

**TITLE PAGE**

**INTERNAL AUDIT CONTROL: A TOOL TO SAFEGUARD  
FRAUDS AND MISAPPROPRIATIONS.  
A CASE STUDY OF:  
INSTITUTE OF HEALTH, AHMADU BELLO UNIVERSITY, ZARIA.**

**BY**

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M BA/ADM IN/9502/92/93**

**A THESIS SUBMITTED TO THE POSTGRADUATE SCHOOL, AHMADU  
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AHMADU BELLO UNIVERSITY,  
ZARIA, NIGERIA.**

**JULY, 1998**

## DECLARATION

I hereby declare that this thesis was written by me, and that it is a record of my own research work. To the best of my knowledge, this thesis has not been presented to any post-graduate school for the award of a higher degree.

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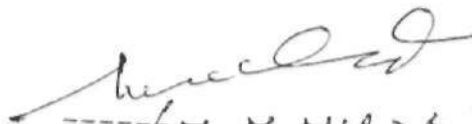
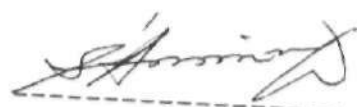
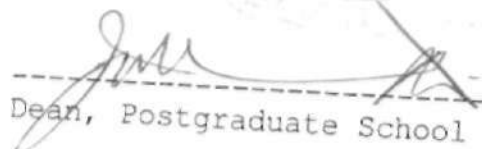
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## CERTIFICATION

This project titled, "INTERNAL AUDIT CONTROL: A TOOL TO SAFEGUARD FRAUDS AND MISAPPROPRIATIONS (A case study of the Institute of Health, Ahmadu Bello University Teaching Hospital, Zaria), meets the regulations governing the award of Master of Business Administration degree of the Ahmadu Bello University, Zaria, and is approved for its contribution to knowledge and literary presentation.

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Abdullah Othman DanAsabe

## DEDICATION

I dedicate this work to:

1. My parents, Late Alhaji Abdullahi Gwani and Hajiya Habiba Abdullahi Gwani, for bringing me up with love, care, encouragement and parental guidance which molded me into what I am today.
2. My wife, Mrs. Binta Musa Othman and children Abdullahi Othman and Bilkisu Othman for bearing with me all those times I should have been with them, but they patiently allowed and encouraged me this fundamental task.

## **ABSTRACT**

This project title "Internal Audit: A tool to safeguard frauds and misappropriation" was aimed at identifying the effectiveness of Internal Audit Control in safeguarding frauds and misappropriation in Institute of Health, A.B.U., Zaria, their frequency, causes and preventive measure.

The analysis of primary and secondary data led to the conclusion that Internal Audit Control in all areas of financial operations minimise frauds and misappropriation. The finding of this study reveal that majority of the fraudster are Account Staff mostly Revenue Collectors, Cashiers and Clerks.

Effective Internal Audit Control, complying with internal control measures and rotation of jobs/staff were ranked as the most efficient internal control mechanism in safeguarding frauds and misappropriation.

The finding of this research work provide basis for our recommendation which include: periodical inspection by the Internal Auditor should be carried out. Regular rotation of staff should be undertaken in the unit.

Finally, the research further suggested the need for compiling statistics of losses/wastage incurred through frauds and misappropriations.

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## CHAPTER ONE

### 1.1 INTRODUCTION:

The Nigerian Economic System has witnessed several transformations since the country gained independence in 1960. These reforms were aimed at economic advancement and development in the country, but unfortunately resulted to financial and economic malaise. Thus, the pre-independence, the post-independence and the era of oil boom have positive and negative impact on the earnings of the people.

The oil boom was characterized by excess flow of money which instituted inflation, flamboyancy, lavish and extravagant life styles. However, with the introduction of Structural Adjustment Programme (SAP) in 1987 with the aim of redressing the defects in the economy, life styles changed and different ways of survival were introduced. This culminated into frauds, misappropriations and mismanagement of public funds.

Financial accountability and control became things of the past; controls were abused and neglected thereby paving ways to perpetrations of frauds and misappropriations. These policies were common in government parastatals and organizations.

The emergence of Ahmadu Bello University Teaching hospital, Zaria in 1968 charged with provisions of researches, Teachings, Training of medical personnel and patient medical

provisions is not devoid of these dubious financial activities/management.

The term "Financial Accountability" and control is incomplete without Internal Audit Control which is an integral part of sound financial management in an organisation. It is in this regard that in recent years, attention has been paid to the method and significance of internal Audit Control. The complexity of business operations and techniques which further enhance organizations scopes and sizes, brought the need for adoptions of efficient Internal Audit Control to safeguard it against threats of Frauds and Misappropriations.

The need for instituting an Internal Audit Control within an organisation is both for effectiveness and financial monitoring. This was further necessitated by the prevailing economic recession, the devaluation of the Naira, privatization and commercialization of medical services in the Teaching Hospital and the devastating effect of inflation which weakened the purchasing power of most Nigerians.

Internal Audit Control is of fundamental importance as an effective means through which financial information or transactions are properly prepared, checked and implemented. It is the means by which orderliness, accuracy, reliability of information on organizations assets and liabilities are cogently kept and maintained.

In most organizations, the task and responsibilities of observing compliance to internal controls lies with the

Internal Audit Department, which is an independent department in checking and ensuring compliance to controls and procedures. Other primary tasks of Internal Audit Department is to help the management in designing an effective internal control system to enhance and achieve organizational aims and objectives. The Department is charged with the responsibility of reporting from time to time on weaknesses, lapses and non-compliance observed in the course of organizations' day to day financial activities.

#### 1.2 STATEMENT OF THE PROBLEM:

The Institute of Health, Ahmadu Bello University, Zaria is one of the designated centers of excellence in medical provisions in Nigeria, it needs an articulated system of control in revenue generation and utilization. Where unhealthy financial atmosphere exist in an organisation, it leads in colossal loss of resource of the organisation, which inevitably affects its aims and objectives.

