

# Auditing and Fraud Control in Tertiary Institutions in Cross River State, Nigeria

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## ABSTRACT

The study examined the influence of auditing reform on fraud control in tertiary institutions in Cross River State, Nigeria. Three hypotheses formulated and tested. Survey research design was adopted for study. The population of the study consisted ninety one (91) audit staff in the study area, which was all used in the study. A structured researcher-made questionnaire titled Auditing and Fraud Control in Tertiary Institution Questionnaire (AFCTIQ) was the instrument for data collection. A trial test was carried out on 24 audit staff in University of Uyo which yielded reliability indices of 0.75-0.82. The research questions were answered with mean and standard deviation, while hypotheses were analyzed using Simple Linear Regression. The results revealed that internal, forensic and external auditing significantly influences fraud control in tertiary institutions. Based on the findings, the study concluded that to reduce fraudulent activities, auditing, be it internal, forensic and external audit could be utilized. It was recommended among others that school management could employ seasoned internal auditors that would be independent in auditing the financial transactions of the institutions and could from time to time engage the services of forensic auditors to detect fraud at its early stage.

**Key Word:** Reform, Auditing, Fraud, Fraud Control

## INTRODUCTION

Fraud is an intentional act of acquiring assets, money or other valuables without due authorization. It is an act of deceit that deprives others from what rightly belong to them. According to International Standard on Auditing (2009), fraud is an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage. Frauds can occur to individuals and also to business organizations including tertiary institutions.

Researches have indicated that accounting crimes have permeated the tertiary institutions with attendant effects on development. According to Chidumaga

(2017), accounting crimes in Nigeria's tertiary institutions (Cross River State inclusive) have continued to be a threat to the development and smooth operations of the institutions. There have been observed cases of tussle among staff on issues of misappropriation and embezzlement of funds meant for developmental projects and salaries of academic and administrative staff by school management and this may have made it impossible for the institutions in the study area to be fully equipped with the needed infrastructure and learning facilities. It has been observed that the Economic Financial Crime Commission (EFCC) has in many occasions invited past Vice Chancellors to answer questions about expenses incurred while they were in office.

The Independent Corrupt Practices and Other Related Offenses Commission (ICPC) admitting the facts about fraud in tertiary institutions, stated that "it is inundated daily with petitions from students, staff, unions and other stakeholders alleging all manner of corrupt practices and abuses in most of our tertiary institutions" (Punch, September 12, 2017: 22).

Just like any other organization that Nigerian operates, the Nigerian factor has penetrated our tertiary institutions, fraud has been observed to be the order of the day in our tertiary institutions. Funds meant for developmental project, for lecturers and administrative staff salaries have in most cases been diverted to private coffers. Today, some of the tertiary institutions in the study area owe their staff for some months, while others pay half salaries. All these are institutional factor, as government is still doing its little best

To salvage organizations from the collapse that will result from fraud, it is necessary that organizations place measures that will enable them control fraud. Fraud control are measures or control established by management of an organization to enable them detect and prevent material misstatement that may arise from fraudulent practices. It can also be seen as an internal control system with embodiment of policies, procedures, laws and regulations that ensures that the objectives of the organization are achieved.

Statutorily, because of the complex nature of organizations including tertiary institutions, it is required that, its account be audited, to ascertain whether the reports presented by management are prepared in conformity with the rules and regulations, and free from material misstatements. From audit emerge auditing which is an act of examining an organization's financial and operational records to ascertain whether records are kept in accordance with laid down procedures and policies in the discharge of financial and operational obligations.

According to Montgomery (2013), auditing is a systematic examination of the books and records of a business or organization in order to ascertain or verify and to report upon the facts regarding the financial operation and the result thereof. It is a process of examining, scrutinizing financial records or documents prepared by a designated financial officer, in order to render an opinion on the correctness of the account prepared, whether it presents a true and fair view (Ohonba, 2015). Auditing may have a greater impact in the control of fraud and financial irregularities in universities that make effective use of their auditing system. Auditors may have a significant role to play in the detection and prevention of fraud because they are not only agents of shareholders but their access to internal and external information makes them efficient monitors (Dyck, Morse & Zingales, 2008).

