accounting and Finance of Mzumbe University.
- Modibbo, S. A. (2015). Impact of internal audit unit on the effectiveness of internal control system of tertiary educational institutions in Adamawa State Nigeria. *International Journal of Humanities Social Sciences and Education*, 2(5), 140-156.
- Mwachiro, D. B. (2013). *Effects of internal controls on revenue collection: A case of Kenya revenue authority*. MBA Thesis submitted to the School of Business, University of Nairobi.

- NCCE (2006). *Internal audit manual for Federal Colleges of Education*. Abuja: NCCE
- Nwaigburu, K. O., & Mark, B. U. (2014). The use of accounting information in decision making for sustainable development in Nigeria: A study of selected tertiary institutions in Imo State. *International Journal of Scientific Research in Education*, 7(2), 167-175.
- Nworgu, B. G. (2015). *Educational research: Basic issues and methodology* (3rd edition). Enugu: University Trust Publishers.
- Nyaledzigbor, G. (2015). *Payroll fraud: Effects of ghost names on the Government wage bill in Ghana*. Walden Dissertations and Doctoral Studies Collection.
- Odimmega, C. G. (2015). *Extent of use of forensic accounting techniques in the detection and prevention of fraud in tertiary institutions in Anambra State*. Unpublished M.Sc Thesis submitted to the Department of Vocational Education, Faculty of Education, Nnamdi Azikiwe University, Awka.
- Okaro, S., & Okoye, E. (2012). Introduction of accrual accounting in Nigeria's public sector: The perception of auditors, preparers of financial statements and accounting academics. Retrieved on 2nd October, 2015 from <http://www.researchgate.net/publication/255726716>
- Okezie, B. N. (2008). *Audit and assurance services*. Aba: Concept Publishers.
- Osei, M. (2012). *The methods of payment and their impact on fees paying in tertiary institution: A case of Takoradi Polytechnic*. A Thesis Submitted to the Institute of Distance Learning, Kwame Nkrumah University of Science and Technology in partial fulfillment of the requirements for the Degree of Common Wealth Executive Masters of Business Administration.
- Papapostolou, M. (2011). The impact of the revaluation of tangible fixed assets at fair value on borrowing ability, on exports and on financial position evidence from the Greek SMEs in textile industry.

- Public Procurement Oversight Authority. (2009). *Public procurement and disposal general manual*. Nairobi: USAID Kenya.
- Rai, D. (2013). *Audit of educational institutions*. <https://www.slideshare.net/drishtirai/audit-of-educational-institutions>
- Rouse, M. (2017). *Implementation. TechTarget Research*. <https://www.techtarget.com/contributor/Margaret-Rouse>
- Ruhland, T. (2014). *Five critical reasons for conducting a payroll audit*. Accuchex Payroll Management Services. <https://blog.accuchex.com/five-critical-reasons-for-conducting-a-payroll-audit>
- Satyanarayana, I., Sidhu, N. B. C. & Naresh, A. (2015). Evaluation of fixed assets management. *International Journal of Scientific Research and Management (IJSRM)*, 3(3), 2500-2504.
- Sheth, N. (2015). How to audit debtors, loans and advances.
- Spring (2017). *Fixed asset controls and reporting: Who's paying attention to your largest assets?* Duff & Phelps, LLC.
- Subomi, O. (2010). *Principles of auditing and other assurance services*. Lagos Nigeria: Nature Printers
- Sunildutt, K. (2013). *An investigation into the accounting treatment of property, plant and equipment at public higher education institutions in South Africa*. Master's Thesis submitted to the Department of Cost and Management Accounting in the Faculty of Accounting and Informatics at the Durban University of Technology.
- Susan, A. M., & Namusonge, G. S. (2014). Factors affecting the rate of disposal of assets in public sector organizations: A case study of Yatta Sub-County-Kenya. *International Journal of Academic Research in Business and Social Sciences*, 4(5).
- Tanui, P. J. (2016). Asset management practices as a boon for a successful business a case of Kenya's businesses. *European Journal of Accounting, Auditing and Finance Research*, 4(6), 81-95.
- The Chartered Accountant (2011). Guidance note on audit of property, plant and equipment, 138-144.