Some of the problems which necessitated this research are:

- (a) Lack of good system of financial monitoring and control.
- (b) Inadequate number of Audit personnel and professional Accountants to implement an effective internal control.
- (c) Ineffective internal controls that would forestall and control frauds and misappropriations in the organisation.

- (d) The magnitude and effects of frauds and misappropriations in the organisation.
- (e) Lack of sufficient transport and finances to go round the organization's branches or units to ensure compliance to Internal Audit Control.
- (f) Inaction to Internal Audit observations and suggestions by management.
- (g) Lack of effective internal control system to predict when and how frauds and malpractices will occur.

### 1.3 PURPOSE OF THE STUDY:

The primary objective of this research is to find how effective internal audit controls are to eliminate or minimize financial frauds and misappropriations in the organisation.

To achieve the primary objective, the following secondary objectives have been specified:

- (a) To review existing internal audit controls, collect and collate information on frauds and misappropriations in the organisation.
- (b) To identify the causes of frauds and misappropriations in the organisation.
- (c) To identify various types of frauds and misappropriations perpetrated in the organisation.
- (d) To look into various Internal Audit control lapses that pave way for perpetration of frauds and

misappropriations.

- (e) To determine the magnitude, frequency and effects of frauds and misappropriations in the organisation.
- (f) Inadequate Internal Audit control in recent areas of Drug Revolving fund and laboratory services revolving schemes.
- (g) To make recommendations based on findings.
- (h) To identify means through which recommendations can be implemented in the organisation.

#### 1.4 RESEARCH METHODOLOGY:

In an effort to undertake a research into the chosen topic, both primary and secondary source data are considered. The primary data were based on personal experiences, questionnaires, interviews and observations.

The secondary data includes organisation manual, report of Audit Investigations on frauds and malpractices. Other relevant areas such as Audit files and lecture notes were also used.

#### 1.5 DELIMITATION OF THE STUDY:

The research centers on how effective Internal Audit Control is, as a tool to safeguard financial frauds and misappropriations in Institute of Health, Ahmadu Bello University, Zaria. The environment in which the research will

be conducted are Zaria, Kaduna and Malumfashi, where the organisation maintains its services and operations. The study excludes frauds and misappropriations in other Teaching Hospitals in Nigeria.

the information used for analysis covered a five year period from 1990 - 1994. As a way of ensuring an objective research, the delimitation of the study was defined to embody aspects of Internal Audit Control, Frauds and misappropriations in the organisation. Information obtained were on a number of fraudulent practices perpetrated during the period in the organisation; types of frauds and misappropriations and frequency of each; the amount involved in the frauds and malpractices; the cadre of persons involved; the incidence of collusion; the level of effectiveness of Internal Audit Control.

The study also focused on staff strength in the Audit Department and areas assigned to monitor compliance to Internal Audit Control, their level of competence, qualifications and years of experiences in the organisation. It is also an attempt to offer preventive measures to be adopted by the management in strengthening the controls.

#### 1.6 LIMITATION OF THE STUDY:

The research being a case study of a parastatal in Nigeria, the issue of confidentiality hindered the flow of



vital information needed for the research. The materials obtained were acquired on personal capacity been part and parcel of the organisation.

Time needed for this research coupled with the economic predicaments is another constraint to this study. despite this, the finding of the research still holds because the information obtained in the study will help Internal Auditors in the organisation. It also stands as a reference in other researches. It will further strengthen Internal Audit Control thereby minimizing the abuse of public funds in Nigeria.

#### 1.7 DEFINITION OF TERMS:

Internal control system is defined as a "whole system of controls, financial and otherwise, established by the management in order to carry on the business of an organisation in an orderly and efficient manner, adherence to management polices, safeguard the assets and secure as far as possible completeness and accuracy of the records".

1. **Frauds:-** a conscious premeditated action of a person or group of persons with the intention of altering the truth and or fact for selfish personal monetary gain. It involves the use of deceit and trick and sometimes highly intelligent cunning and know-how. The action usually takes the form of forgery, falsification of documents and authorizing signatures and outright theft.

2. **Misappropriation:-** is a deliberate or wrongful way of tempering with public funds with the intention of cheating.
3. **Management Fraud;-** this is a deliberate fraud committed by management that causes losses to the organization through misleading financial statements<sup>2</sup>
4. **Malpractice:-** Define as those "practice which are not only just contrary to the ethics of Accounting profession, but also constitute infringements of laws and regulations.
5. **Program:-** Organised set of related components established to perform certain responsibilities.
6. **Financial Accountability:-** Financial Accountability refers to those financial rules and regulation which govern ways and manner in which an organisation, individual is expected to expand money, under his care or responsibilities and renders statement thereafter to the appropriate accounting officer.

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## CHAPTER TWO

### 2.1 LITERATURE REVIEW

Professor E.L. Normanton in his article: Audit Accountability and Control, has written that "without audit, no accountability and without accountability no control. If there is no control, where is the seat of power?"<sup>1</sup>

Control is the Institute of Health, A.B.U., Zaria is as cold as the organisation itself. Two forms of Administrative and financial control were identified, but deferent to cope with complexities in financial and medical provisions. This necessitated the management to strengthen the controls by introducing further controls to run concurrently with the one's existence.

In 1979, the need for instituting internal audit control was eminent as evidenced by frauds, misappropriations, pilferage, errors in recordings and posting of account figures. The financial and management controls proved inadequate and inefficient enough to curtails the financial misdemeanors prevailing in the expanding organisation.

In order to cope with the population explosion and the

increased demands for medical services, more personnel were recruited. This resulted in high personnel and overhead costs, hence the need for an elaborate but efficient or foolproof system to ensure proper placements and payments.