Filli and Opeyemi (2016) defined internal auditing as an appraisal activity established within an organization as a service to it. It is a control which functions by examining and evaluating the adequacy and effectiveness of other controls, originally concerned with the financial records. Increased expectations from internal audit in the fight against fraud arise from the fact that it is a function which, focused on creating added value for the organization, knows all its processes and activities (Milica & Tadija, 2015). They added that through the proper implementation of its tasks and activities, internal audit can actually greatly contribute to the prevention and detection of fraud. Performance Standard 2100 of the International Standard for the Professional Practice of Internal Auditing (ISPPA, 2012) mandated internal audit task and activities to evaluate and contribute to the improvement of organizational governance, risk management, and control process. Standard 2120, internal audit particularly requires internal auditors to assess the risk exposures of their organizations; reliability of financial and operational information; quality of operations and programs; and

safeguard of the organization's assets. Professional Standards stipulate that the task performance of IAD is enhanced if the management supports its operations, and the internal auditors themselves possess necessary communication skills (ISPPIA, 2012).

A study conducted Kevin (2003) on the effects of internal audit structure on perceived financial statement fraud prevention. The study focused on the independence of the auditor and its role in improving the work plan of the audit carried out in the United States. The study found the following results: a. the impression among these officials is that the internal auditors under the guidance of their reports to senior management at the center cannot enable them to reduce fraud financial statements. b. The guide reviewers reported to the Board which was at the center of a greater autonomy result as they can reduce fraud for financial statements. c. The study did not show differences in the prevailing impression whether it reduce the possibility of fraud financial statements dating back to the audit function.

Christopher (2014) also examined internal audit functions and how they enhance university sector governance in Australia. The finding of the study revealed that the universities in Australia have internal audit charter which empowered IAD to perform its task as required. Consequently, the result of the study further showed that the performance of internal audit was effective, and the department covered a broad range of audit tasks consisting of a financial audit, operational audit, performance-based audit, compliance audit, internal audit, fraud audit, and consultancy type of audit.

A study by Alzeban and Gwilliam (2014) on factors affecting the internal audit effectiveness: a survey of the Saudi public sector. The study assessed factors influencing internal audit effectiveness (IAE) in Saudi Arabia. Data were obtained from 203 managers and 239 internal auditors from 79 Saudi Arabian public

sector organizations. Results suggested that management support for IAE drives perceived effectiveness of the internal audit function from both management's and the internal auditors' perspective. Management support is linked to hiring trained and experienced staff, providing sufficient resources, enhancing the relationship with external auditors, and having an independent internal audit department. This outcome of the study indicated that both managers and internal auditors perceived internal audit to be performing its task as expected. This is evidenced by internal audit review of the adequacy of the internal control system; review of the accuracy of financial report; review of compliance with policies and procedures; safeguarding the properties of the organization and recommending improvement of established internal control system.

A study was carried out by Adegbe and Fakile (2012), on the evaluation of forensic accounting (auditing) as antidote to economic and financial crime in Nigeria. Questionnaires were administered to the sampled population. The results showed that forensic auditing is a financial strategy to curb and resolve economic and financial crimes in Nigerian economy. They recommended that the government of Nigeria should enact a law that will make forensic accounting a practice in Nigeria so that economic and financial crimes can become history.