- The Chartered Institute of Internal Auditors (2013). *Effective internal audit in the financial services sector*. Published by the UK and Ireland affiliate of the IIA.
- The Institute of Internal Auditors (2010). *Measuring internal audit effectiveness and efficiency*. IPPF- Practice Guide.
- The Institute of Internal Auditors (IIA), 2012, *Practice Guides (PG)*, [online] available at webpage <http://www.theiia.org/guidance/standards-and-guidance/ippf/practice-guides/>, downloaded at 03.04.2012.
- The Institute of Internal Auditors (2012). International standards for the professional practice of internal auditing (*Standards*) Issued: October 2008 Revised: October 2012. Retrieved from <http://www.theiia.org/guidance/standards-and-guidance/ippf/standards/full-standards/>
- The Institute of Internal Auditors (2014). Code of ethics. URL: <https://na.theiia.org/standards-guidance/mandatory-guidance/Pages/Code-of-Ethics.aspx>. Accessed: 4 Oct 2014.
- The Institute of Internal Auditors (2016). International standards for the professional practice of internal auditing (Standards) Revised: October 2016, 1- 25.
- Tracet, C. (2016). Fixed assets auditing in educational institutions. Enterprise Grade Fixed Asset Management Software. <http://tracet.in/blogposts/fixed-asset-auditing-in-educational-institutions/>
- Unegbu, A., & Kida, M. (2011). Effectiveness of internal audit as instrument of improving public sector management. *Journal of Emerging trends in Economics and Management Science* 2 (4): 304-309.
- University of Ibadan (2014). *Audit manual*. Ibadan: The Internal Audit Department, University of Ibadan.
- Usman, M. M., & Ogbada, E. I. (2010). A critical analysis of the true and fair view concept of the contemporary auditor in Nigeria corporate organizations. *Nigeria Accountant*, 43(1): 15-18.

- Uzoagulu, A. E. (2012). *Practical guide to writing research, project report in tertiary institutions*. Enugu: John Jacob's Classic Publishers Ltd.
- VanBaren, J. (2017). Audit procedures to ensure the existence of assets. *ACCA Global Designing Audit Procedures*.
- Whawo, D.D. (2015). A search for a solution to corruption in Tertiary Institutions in the Delta State of Nigeria. *IOSR Journal of Humanities and Social Science*, 20(3):05-10

Appendix A

Transmittal Letter

Department of Technology and Vocational Education
Faculty of Education
Nnamdi Azikiwe University
Awka

28th August, 2018

Dear Sir / Madam

REQUEST FOR COMPLETION OF A QUESTIONNAIRE

I am a postgraduate student of the above institution carrying out a research on the “Implementation of Asset Auditing Guidelines in the Financial Reporting of Tertiary Educational Institutions in South-East Nigeria.”

As a principal accounts officer, you have been identified as an important resource person in respect of this study. You are hereby requested to respond to the content of this questionnaire as honestly as possible to assist in this investigation.

This research work is an academic exercise and you are assured that your responses will be used only for the stated purpose and treated with confidentiality.

Thanks for your anticipated co-operation.

Yours faithfully

Signed

Okonkwo, Mary Ukamaka
Researcher

Appendix B

Questionnaire on Implementation of Asset Auditing Guidelines in Financial Reporting (QIAAGFR)

Section A: Respondent's background information

Instruction: Please supply the required information by ticking (V) in the appropriate spaces for item 1 below:

1. Type of tertiary institution

- | | |
|-------------------------|--------------------------|
| a) University | <input type="checkbox"/> |
| b) Polytechnic | <input type="checkbox"/> |
| c) College of Education | <input type="checkbox"/> |

2. Ownership of Institution

- | | |
|------------|--------------------------|
| a) Federal | <input type="checkbox"/> |
| b) State | <input type="checkbox"/> |

SECTION B

Listed below are items on the implementation of asset auditing guideline in the financial reporting of tertiary educational institutions. As a principal accounts officer, kindly indicate by ticking (√) on items B1 – B5 on the extent of implementation of asset auditing guidelines in financial reporting in your institution.