From there on, Internal Audit Control systems were designed and reviewed from time-to-time aimed at meeting the challenges of day-to-day operations and services. It is in this direction, that further strengthening of these controls is given high priority by the organisation. The training of professional Accountants to oversee the institutionalization of controls was given much emphasis. Thus, through the years, this has obstructed pilferage and reduced obnoxious intentions by fraudsters in the organisation to the barest minimum.

## 2.2 INTERNAL CONTROL DEFINED

Internal Control has been defined below:-

- (a) "Internal Control comprises the plan of an organisation, all the co-ordinate methods and measures adapted within a business to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency and encourage adherence to prescribed managerial policies".<sup>2</sup>
- (b) The Chartered Accountants of England and Wales also defined as, "Not only an Internal Check and Internal Audit, but the whole system of control, financial and

otherwise, established by the management, in order to carry on the business of an enterprise, in an orderly manner, safeguard its assets and secure as far as possible completeness and accuracy of records".<sup>3</sup>

- (c) According to Auditing Practices Committee define internal audit control as "an appraisal function performed within an organisation for the review of system of control as a service to the organisation".<sup>4</sup>

### 2.3 TYPES OF INTERNAL AUDIT CONTROLS

Types of controls are broadly shown below:

- (i) Management Controls
- (ii) Administrative Controls
- (iii) Accounting Controls
- (iv) Internal Audit Controls

**MANAGEMENT CONTROLS:** This is broad and is been called operational controls. It is defined as "those established for day-to-day operations of the organisation in implementation and execution of policies."<sup>5</sup>

**ADMINISTRATIVE CONTROLS:** "The plan of the organisation procedures and records that are concerned with the decision process leading to management authorization and starting points for establishing control over transactions."<sup>6</sup>

ACCOUNTING CONTROLS: "This comprises of the plan of organisation and procedures of records that are concerned with safeguard of assets and reliability of financial records." It is designed to provide assurance that

- (a) Transactions are conducted in accordance with managerial authorization.
- (b) Access to financial information is permitted only in accordance to management authorization.

INTERNAL AUDIT CONTROL: It is an internal appraisal function performed within an organisation for the review of system of control as a service to the organisation. This control is aimed at addressing lapses and weaknesses of controls in the organisation.

#### 2.4 IMPORTANCE OF INTERNAL AUDIT CONTROL

The importance of internal audit control dates back many years, when organizations realised its importance and how it assists in ensuring utilization of limited resources. The American Institute of Certified and Public Accountant (AICPA) cited the following factors in contributing for the continued expansion, recognition and the need for internal controls by organizations.

- (a) The scope and size of business entities has become so

complex and wide spread that management must rely on numerous reports and analysis of control in operations.

- (b) The check and review process, inherent in most systems of Internal Audit Control in organizations, afford protection against human weakness and reduce possibility of errors and irregularities.
- (c) It protects investors fund in organizations.

A further dimension in control was imposed with the passage of the foreign Corruption Act of 1934. Under this Act, Management and Directors of organisation are required to comply with anti-bribery provisions and Accounting Standards (Securities and Exchange Act 1934) in establishing and maintaining a satisfactory system of internal control. Further reasons were advanced by Howard F. Stettler in his book 'Auditing Principles' which stated that, "There is to be proper study and evaluation of the existing internal control as a basis for reliance thereon, and the determination of the resultant extent of the test to which auditing procedures are to be restricted".<sup>8</sup>

Internal Audit Control is important and is aimed at not only maintaining an adequate method but processing accounting data. It is also used to safeguard organizations against possible financial loss due to frauds and errors. Established internal controls are designed to ensure the following:

- (i) Organisation receives and effects entry in accounting records, all revenue earned and income generated.



- (ii) Expenditures are duly authorized by the persons in-charge of authorization.
- (iii) The assets of the organisation are property recorded, safeguarded and utilized for the purpose of acquisition.
- (iv) Liabilities incurred in the cause of the organisation businesses are recorded and recorded and provisions made for anticipated losses.
- (v) That financial information are kept in the man stipulated by management guidelines.

Internal Controls can be preserved and maintained through regular tests, reviews and investigations on its efficiency in all phases of control in the operating areas.

#### 2.5 LIMITATIONS OF INTERNAL AUDIT CONTROL

No internal audit control, however elaborate can by itself guarantee efficient administration and completeness of records; nor can it be proof against fraudulent collusion, especially on the part of those holding positions of authority or trust.

Internal Control depending largely on segregation of duties can be evaded by collusion. Authorization control can be abused by the person in whom the authority is vested. management is frequently in a position to override controls which it has itself set up. Whilst the competence and integrity of the personnel operating the controls may be

ensured by selection and training; these qualities may alter due to pressure exerted within and without the enterprise. Human error due to errors of judgement or interpretation, to misunderstanding carelessness, fatigue or distraction may undermine the effective operations of Internal Audit Controls.

## 2.6 EFFECTIVE INTERNAL AUDIT CONTROL, TECHNIQUE AND METHOD TO MINIMIZE FRAUDS AND MISAPPROPRIATIONS

Accordingly, effective internal audit control can be achieved in the following:

- (i) The independent status of the internal auditor in the organisation.
- (ii) Adequate scope of the auditors powers.
- (iii) The expertise and professionalism of the Internal Auditor.
- (iv) The freedom with which he reports, the nature of his report and the extent to which management implement his recommendations".<sup>9</sup>

2.6.1 Auditing is a process of verifying the accounting records and statements, with the aim of verifying their validity and compliance to rules and regulations. An auditor should always exercise caution in his dealings. His behaviours should reflect his independence and should work to preserve them. This will not only protect his credence but his status

as an auditor. He should be free from the following:-

- (a) Maintaining a close personal relationship which might interfere and hinder the independence of his duties.
- (b) His appointment should be by management. A situation where influence and other factors play a role affect his objective judgement.
- (c) Avoid financial or business interest in any dealings which might result to infringement of the controls set in the organisation.