A study was carried out by Imam, Kumshe and Jajere (2015), on applicability of forensic accounting services for financial fraud detection and prevention in the public sector of Nigeria. The population of the study comprised 455 Accountants divided into two (225 from core public sector and 230 from government agencies and the professionals) is made up of the Accountants and Auditors in the office of the Accountant-General of the federation and the Auditor-General for the federation, Economic and Financial Crimes Commission of Nigeria (EFCC), Independent Corrupt Practices Commission

of Nigeria (ICPC), the Criminal Investigation Department of the Nigeria Police Force (NPF) who are in charge of either forensic investigation or fraud investigators (core public sector) and the members of the Institute of Forensic Accountants, Institute of Chartered Accountants of Nigeria, Association of National Accountants of Nigeria, The Institute of Treasury Managers and the Nigeria Bar Association (the professionals). The results of the study stated that thorough investigation and documentation of records through forensic accounting techniques can detect fraudulent financial practices and it was agreed by all respondents that forensic accounting checking techniques if applied appropriately can prevent and detect fraud in the Nigeria Public Sector from the responses obtained.

A study by Adeyemi and Olowookere (2011), on audit expectation gap examined the level and nature of expectation gap (performance gap) between auditors and users of financial statements. They sought to establish whether or not there are differences between users of financial statements and auditors' perception of management responsibility for the preparation of financial statements, its reliability and decision usefulness. Chi-square ( $\chi^2$ ) was used to analyze the data obtained from the study. Two hundred and fifty (250) copies of the instrument were distributed using purposive sampling technique. The findings of this study indicated that there is a wide expectation gap in the areas of auditors' responsibility for fraud prevention and detection. There is no generally accepted description of the role of the auditor. Audit scandals have negative impact on auditor's credibility. The users of financial statements should be enlightened more on the responsibilities of auditors on the financial statements. The role of the auditor should be clarified and quality control measures should be observed in audit firms.

Oluwagbemiga (2010) carried a study on the role of auditors in fraud

detection and prevention in Nigeria. Convenience sampling methodology was adopted; the respondents were bankers, managers, investors and accountants. 184 questionnaires were analyzed using descriptive statistics that yielded a 92 per cent response rate. Furthermore, more than 90 per cent of the respondents claimed that they were aware of what auditors do. The high level of awareness combined with their accounting qualifications and audit experience added credibility to the findings of the research. The major finding of this study is that auditors are not responsible for preventing or detecting fraud. This study was also carried out in the private sector.

In another study carried out by Okunbor and Obaretin (2010), on the application of forensic accounting services by corporate organizations in Nigeria as effective in deterrent to fraudulent financial practices and to also find out the perception of the users of quality of forensic accounting services in Nigeria. The study showed amongst others that the application of forensic accounting services by corporate organizations in Nigeria is not effective in deterring fraudulent activities. Based on the findings of the study, it was recommended that organizations should formulate good personnel and recruitment policies attracting high pay as the antidote for fraud scourge. It was also recommended that management should adopt an accounting system that is sound in principle and practice and that the various anti-corruption agencies in the country should be re-positioned by government for greater performance.

In another study conducted by Kassem and Higson (2016) on external auditors and corporate corruption: implications for external audit regulators, whose objectives were two fold. The findings of the study revealed that external auditors are likely responsible for detecting material misstatements arising from corruption that would have a material impact on the financial statements. However, this was not directly and clearly stated in audit standards but rather implied.

Audit standards also unjustifiably implied that corruption might not have an impact on the financial statements unlike other types of internal fraud such as asset misappropriation and financial reporting fraud. However, evidence from prior literature proved otherwise and showed how corruption could lead to misrepresentations in the financial statements. The findings also revealed that in case of corruption scandals, external auditors are likely to come under scrutiny.

The existence and in fact, the high incidence of fraud in university brings to mind the question of competence, skills, due care, honesty, and integrity of auditors in tertiary institutions. It is based on the above backdrop that this study has been designed to investigate the influence of auditing on fraud control in tertiary institutions in Cross River State Nigeria.