Use the following response categories to indicate your rating:

Very Highly Implemented - VHI

Highly Implemented - HI

Moderately Implemented - MI

Low Implemented - LI

Very Low Implemented - VLI

B1: Audit guideline for fixed assets

S/No	Items on fixed assets	VHI	HI	MI	LI	VLI
1	Ensuring existence of an up to date fixed asset register					
2	Checking from approved annual budget to confirm provision for acquisition of assets					
3	Examining the necessary documents to ensure authorization for acquisition of the assets					
4	Ensuring that all documents are duly filed					
5	Carrying out periodic verification assets to confirm location, condition and identification number					
6	Verifying improvement and maintenance of assets					
7	Determining the depreciation charge					
8	Ensuring existence of fixed asset list					
9	Verifying valuation certificate					
10	Regularly updating valuation of revalued assets					

B2: Audit guideline for disposal of fixed assets

S/No	Items on disposal of fixed assets	VHI	HI	MI	LI	VLI
11	Existence of an up to date fixed asset disposal register					
12	Adhering to the provisions of financial regulations and accounting manual on disposal of fixed assets					
13	Ensuring that assets to be disposed off are as recommended by the Board of Survey and duly approved					

	by the Management					
14	Ensuring that identification numbers are attached to the assets to be boarded					
15	Ensuring that date of boarding and items to be boarded are wisely publicized					
16	Ensuring that receipts are issued on payment by the highest bidders					
17	Ensuring removal of the disposed assets from the fixed asset register					
18	Ensuring transparency in the whole process of bidding					

B3: Audit guideline for cash collections and bank arrangements

S/No	Items on cash collections and bank	VHI	HI	MI	LI	VLI
19	Ensuring strong internal controls for cash collections					
20	Comparing cashbook with bank tellers					
21	Reconciliation of cashbooks, bank tellers, lodgement registers and bank statement					
22	Complete and accurate recording and disclosure of all cash transactions					
23	Recording all cheques and cash on a deposit slip					
24	Issuing receipts for all monies, cash, cheques, drafts, money order collected and lodged in the bank.					
25	Recording of cheques correctly and promptly					
26	Proper filing of cash and bank documents.					

B4: Audit guideline for payroll and expense arrangement

S/No	Items on payroll and expense arrangements	VHI	HI	MI	LI	VLI
27	Verifying duties of all workers in the payroll department					
28	Generating payroll report that identifies active employees					
29	Ensuring that payroll information is accurate and up-to-date					
30	Comparing the balances of expense account with the budgeted balance for the current period					
31	Reviewing all expense account to determine whether accrued expenses are recorded appropriately					
32	Confirming all the expenses by appropriate authority					
33	Verification of current employment status of employees					
34	Reviewing and reconciling banking activities					
35	Assessing record keeping procedures to ensure compliance with auditing guidelines					

B5: Audit guideline for staff advances and staff debtors

S/No	Items on payroll and expense arrangements	VHI	HI	MI	LI	VLI
36	Ensure authorization of advances and loans					
37	Loans and advances are properly described and classified.					
38	Adequate disclosures with respect to the amounts described have been made.					
39	Ensuring that loans agreement are duly signed and checked					

40	Interest on loans and advances, if any, has been properly calculated and recorded.					
41	Ensuring that rules and regulations guiding loans and advances are strictly adhered to					
42	Allowances for doubtful debts are adequate.					
43	Reviewing and reconciling banking activities					
44	Determine whether the amounts are of a short-term nature and are properly classified in the financial statements.					