2.6.2 Adequacy of Scope: The adequacy and the scope of audit should not be limited. It should cover wide areas of financial transactions in the organisation. Management should avail necessary information, for their conduct and allow the Internal Auditor access to records, documents, transactions, assets etc. This will provide a situation for a continuous review of Internal Controls in the organisation.

2.6.3 Expertise and Professionalism: Effective Internal Audit Control lies on the expertise and professionalism of Auditors assigned for control supervision. They should be aware of their legal and other responsibilities. Competent, knowledgeable and display of high technique, play a vital role in effective internal control monitoring.

The nature of his job requires the right approach to particular tasks. He is expected to interpret evidences,

analyse it and make recommendations to management.

The General Accounting Office (GAO) stated that the quality of internal audit control depends upon the degree to which:

- (i) "Test and procedures are applied by competent persons in overseeing the controls.
- (ii) His findings and conclusions on weaknesses discovered in the course of his auditing should be based on objective evaluation.
- (iii) Facts contained in his reports must be supported by information obtained in the course of investigations conducted.
- (iv) The audit control process ensures the following standards:
  - a) work is adequately planned
  - b) assistants are properly supervised
  - c) a review periodically is made on compliance with legal and statutory requirement.
  - d) an evaluation is made of the systems of internal control to assess the extent to which it can be relied upon to ensure accurate information, compliance with laws, regulations on accounting standards and conventions".<sup>10</sup>

An auditor undertaking responsibilities of supervising internal control must be proficient in auditing, accounting and related subjects. He should be able to accept

responsibilities in different aspects of the organization's financial transactions with honesty, efficiency and objectivity. He must have a good knowledge of government trends in regulating financial affairs.

2.6.4Resources: Resources form a fundamental support in carrying a successful task of overseeing internal controls. Sufficient funds should be provided by management for materials needed in discharge and overseeing compliance.

2.6.5Reports: Reports provide a support in strengthening of internal controls. An auditor should report his findings and highlights to the management. The forms of report varies with the exercise embarked upon. The commonest are:

- (i) Preliminary reports - which contain initial findings on weak internal control highlighted to management.
- (ii) Attestation of financial statements - this reports on accuracy of internal control observed on financial statements.

iii) Public Audit Report: This is a statutory audit

requirement in all parastatals. It contains summary of all significant audit findings during the year. It points out defects in internal control during the year.

2.7 **TECHNIQUE OF EFFECTIVE INTERNAL CONTROL:** Effective internal audit control is vital in detecting frauds, wastages and losses. It is aimed at assisting sound financial management, well recognised and organised system of procedures. For it to be effective, transaction has to be observed, recorded and collated; and controls designed and instituted to cope with the activities. This is why emphasis is placed by informed management on the need of strong internal audit control. The techniques safeguard organisation against possible financial loss due to frauds, misappropriation and missing stock items.

Other techniques include

- (a) Define and describe areas of financial accounting in which control can be applied.
- (b) Indicate processes over which control should be exercised.
- (c) Guide personnel to oversee and ensure implementation of controls.

**METHOD OF INTERNAL AUDIT CONTROL:** Internal Audit Control ensures enough evidence is available for detection of frauds, misappropriation, wastages and losses. In situations where evidence is not immediately available to expose fraud, further evidence would be required to corroborate the evidence already collected.

Evidence can be gathered through:

- i) Explanation from management on staff who intend to defraud.
- ii) Questionnaire - Confirmatory questions pertaining to the system of internal control.
- iii) Third party confirmation through enquiries. This can be from person or bodies.

## 2.8 INTERNAL AUDIT CONTROL, FRAUDS AND MISAPPROPRIATIONS

Reliance for the prevention of deterrence and detection of frauds and misappropriations is placed upon adequate accounting systems with appropriate Internal Audit Control. A potential embezzler will take a risk only if he feels he will not be apprehended. Internal Audit Control acts as a psychological deterrent to defalcations. They can make frauds and misappropriations difficult though not impossible. A good system of internal audit control offers the following benefits:-

- i) The data used in making decisions will be more reliable.
- ii) Fraud and misappropriation is much more likely to be detected at its early stages.
- iii) Fraud and misappropriation is discouraged because the potential embezzler is aware of greater odds against indefinitely concealing his acts.

### 2.8.1 DEFINITION OF FRAUD

Fraud is a very comprehensive and complex field which encompasses a range of different activities. Due to its adverse nature, it has been difficult proffering a comprehensive definition of the term "Fraud".

1. For many years, the standard formula was that of Buckley J. in RE London and Global Finance Corporation Limited;

"To defraud, is deprived by deceit: it is by deceit to induce a man to act to his injury. More tersely, it may be put, that to deceive by falsehood is to induce a state of mind; to defraud is by deceit to induce a course of action".<sup>11</sup>

That formula, it is now accepted, is not exclusive, fraud can consist of depriving a person of what is his by any other dishonest means, including simple taking.

2. Radzinowicz and Wolfgang classified fraud together with white collar crime, and defined as "illegal acts characterized by guilt, deceit and concealment and are not dependent upon application of physical force or violence or threats thereof".<sup>12</sup>

3. A.I.J. Etuk (Auditor-General of the Federation of Nigeria) defines fraud to, "embrace any cunning deception or trick employed to deceive or cheat another. It includes all means which human ingenuity can devise that are employed to gain an advantage by false suggestion or by suppression".<sup>13</sup>

4. Justice Akinola Aguda, in his "The Criminal Law and



Procedures of the Southern States of Nigeria" (1982) defines an intent to defraud as "an intent to deceive in such a manner as to expose any person to loss or the risk of loss".<sup>14</sup>

From the aforementioned, fraud may be defined as "intentional misrepresentation, concealment or omission of the truth for the purpose of deception or manipulation to the financial detriment of an individual or organisation.