### 1.3 Statement of the problem

Tertiary institution in Nigeria is that aspect of education that prepares individuals for a total development to provide for themselves and contribute to national development. For some time now, Nigeria has been experiencing increasing fraudulent practices in the institutions. It has been observed that many former Vice Chancellors have been overtime invited by Economic Financial Crime Commission (EFCC) to defend allegations levelled against them. This is evident in the report of the Independent Corrupt Practices and Other Related Offences Commission which said that it is inundated daily with petitions from students, staff, unions and other stakeholders alleging all manner of corrupt practices and abuses in most of our tertiary institutions (Punch, September 12, 2017). This is a great concern, because it is expected that the presence of auditors in these institutions may be able to deter individuals from fraudulent practices. When fraud occurs in work place, the question asked is “where were the accountants and auditors? Since an auditor has the responsibility for the prevention, detection,

and reporting of fraud, and other illegal acts and errors. The observed existence and the high incidence of fraud in tertiary institutions in the study area bring to mind the question of competence, skills, due care, honesty, and integrity of auditors in these tertiary institutions.

Clearly stated, fraud is a pervasive corporate problem, affecting organizations across industries and sectors without regard to size. In view of the fact that fraudulent activities bring disastrous consequences, failure to put deterrent procedures in place could put an institution out of service within days. It is on this note, that this study examined the influence of auditing on fraud control in tertiary institutions in Cross River State, Nigeria.

### Purpose of the study

The purpose of this study was to examine the impact of auditing on fraud control in tertiary institutions in Cross River State, Nigeria. Specifically, the study examined the impact of:

1. Internal auditing on fraud control in tertiary institutions.
2. Forensic auditing on fraud control in tertiary institutions.
3. External auditing on fraud control in tertiary institutions.

### Research questions

1. How does internal auditing influence fraud control in tertiary institutions?
2. What is the influence of forensic auditing on fraud control in tertiary institutions?
3. To what extent does external auditing influence fraud control in tertiary institutions?

### Statement of hypotheses

1. Internal auditing does not significantly influence fraud control in tertiary institutions.
2. There is no significant influence of forensic auditing on fraud control in tertiary institutions.

3. There is no significant influence of external auditing on fraud control in tertiary institutions.

**METHODOLOGY**

The research design adopted for this study was survey design. According to Isangedighi, Joshua, Asim and Ekuri (2004), survey design is used to find out what situations, events, attitudes or opinions are occurring in a population. It tries to address issues of distribution of some phenomena in a population or among sub groups of a population. The survey design is suitable for the study as this study aimed at finding out the opinion of audit staff on how auditing enhance fraud control. The method also enables the researcher to gather information about variables rather than information

about individuals (Ndiyo, 2005). Finally, this method enables the researcher to gather data at a particular time with the intention of describing the existing condition, identifying standard against which conditions can be compared and determining the relationship that exist between specific events. The population of this study comprised 91 internal audit staff in all public tertiary institutions in Cross River State, Nigeria. All the 91 internal audit staff in all public tertiary institutions in Cross River State, Nigeria participated in the study.

**Presentation and Analysis of Data**

The data presentation and analysis were based on the research question and hypotheses formulated for the study.

**Research Question 1**

1 How does internal auditing influence fraud control in tertiary institutions in Cross River State, Nigeria?

**Table 1: The mean ratings of the influence of internal auditing on fraud control in tertiary institutions in Cross River State, Nigeria.**

S/N	Internal Auditing	Mean	SD	Remarks
1	Verify the existence of assets and obligations stated in the institution’s books of account.	2.82	0.48	Agree
2	Apply interview and analytic audit technique to control fictitious contracts and supplies.	2.03	0.65	Disagree
3	Interview and analytic audit technique to control diversion of funds/assets and unauthorized payment to third parties.	2.72	0.58	Agree
	Apply interview and analytic audit technique to control misappropriation of funds/assets.	2.34	0.55	Disagree
4	Apply interview and analytic audit technique to control falsification of financial records.	2.64	0.51	Agree
	Grand mean	2.54		Agree

Table 1 showed the result of the influence of internal auditing on fraud control in tertiary institutions in Cross River State, Nigeria. From the table, the overall mean score of 2.54 is obtained, which imply that the respondents are of the view that internal auditing influences fraud control in the institutions. However, the respondents disagreed with item 4, 6 and 8. The items have mean score of 2.03, 2.34 and 2.03 respectively, which is below the benchmark of 2.50.