Appendix C

Population Distribution of Account Officers in Tertiary Institutions South East Nigeria

STATE	S/NO	NAME OF INSTITUTION	NUMBER OF ACCOUNTING OFFICERS
Abia	1	Michael Okpara University of Agriculture Umudike	63
	2	Abia State University, Uturu	54
	3	Abia State College of Education (Technical), Arochukwu	27
	4	Abia State Polytechnic, Abia	47
Anambra	5	Nnamdi Azikiwe University Awka	136
	6	Federal Polytechnic Oko	77
	7	Federal College of Education (Technical) Umunze	33
	8	Chukwuemeka Odummegwu University, Igbariam	59
	9	Nwafor Orizu College of Education, Nsugbe	25
	10	Anambra State Polytechnic, Mgbakwu	13
Ebonyi	11	Federal University Ndufu Alike Ikwo	71
	12	Federal Polytechnic Uwana-Afikpo	53
	13	Federal College of Education Eha-Amufu	29
	14	Ebonyi State University	49
	15	Ebonyi State College of Education, Ikwo	23
Enugu	16	University of Nigeria Nsukka	137
	17	Enugu State University of Science and Technology, Enugu	87
	18	Enugu State College of Education (Technical), Enugu	26
	19	Institute of Management and Technology, Enugu	58

Imo	20	Federal University of Technology Owerri	157
	21	Federal Polytechnic Nekede	50
	22	Alvan Ikoku Federal College of Education Owerri	43
	23	Imo State University, Owerri	65
	24	Imo State Polytechnic, Umuagwo	25
Total			1405

Appendix D

Sample Distribution of Account Officers

S/NO	STATE	NAME OF INSTITUTION	NUMBER OF ACCOUNT OFFICERS	ACCOUNT OFFICERS using Taro Yamane Formula
1	Abia	Michael Okpara University of Agriculture Umudike	63	4.48% of 311= 14
2		Abia State University, Uturu	54	3.84% of 311= 12
3		Abia State College of Education (Technical), Arochukwu	27	1.92% of 311= 6
4		Abia State Polytechnic, Abia	47	3.35% of 311=10
5	Anambra	Nnamdi Azikiwe University Awka	136	9.68% of 311= 30
6		Federal Polytechnic Oko	77	5.48% of 311= 17
7		Federal College of Education (Technical) Umunze	33	2.35% of 311= 7
8		Chukwuemeka Odumegwu University, Igbariam	59	4.2% of 311= 13
9		Nwafor Orizu College of Education, Nsugbe	25	1.78% of 311 = 6
10		Anambra State Polytechnic, Mgbakwu	13	0.93% of 311= 3
11	Ebonyi	Federal University Ndufu Alike Ikwo	71	5.05% of 311= 16
12		Federal Polytechnic Uwana-Afikpo	53	3.77% of 311= 12
13		Federal College of Education Eha-Amufu	29	2.06% of 311= 6

14		Ebonyi State University	49	3.49% of 311= 11
15		Ebonyi State College of Education, Ikwo	21	1.49% of 311= 5
16	Enugu	University of Nigeria Nsukka	137	9.75% of 311= 30
17		Enugu State University of Science and Technology, Enugu	87	6.19% of 311= 19
18		Enugu State College of Education (Technical), Enugu	26	1.85% of 311= 6
19		Institute of Management and Technology, Enugu	58	4.13% of 311= 13
20	Imo	Federal University of Technology Owerri	157	11.17% of 311= 35
21		Federal Polytechnic Nekede	50	3.56% of 311= 11
22		Alvan Ikoku Federal College of Education Owerri	43	3% of 311= 9
23		Imo State University, Owerri	65	4.63% of 311= 14
24		Imo State Polytechnic, Umuagwo	25	1.78% of 311= 6
Total			1405	311