Fraud differs from embezzlement, misappropriation and defalcation. It is a collective term for the combination listed.

#### 2.8.2 TYPES OF FRAUDS AND MISAPPROPRIATION IN INSTITUTE OF HEALTH

Frauds and misappropriations are wide in nature, character and method of perpetration, thus making the classification a very difficult exercise. For the purpose of this exercise, frauds and misappropriations can be grouped according to:

- i) Financial Frauds
- ii) Administrative Frauds
- iii) Computer Frauds

2.8.2(i) FINANCIAL FRAUDS:- Financial frauds and misappropriations are usually the outcome of human failings

either deliberate or otherwise, in the discharge of their responsibilities coupled with ineffective internal audit controls. Where such failings are pre-conceived, frauds may be involved. In most circumstances, a potential fraudster in his desire to defraud, employs different cunning including genuine mistakes, misapplication of accounting principles and misinterpretation of relevant facts to cheat. Frauds may also happen when a person intending to perpetrate fraud adjudges that the risk of discovery is favourable to him, that is, he feels certain that the possibility of discovery is remote.

Using the method of perpetration, the following types of financial frauds have been identified:

1. Cashiering Frauds: Some cashiers are usually exposed to handling of raw cash and the temptation to commit frauds cannot be completely eliminated. Some of the commonest forms are:
  - a. Teeming and Lading: This is where cashiers suppress lodgement for a day and misappropriate the funds. The subsequent day's collection is used to cover the previous day's collection. This trend continues, and if undetected, it prevails.
  - b. Cashier Shortage: This is the commonest fraud in the organisation. A cashier may intentionally declare shortages if he is out of purse. In most cases, the cashiers collude with outsiders to steal part of the daily proceeds and claim to their supervisors that they

were short paid by patients.

- c. Forged Cheques and Signatures: This form of fraud involve stealing of cheque leaflets. A cashier may unpin a cheque booklet, remove a few leaflet from the back bunch and repin the bunch again. The removed leaflet is used to forge signatures and siphon money.

2.8.2(I)a PAYROLL FRAUDS: Payroll fraud can be perpetrated or occur in the following activities relating to the cause of processing payroll.

- (a) Recruiting and remunerating - In the course of recruitment, an employee may be placed on a wrong salary scale through connivance with payroll officers.
- (b) Computation - A deliberate attempt in computing salary on a wrong scale in order to favour an individual and defraud the organisation.
- (c) Ghost Workers: This constitutes a major way employed by fraudsters in defrauding organizations. A ghost worker by definition is a non-existing employee who continues to derive salary without corresponding input. Payroll officers through connivance with other officers are responsible for this act.
- (d) Unclaimed Salaries and Wages: Unclaimed salaries can be directed by payroll staff to their personal accounts.
- (e) Abuse of overtime claim forms. This is in the form filling of overtime forms and forging the signatures of

the authorized persons.

2.8.2(I)b OVER-INVOICING: This type of fraud results from purchase of materials by cash but at a higher price than the actual selling price. Over invoicing is the commonest form of fraud being practiced in recent times. It resulted from connivance with the suppliers who in most cases reflected the inflated price in the receipts but reflect less amount in payments. The difference is then pocketed by the fraudster to the detriment of the organisation.

2.8.2(I)c STORE FRAUDS: This is an intentional removal of stock items from the shelves and altering the tally card balances to reflect the physical balances. Contractors sometimes connive with store keepers to raise false store receipt vouchers on non-delivered items and obtain full payment, thereby causing losses to the organisation.

2.8.2(ii) ADMINISTRATIVE FRAUDS: Administrators in most organizations are usually responsible for producing documents which others rely upon as authority for their action. They produce minutes of meetings, recording decisions of councils and other important committees. They issue letters of appointment and state the salary to be paid. They present information to committees, including letters to building contractors where contract may run to millions of Naira.

Administrative frauds are in two forms:-

- (i) Information Manipulation: The administrators can manipulate information to perpetrate or facilitate fraud in various ways, that is, through:
  - (a) Suppression of information
  - (b) Misrepresentation of information
  - (c) Equivocal representation of information
  - (d) Outright false information
- (ii) Executive Frauds: This is an abuse by Chief Executives of most organizations, where Local Purchase Orders (LPOs) are unilaterally raised and issued to personal company's, by passing tender procedures. This form of fraud accounts for a larger part of frauds by Chief Executives. Contracts are awarded at a more inflated amount than the normal contractual amount.

2.8.2(iii) COMPUTER FRAUD: In recent times, frauds have been extended to many areas, including computer environments. Organizations employ the use of computers because of their advantages in storage of vast information etc. The ability to quickly search and/or sort, and classify information reduces the volume of paper work and time spent.

However, due to its wide acceptance and applications, computer fraud is rapidly escalating and this is posing a threat to management in most organizations.

A major percentage of computer frauds is in form of

manipulations of input into the computer systems.

Computer frauds can be categorized in the following:

- (a) Input Fraud: Manipulation of computer input accounts for high computer fraud. This takes the form of modifying or deleting records of transactions to be fed into the computer system. It may also involve the modification of system and batch totals, so as to ensure that the computer system does not reject the corrupted input on account of unreconcilable control totals.

Some of the input manipulation includes the following:

- (i) Intentional human error
  - (ii) Data corruption
  - (iii) Systems malfunction
  - (iv) Program bugs
  - (v) Unauthorized access.
- (b) Theft of Software: computer fraud can also take the form of stealing either programs or data. This can be in the form of copying of programs, illegal program code and abused through terminals and collisions.
  - (c) Output Manipulation: This is in form of suppression of computer output, addition of bogus transactions, removal of genuine transaction aimed at siphoning money.