**Research Question 2**

What is the influence of forensic auditing on fraud control in tertiary institutions in Cross River State, Nigeria?

**Table 2: The mean ratings of the influence of forensic auditing on fraud control in tertiary institutions in Cross River State, Nigeria.**

S/N	Forensic Auditing	Mean	SD	Remarks
1	Forensic auditors visit the institution regularly to carry out investigations.	2.86	0.16	Agree
2	Forensic auditors carry out continuous monitoring that identifies abnormal accounting activities in the institutions.	2.77	0.33	Agree
3	Forensic auditors analyze transactions for discrepancies and question parties involved when discovered.	2.84	0.23	Agree
4	Forensic auditors conduct audit to guarantee prompt detection of irregularities in the system.	2.90	0.18	Agree
	Grand mean	2.86		Agree

Table 2 showed the result of the influence of forensic auditing on fraud control in tertiary institutions in Cross River State, Nigeria. From the table, overall mean score of 2.86 is

obtained, which imply that the respondents are of the view that forensic auditing influence fraud control in the institutions.

**Research Question Three**

What is the influence of system auditing on fraud control in tertiary institutions in Cross River State, Nigeria?

**Table 3: The mean ratings of the influence of external auditing on fraud control in tertiary institutions in Cross River State, Nigeria.**

S/N	External Auditing.	Mean	SD	Remarks
1	Conduct interview test to confirm the validity of transactions in the institution.	2.58	0.24	Agree
2	Examine the completeness and accuracy of entries in the books of account.	2.55	0.25	Agree
3	Carry out check on adoptions of policies and adequate disclosure of all items in the institution.	2.51	0.25	Agree
4	Conduct physical count to ascertain existence of assets as contain in the report.	2.52	0.48	Agree
	Ground Mean	2.57		Agree

Table 3 shows the result of the influence of external auditing on fraud control in tertiary institutions in Cross River State, Nigeria. From the table, overall mean score of 2.57 is obtained, which imply that the respondents are of the view that external auditing influence fraud control in the institutions.

H<sub>01</sub>: Internal auditing does not significantly influence fraud control in tertiary institutions.

**Table 4: Simple Linear Regression analysis of the influence of internal auditing on fraud control**

Source of variation	SS	df	MS	F-ratio	p-level
Regression	1120.58	2	560.29	70.48*	.005 <sup>b</sup>
Residual	691.96	87	7.95		
Total	1812.54	89			
R = .496 R <sup>2</sup> = .490 Adj. R <sup>2</sup> = .488			Std. Error = 2.110		

From Table 4, the R which is the correlation coefficient of the independent and the dependent variable was 0.496 indicating significant positive relationship between internal auditing and fraud control. This showed that as internal auditing increases, there is likelihood increase in fraud control. The coefficient of determination (Adj. R<sup>2</sup>) which explains the power of the independent variable in predicting the dependent variable is 0.49. This showed that up to 49 percent of variance in fraud control is explained by internal auditing. The Table also showed that the p-value of .005 which is less than 0.05 level of significance at 2 and 87 degrees of freedom. With these results, the null hypothesis which stated that internal auditing does not significantly influence fraud control in tertiary institutions was rejected. It was accepted alternately that internal auditing significantly influenced fraud control in tertiary institutions.

H<sub>02</sub>: There is no significant influence of forensic auditing on fraud control in tertiary institutions.