Appendix E

Cronbach Alpha Reliability Output

Reliability

AUDIT GUIDELINE FOR FIXED ASSET

Case Processing Summary

		N	%
Cases	Valid	20	100.0
	Excluded ^a	0	.0
	Total	20	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.810	10

Reliability

DISPOSAL OF FIXED ASSET

Case Processing Summary

		N	%
Cases	Valid	20	100.0
	Excluded ^a	0	.0
	Total	20	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.802	8

Reliability

REVIEW OF CASH AND BANK ARRANGEMENT

Case Processing Summary

		N	%
Cases	Valid	20	100.0
	Excluded ^a	0	.0
	Total	20	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.906	8

Reliability

PAYROLL AND EXPENSE ARRANGEMENT

Case Processing Summary

		N	%
Cases	Valid	20	100.0
	Excluded ^a	0	.0
	Total	20	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.844	9

Reliability

STAFF ADVANCES AND STAFF DEBTORS

Case Processing Summary

		N	%
Cases	Valid	20	100.0
	Excluded ^a	0	.0
	Total	20	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.874	9

Summary of all the clusters

Case Processing Summary

		N	%
Cases	Valid	20	100.0
	Excluded ^a	0	.0
	Total	20	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.846	44

Appendix F

Data Analysis Output

Descriptive

Descriptive Statistics

	N	Mean	Std. Deviation
Ensuring existence of an up to date fixed asset register	297	4.0067	.64720
Checking from approved annual budget to confirm provision for acquisition of assets	297	4.0236	.65974
Examining the necessary documents to ensure authorization for acquisition of the assets	297	2.9495	.66333
Ensuring that all documents are duly filed	297	2.6263	.61379
Carrying out periodic verification assets to confirm location, condition and identification number	297	2.6330	.62330
Verifying improvement and maintenance of assets	297	4.0236	.66484
Determining the depreciation charge	297	2.8485	.68325
Ensuring existence of fixed asset list	297	3.0303	.71359
Verifying valuation certificate	297	4.0707	.69144
Regularly updating valuation of revalued assets	297	2.8956	.68715
Valid N (listwise)	297		

Descriptives

Descriptive Statistics

	N	Mean	Std. Deviation
Existence of an up to date fixed asset disposal register	297	3.9697	.69924
Adhering to the provisions of financial regulations and accounting manual on disposal of fixed assets	297	2.6263	.60268
Ensuring that assets to be disposed off are as recommended by the Board of Survey and duly approved by the Management	297	2.4848	.57003
Ensuring that identification numbers are attached to the assets to be boarded	297	4.1380	.67619
Ensuring that date of boarding and items to be boarded are wisely publicized	297	2.4949	.55824
Ensuring that receipts are issued on payment by the highest bidders	297	4.0034	.68526
Ensuring removal of the disposed assets from the fixed asset register	297	4.0707	.71545
Ensuring transparency in the whole process of bidding	297	2.6397	.63791
Valid N (listwise)	297		

Descriptives

Descriptive Statistics

	N	Mean	Std. Deviation
Ensuring strong internal controls for cash collections	297	3.8990	.69983
Comparing cashbook with bank tellers	297	3.8350	.75542
Reconciliation of cashbooks, bank tellers, lodgement registers and bank statement	297	2.5320	.75772
Complete and accurate recording and disclosure of all cash transactions	297	2.5556	.75635
Recording all cheques and cash on a deposit slip	297	2.5623	.77350
Issuing receipts for all monies, cash, cheques, drafts, money order collected and lodged in the bank.	297	2.6465	.75310
Recording of cheques correctly and promptly	297	3.7980	.68250
Proper filing of cash and bank documents.	297	2.7542	.76463
Valid N (listwise)	297		