### 2.8.3 CAUSES OF FRAUDS AND MISAPPROPRIATION

Some of the circumstances that cause people to commit

frauds in most organizations are categorized into two major groups:

- (i) The Environmental/Social Factors
- (ii) Institutional Factors

2.8.3(I) The Environmental/Social Factor: Some of these factors are:

- (i) Social and Economic Conditions: This include unemployment, prevalent poverty and extended family. An increase in inequality, for instance is assumed to induce changes in behaviour of individuals, particularly those within the lower categories. A partial argument asserts that, relatively poor individuals respond to "perverse" inequality by attempting to overthrow the current system. In other words, deprived individuals within an organisation connive with others to defraud the financial establishment with express intention of replacing the "unfair" distribution within a system that is conducive toward greater equality.
- (ii) Misplaced Social Values: This includes worshipping of wealth, no matter how it was acquired and thoughtless aping of ostentatious life styles. This materialistic attitude and open exhibition of fortunes have invariably enticed people to wide spread fraud and misappropriations.

2.8.3(ii) Institutional Factors: Some of these factors are:

(a) Inadequate Internal Control System: This results from sluggish and inefficient management, inappropriate recruitment, share exhibition of favoritism in appointments of Directors and Officers who are often and totally unqualified or have had records of malpractices elsewhere.

(b) Those inherent in the organisation which are summarized below:

- (i) Nature of services
- (ii) Working experience
- (iii) Inadequate/lack of training of staff
- (iv) Poor management
- (v) Staff negligence
- (vi) Poor security arrangement for documents
- (vii) Frustration
- (viii) Poor infrastructure

(c) Those Internal/External to the organisation includes:

- (i) inability of law enforcement agent to detect frauds and misappropriation, and persecute fraudsters with dispatch.
- (ii) lack of effective deterrent punishment.



2.8.4 INTERNAL AUDIT CONTROL TO MINIMIZE FRAUDS AND MISAPPROPRIATIONS IN SOME AREAS

Internal Audit Control can effectively minimize or eliminate financial, administrative and computer frauds where instituted and adequately supervised.

Form of controls in some areas are:

(a) CASH SALES AND COLLECTION:

The objective of control is to ensure that cash and cheques received are accounted for and accurately recorded in the books. Some of the measures are:

- (i) Prescribing and limiting the number of persons who are authorized to receive cash.
- (ii) Establishing a means of evidencing cash receipts e.g. pre-numbered duplicate receipt forms, cash registers with sealed till rolls. The duplicate receipt form book should be securely held and issuance controlled.
- (iii) Ensure that customers are aware that they must receive a receipt form or ensure that the amount rung up on the cash register is clearly visible to the customers.
- (iv) Immediate and intact banking. Payment out should be in the form laid down payment procedures or an imprest system.

(v) Independent comparison of agreed till roll totals with subsequent banking records. Person handling cash should not have access to other cash funds.

(b) WAGES AND SALARIES

The aim of control in this area is to ensure that wages and salaries are correctly computed and paid, deduction effectively made and payroll transactions correctly recorded and posted into books of accounts.

Some of the controls are listed below:

- (i) There should be separate records kept for newly employed workers. The records should guide on the salary scale and procedures of payrolling newcomers.
- (ii) A system of deleting names of staff on resignation or withdrawal from service from payroll should be designed. This can be done through mail from the personnel department stating the effective date.
- iii) Unclaimed wages should be subject to special procedures. These should include records to be maintained, safe custody of such pay packets, a requirement for investigations, subsequent payout only after proof of entitlement, breaking down and rebanking after a specified period of time.
- (iv) Payment by cheque and credit transfer should be subject to special procedures. These include maintenance of a separate bank account with regular reconciliation.

(c) PURCHASES AND TRADE CREDITORS

The objective of controls in this area is to ensure that goods and services are only ordered in the quantity, or quality, delivered and appropriately approved before requisition. Invoices are checked against authorized orders and receipt of the items in good condition. The controls under this are:

- i) There should be procedures for the requisition of goods and services only by specified personnel on specified forms with an acknowledgement.
- ii) Orders should be through designated method of raising local purchase orders (LPOs) supported by at least 3 quotations and award made to the least quotation.
- iii) All purchases must be vetted by the tender committee which will give a go ahead for the delivery of items.
- iv) On delivery, goods should be inspected for condition and agreement with order and counted on receipt.
- v) The purchase item must be reflected on tally card before being re-issued out of the store.

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## CHAPTER THREE

### 3.1 SOURCE OF DATA

Data for this study were obtained from two major sources, namely:

1. Primary Source: Information obtained directly from questionnaire respondents and personal interviews conducted on the research topic.
2. Secondary Source: This is information obtained from publications relevant to the research study. Data obtained were from relevant articles and papers presented on the subject.

### 3.2 METHODS OF DATA COLLECTION

Primary and secondary data were collected for this research work. The primary data were obtained from responses to the structured unstructured questions in the questionnaire administered in the 3 units (Zaria, Kaduna and Malumfashi Units).

Secondary data were obtained from frauds and misappropriations committed in the organisation between 1990-1995 as investigated and reported by the Internal Audit Department in the organization.

### 3.3 METHOD OF DATA ANALYSIS

#### 3.3.1 Analysis of Field Survey

The analysis is based on responses from questionnaire administered in the sample areas of the research study - Zaria, Kaduna in Kaduna State and Malumfashi in Katsina State. The responses were analysed in the light of our research questions.

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## CHAPTER FOUR

### 4.1 DATA PRESENTATION AND ANALYSIS

The Chapter is divided into sections in which an in-depth analysis of the data obtained from the research study are presented. In the first section, data obtained through questionnaire administered to Internal Audit Staff in Kaduna, Zaria and Malumfashi were tabulated and ranked as percentage of total response.