**Table 5: Simple Linear Regression analysis of the influence of forensic auditing on fraud control**

Source of variation	SS	df	MS	F-ratio	p-level
Regression	910.29	2	455.145	43.89*	.003 <sup>b</sup>
Residual	902.25	87	10.37		
Total	1812.54	89			
R = .713 R <sup>2</sup> = .712			Adj. R <sup>2</sup> = .712		Std. Error = 1.830

From Table 5, the R which is the correlation coefficient of the independent and the dependent variable was 0.713 indicating significant positive relationship between forensic auditing and fraud control. This showed that as forensic auditing increases, there is likelihood increase in fraud control. The coefficient of determination (Adj. R<sup>2</sup>) which explains the power of the independent variable in predicting the dependent variable is 0.712. This showed

that up to 71.2 percent of variance in fraud control is explained by forensic auditing. The Table also showed that the p-value of .003 which is less than 0.05 level of significance at 2 and 87 degrees of freedom. With these results, the null hypothesis which stated that forensic auditing does not significantly influence fraud control in tertiary institutions was rejected. It was accepted alternately that forensic auditing significantly influenced fraud control in tertiary institutions.

H<sub>03</sub>: There is no significant influence of external auditing on fraud control in tertiary institutions.

**Table 6: Simple Linear Regression analysis of the influence of external auditing on fraud control**

Source of variation	SS	Df	MS	F-ratio	p-level
Regression	1246.26	2	623.13	95.72*	.002 <sup>b</sup>
Residual	566.28	87	6.51		
Total	1812.54	89			
R = .646 R <sup>2</sup> = .641 Adj. R <sup>2</sup> = .640				Std. Error = 1.938	

From Table 6, the R which is the correlation coefficient of the independent and the dependent variable was 0.646 indicating significant positive relationship between external auditing and fraud control. This showed that as external auditing increases, there is likelihood increase in fraud control. The coefficient of determination (Adj. R<sup>2</sup>) which explains the power of the independent variable in predicting the dependent variable is 0.534. This showed that up to 64 percent of variance in fraud control is explained by external auditing. The Table also showed that the p-value of .002, which is less than 0.05 level of significance at 2 and 87 degrees of freedom. With these results, the null hypothesis was rejected. It was accepted alternately that external auditing significantly influenced fraud control in tertiary institutions.

## DISCUSSION OF FINDINGS

The finding showed that internal auditing significantly influenced fraud control in tertiary institutions. This is because it is a control which functions by examining and evaluating the adequacy and effectiveness of other controls, originally concerned with the financial records. The study is supported by Milica and Tadija (2015), who asserted that increased expectations from internal audit in the fight against fraud arise from the fact that it is a

function which, focused on creating added value for the organization, knows all its processes and activities. They added that through the proper implementation of its tasks and activities, internal audit can actually greatly contribute to the prevention and detection of fraud.

Internal auditing is integral functions that assists organizations in achieving their objectives and prevent them from asset loss. It is in line with the finding that Performance Standard 2100 of the International Standard for the Professional Practice of Internal Auditing (ISPPA, 2012) mandated internal audit task and activities to evaluate and contribute to the improvement of organizational governance, risk management, and control process. The Standard particularly requires internal auditors to assess the risk exposures of their organizations; reliability of financial and operational information; quality of operations and programs; and safeguard of the organization's assets. Professional Standards stipulate that the task performance of IAD is enhanced if the management supports its operations, and the internal auditors themselves possess necessary communication skills (ISPPA, 2012).

On the contrary, Kevin's (2003) results on the effects of internal audit structure on perceived financial statement fraud prevention conflicts with the finding.



The study found the following results: a. The impression among these officials is that the internal auditors under the guidance of their reports to senior management at the center cannot enable them to reduce fraud financial statements. b. The guide reviewers reported to the Board which was at the center of a greater autonomy result as they can reduce fraud for financial statements. c. The study did not show differences in the prevailing impression whether it reduce the possibility of fraud financial statements dating back to the audit function.