Descriptives

Descriptive Statistics

	N	Mean	Std. Deviation
Verifying duties of all workers in the payroll department	297	2.6667	.73061
Generating payroll report that identifies active employees	297	2.6061	.69484
Ensuring that payroll information is accurate and up-to-date	297	2.6061	.80310
Comparing the balances of expense account with the budgeted balance for the current period	297	2.6498	.68177
Reviewing all expense account to determine whether accrued expenses are recorded appropriately	297	1.9057	.68616
Confirming all the expenses by appropriate authority	297	2.8822	.71394
Verification of current employment status of employees	297	3.5926	.74820
Reviewing and reconciling banking activities	297	2.6027	.70019
Assessing record keeping procedures to ensure compliance with auditing guidelines	297	1.8384	.67844
Valid N (listwise)	297		

Descriptives

Descriptive Statistics

	N	Mean	Std. Deviation
Ensure authorization of advances and loans	297	3.7609	.72136
Loans and advances are properly described and classified.	297	3.7172	.67344
Adequate disclosures with respect to the amounts described have been made.	297	2.3199	.67936
Ensuring that loans agreement are duly signed and checked	297	3.6296	.62401
Interest on loans and advances, if any, has been properly calculated and recorded.	297	3.6970	.63333
Ensuring that rules and regulations guiding loans and advances are strictly adhered to	297	3.8889	.68609
Allowances for doubtful debts are adequate.	297	2.6532	.69087
Reviewing and reconciling banking activities	297	2.6229	.63609
Determine whether the amounts are of a short-term nature and are properly classified in the financial statements.	297	3.8081	.68295
Valid N (listwise)	297		

Oneway

ANOVA

Audit for fixed asset

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	12.4	2	6.2	1.121	.327
Within Groups	1626.1	294	5.5		
Total	1638.6	296			

Oneway

ANOVA

Audit for disposal of fixed asset

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.032	2	2.048	.539	.584
Within Groups	1106.624	294	3.776		
Total	1110.72	296			

Oneway

ANOVA

Audit for cash and bank

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	13.824	2	6.912	1.373	.255
Within Groups	1478.4	294	5.056		
Total	1492.224	296			

Oneway

ANOVA

Audit for payroll

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	15.795	2	7.857	1.921	.148
Within Groups	1205.847	294	4.131		
Total	1221.561	296			

Oneway

ANOVA

Audit for staff advances

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	26.487	2	13.203	2.771	.064
Within Groups	1403.73	294	4.779		
Total	1430.136	296			

T-Test

Group Statistics

	ownership of institution	N	Mean	Std. Deviation	Std. Error Mean
Audit for fixed asset	Federal	192	3.3109	.23162	.01672
	State	105	3.3105	.24295	.02371

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2- tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Audit for fixed asset	Equal variances assumed	.023	.880	.016	295	.987	.00046	.02861	-.05584	.05676
	Equal variances not assumed			.016	205.449	.987	.00046	.02901	-.05673	.05766

T-Test

Group Statistics

	ownership of institution	N	Mean	Std. Deviation	Std. Error Mean
Audit for disposal of fixed asset	Federal	192	3.3053	.23988	.01731
	State	105	3.3000	.24734	.02414

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Audit for disposal of fixed asset	Equal variances assumed	.113	.737	.181	295	.856	.00534	.02944	-.05260	.06327
	Equal variances not assumed			.180	208.470	.858	.00534	.02970	-.05322	.06390

T-Test**Group Statistics**

	ownership of institution	N	Mean	Std. Deviation	Std. Error Mean
Audit for cash and bank	Federal	192	3.0592	.28969	.02091
	State	105	3.0976	.26288	.02565

Independent Samples Test

		Levene's Test for Equality of Variances	t-test for Equality of Means

T-Test

Group Statistics

	ownership of institution	N	Mean	Std. Deviation	Std. Error Mean
Audit for staff advances	Federal	192	3.3437	.24123	.01741
	State	105	3.3450	.25079	.02447

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2- tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Audit for staff advances	Equal variances assumed	.138	.710	-.041	295	.967	-.00122	.02969	-.05966	.05722
	Equal variances not assumed			-.041	207.011	.968	-.00122	.03004	-.06044	.05799