Some 92 Audit Staff were drawn from the organisation and were asked to rank the Internal Audit Controls in areas of financial operations. They were also asked to rank frauds and malpractices preventive measures by level of effectiveness.

The second part of the chapter dealt with the analysis of data in ranking different types of frauds.

The 3rd part contains the preventive measure that will minimize occurrence of frauds and misappropriation.

### 4.2 ANALYSIS OF SURVEY RESULTS

92 were drawn from Zaria, Kaduna and Malumfashi and were asked to rank different Internal Audit Controls in financial areas. From the opinion of the respondents, 93% were of the opinion that adequate internal controls exist in areas of cash collection. The high frequency of this is because of the



sensitive nature of the areas. Cash collection through hospital bills constitute a major source of revenue in running the organisation.

Control on procurement and supplies ranked the next by 87%. This area constitute one of the sources of Hospital medical consumable. The survey showed that, the Internal Audit Control in this area is been intensified in view of the huge expenditure been incurred by the organisation in procuring the medical items/equipment.

Payroll control according to the survey is followed by 84.5%. The survey showed that the area of case study maintain a large labour force. A huge amount is been expended on personnel cost which called for effective internal control to minimise frauds through ghost workers and overpayment/underpayment of salaries and allowances.

Internal Audit control on store procedures comes next by 76%. This area of control according to the survey consist of storage, receipts and issue of drugs/medical consumable. To minimise abuse of equipment/drugs, adequate control is maintain in through receipts - by raising relevant store documents.

In the opinion of the respondents, computer environment maintain the least in effective internal control by 61%. The reason according to the survey is due to the fact that the output of the other areas listed above constitute the input into the computer environment. The different internal control

instituted in the respective areas under survey overlaps to the computer environment.

Table 4.1 Shows the ranking of Internal Controls

Ranking of Internal Audit Control

S/No.	Internal Audit Controls on	Percentage (%)
1.	Cash collection	93%
2.	Procurement and supplies	87%
3.	Payroll control and Appraisal	84.5%
4.	Stores Procedures	76%
5.	Computer Environment	61.5%

4.3 RANKING OF FRAUDS AND MISAPPROPRIATIONS

86% of the opinions sampled held the opinion that computer frauds through input manipulation, theft of software, output manipulation etc. might rank high. This is in view of been a newly introduced system into the organisation. Fraudsters will devise a strategic of defrauding the organisation in view of the percentage of opinion in store fraud accounted for 78%. The survey show that this area constitute the busiest in terms of movements of drugs and medical consumable. This can be attributed to inadequate knowledge of the Internal Control System by some store officers.

Administration frauds through suppression  
misrepresentation of information, outright false information  
and executive frauds for unilateral award of contracts/LPO's  
without referring to tender procedure accounted for 69%. The  
reason according to the survey is due to powers given to the  
Chief Executives as Accounting Officers which most of them  
abuse to their advantages.

Payroll frauds occurrence according to the survey ranked  
60%. This is in view of misrepresentation and suppression of  
information by administrators. A staff retiring from service  
without proper communication to the finance Department often  
lead continuous salaries Payment to non-existing staff (Ghost  
Workers).

Financial frauds rank 40% in types of fraud and  
misappropriation. This could be attributed to the effective  
Internal Audit Control enforce which scared fraudsters.

#### 4.4 FRAUDS AND MISAPPROPRIATION PREVENTIVE MEASURES

Table 3 shows ranking of frauds and misappropriation  
preventive measures.

TABLE 4.2

S/No	Fraud and Misappropriation Preventive Measure	Percentage (%)
1.	Effective Internal Audit Control	92%
2.	Complying with Internal Control Measures	82%
3.	Rotation of Jobs/Staffs	65%
4.	Internal Disciplinary Action	58%
5.	Daily Vigilance of Cash/Revenue Areas	55%

According to the survey effective Internal Audit Control ranked 92% in the opinion of the respondents in preventing frauds and misappropriation. This was attributed to the facts that the internal audit play a paramount role in fraudsters.

Complying with Internal Control measures in all areas follows by 87%. The survey show where control are followed, frauds and misappropriation are reduced to the berets minimum.

Regular rotation of job/staff was also ranked 65%. In the respondents opinion, that was another effective frauds and misappropriation preventive measure. The logic behind regular staff or job rotation was any staff who overstay on a particular job could be so use to the control and can devise a means of beating the control and defraud.

Internal disciplinary action ranked 58%. This was another effective frauds and misappropriation preventive

measure. Where disciplinary action are taken against those that committed frauds, it deter others who have the attention of committing same.

Daily vigilance of cash and revenue generation ranked 55% in preventing frauds and misappropriation. The survey indicated daily vigilance over some of those areas will deter fraudster from carrying out a fraudulent act.

Staff schedules through ensuring check and balances in every operation ranked 53%. Where there is well drawn staff schedules manned by the right caliber of personnel to overlook these areas, fraud perpetration will be reduce to the berets minimum.

#### 4.5 ANALYSIS OF FRAUDS AND MISAPPROPRIATION DETECTED

Frauds and misappropriations prevention is of special concern to most organisation as these undermine the safety, soundness and stability in any organisation. The elimination/prevention of occurrence is therefore in the best interest for the survival of organisation and development of the economy in general.

Table 4.4 shows breakdown of frauds and misappropriation cases in the period 1990-1995.

TABLE 4.3

The table shows break down cases of fraud and misappropriation of funds from 1990 - 1994.