However, Christopher's (2014) study examined internal audit functions and how they enhance university sector governance in Australia. The finding revealed that the performance of internal audit was effective, and the department covered a broad range of audit tasks consisting of a financial audit, operational audit, performance-based audit, compliance audit, internal audit, fraud audit, and consultancy type of audit. Similarly, Alzeban and Gwilliam (2014) also investigated the factors influencing the effectiveness of internal audit in the Saudi Arabian public sector. They found that both managers and internal auditors perceived internal audit to be performing its task as expected. This is evidenced by internal audit review of the adequacy of the internal control system; review of the accuracy of financial report; review of compliance with policies and procedures; safeguarding the properties of the organization and recommending improvement of established internal control system.

The finding on forensic auditing showed that there was significant influence of forensic auditing on fraud control in tertiary institutions. In line with the study, Adegbe and Fakile (2012) undertook a study on the evaluation of forensic accounting (auditing) as antidote to economic and financial crime in Nigeria. The results showed that forensic auditing is a financial strategy to curb and resolve economic and financial crimes in Nigerian economy. The alternate of the four

hypotheses were accepted. Similarly, Imam, Kumshe and Jajere (2015) study on applicability of forensic accounting services for financial fraud detection and prevention in the public sector of Nigeria revealed that thorough investigation and documentation of records through forensic accounting techniques can detect fraudulent financial practices and it was agreed by all respondents that forensic accounting checking techniques if applied appropriately can prevent and detect fraud in the Nigeria Public Sector from the responses obtained. This is line with the objective as to why forensic accounting was conceived.

However, the finding contradicts the results of Adeyemi and Olowookere (2011) on audit expectation gap examined the level and nature of expectation gap (performance gap) between auditors and users of financial statements. Their study did not link fraud prevention and detection with forensic account and failed to recommend a way out of the audit expectation gap as to who is supposed to prevent and detect fraudulent financial practices.

Similarly, Oluwagbemiga (2010) investigated the role of auditors in fraud detection and prevention in Nigeria. The major finding of this study is that auditors are not responsible for preventing or detecting fraud. In same vain, Okunbor and Obaretin (2010) investigated the application of forensic accounting services by corporate organizations in Nigeria as effective in deterrent to fraudulent financial practices. The study showed amongst others that the application of forensic accounting services by corporate organizations in Nigeria is not effective in deterring fraudulent activities.

The finding in this regard showed that there was significant influence of external auditing on fraud control in tertiary institutions. The need for an external audit primarily stems from the separation of ownership and control in large companies in which shareholders nominate directors to run the affairs of the organization on their behalf. As the directors' report on the

financial performance and position of the organization, shareholders need assurance over the accuracy of the financial statements before placing any reliance on them. External audit provides reasonable assurance to the owners of the establishment that the financial statements, as reported by the directors, are free from material misstatements.

Kassem and Higson (2016) conducted a study on external auditors and corporate corruption: Implications for external audit regulators. In line with the findings, the study revealed that external auditors are likely responsible for detecting material misstatements arising from corruption that would have a material impact on the financial statements. However, this was not directly and clearly stated in audit standards but rather implied. But, evidence from prior literature proved otherwise and showed how corruption could lead to misrepresentations in the financial statements.

## CONCLUSION

Just like any other organization, the Nigerian factor has penetrated our tertiary institutions, fraud has been observed to be the order of the day in our tertiary institutions. Funds meant for developmental project, for lecturers and administrative staff salaries have in most cases been observed to be diverted to private coffers. This has resulted into negative effects on education and research. The removal of these constraints, through auditing, be it internal, forensic and external audit will bring a glorious future to the education sector; evident in the quality and quantity of scientific findings, up-to-date equipment and infrastructural facilities for good research.

## Recommendations

Based on the findings, the following recommendations were made:

1. The school management should employed seasoned internal auditors that

would not be independent in auditing the financial transactions of the institutions.

2. The school management should from time to time engage the services of forensic auditors to detect fraud at its early stage.
3. Since it is mandatory to engage an external auditor annually, the school management should engage the services of renowned external auditors that would discover the fraudulent loopholes in the institution and proffer solutions to remedy it.

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