Year	No. of Frauds	Actual Amount Involved	Amount Recovered	Losses
1990	15	N145,000.00	N45,000.00	N100,000.00
1991	6	N20,000.00	-	-
1992	-	-	-	-
1993	2	N5,000.00	-	-
1994	7	N15,500.00	N10,000.00	N5,500.00

In 1990, a total sum of N145,000.00 was defrauded by fraudsters through manipulation and defalcation of receipts. A sum of N45,000.00 were recovered and N100,000.00 was regarded as loss.

In 1991, N20,000.00 was involve which is a increase/decrease of 86.21%. No amount was recovered.

However, in 1994, N15,500.00 was recorded as been defrauded in which N10,000.00 was recovered leaving N5,500.00 as a loss.

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**SUMMARY, OBSERVATION, CONCLUSION AND RECOMMENDATION**

This chapter contains four sections. In sector, one, summary of the study is given. The second sector, contains observations made. The third section contains conclusions derived from the research findings. Finally, in the fourth section, recommendations were based on the conclusions.

**5.1 SUMMARY**

Chapter One outlined the purpose of the research study, its significance to the government and the general public. The delimitation of the study focused on frauds and misappropriations in Institute of Health, Ahmadu Bello University, Zaria. The research was conducted in 2 states, Kaduna and Katsina States and covered a period of 5 years (1990-1994).

In Chapter Two, related literature was reviewed on the research topic. The first part of the chapter was a brief history of Internal Audit Control in Institute of Health,



A.B.U., Zaria. The second part dealt with definitions and types of Internal Controls, their importance and limitations.

The Chapter also discussed the different types of frauds and misappropriation perpetrated in the organisation.

The third Chapter discussed the research methodology employed such as, the sources of data, method of data collection and method of data analysis.

In Chapter 4, the presentation and analysis of data. In the first section of the Chapter, data obtained through questionnaire and interviews conducted (primary data) were tabulated; ranked as a percentage of total responses analysed. The second section of the chapter dealt with ranking of frauds and misappropriation, and preventive measures. It also dealt with frauds and misappropriation committed between 1990-1994. The analysis in the chapter were fostered towards answering the research question raised in chapter one.

## 5.2 OBSERVATION

Based on the analysis in chapter four, we observe as follows:

1. Internal Audit Control is one of the effective means of minimizing frauds and misappropriation in the organization.
2. That the most commonest frauds and misappropriation occur in the areas of computer environment through input/output manipulations, theft of software and wrong

data entry.

3. That between 1990-1994, there were reported cases of frauds and misappropriations committed.
4. That the highest fraud cases occurred in 1990 with a sum of N145,000.00 involved.
5. That the highest loss recorded in 1990 and N100,000.00 went down the drain.

### 5.3 CONCLUSION

On the basis of data presented, we conclude as follows:

1. Financial frauds, payroll, store, administrative fraud and computer frauds were the commonest frauds methods employed by fraudster in organization.
2. Poor management in terms of inadequate supervision inadequate control and under staffing were the most significant causes of frauds and malpractices.
3. Effective Internal Audit control, compliance with control procedures, daily vigilance of cash and revenue areas were the most significant in preventing frauds and misappropriation.
4. Rotation of staff, training of staff and promotion also ranked significant in fraud and misappropriation prevention.
5. Also ranked as important factors in frauds and misappropriation prevention were staff rotation on schedules of duty which ensure check and balances.

#### 5.4 RECOMMENDATIONS

The following recommendations for action.

1. Periodical inspection of units by the Internal Auditor should be regularly carried out. This enables the unit to comply with laid down rules and regulations and frauds and misappropriation can be detected in good time.
2. Regular rotation of job/staff should be undertaken in the unit. A staff should not be left on one function for too long a period in order to forestall the possibility of exploring existing operational loopholes and shortcoming for personal gain. Management in the organization should also ensure that all members of staff should take their leave when due.
3. Organizations should have sound recruitment policy and proper training programmes for their members of staff. It is worth noting that a good number of frauds and misappropriation in most organization succeed due to mainly staff involvement with fraud syndicate. It is also recommended that organisation should insert guarantors clause as condition before employment. This will enable guarantors be held responsible for fraud and misappropriation perpetrated by employees.

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4. Inability of law enforcement agents to prosecute fraudsters has made establishment reluctant to report cases to police. It is hereby recommended that public and private sector should liaise with the Federal Government to allow private prosecution of fraud cases in regular courts or special tribunals.

5. Declaration of assets. A rigorous, more determined, less half-hearted system of declaration should be further strengthened.. The system should also be devised not only on public servant but private employees in position of responsibility to declare their assets. Meaningful and effective sanction such a forfeiture of ill-gotten or unaccounted for wealth or asset should be faithful and strictly enforced. A "new improved" Declaration of Asset Bureau and befitting Declaration of Assets Tribunal (headed by a serving or retired Judge of the High Court or of a higher court) should be established to even investigate and/or question stupendous, staggering, unexplained ill-gotten wealth by Nigerians.

6. It has been pointed out that the provisions in our statute books against frauds and related offences seem inadequate and certainly ineffective for the frightening

dimension which fraud has acquired. We are recommending a stiffer penalty such as forfeiture, paltry fine and imprisonment against fraudsters. In this regard, the conception of the failed Bank Decree and the Tribunal set up there under has to be praised. The failed parastatal Decree and Tribunal must also be welcome.

7. Awareness Propaganda

Whether as a passing phase caused by present socio-political or socio-cultural environment, the society's non-challant to or acquiescence in fraud or display of fraudulently acquired wealth needs to be seriously addressed by the Government through some of its specialised agencies. That is MAMSER, National Orientation Movement, ICAN, Nigeria Institute of Management etc.

8. Restructuring and re-organising the society on a more just and fairer manner. There is no running away from the fact that there must be a more justly and more equitably organised society. The society should be responsive and responsible to political arrangement, a better fairer distribution of wealth and privileges. It should ensure measure of preventing and controlling frauds, misappropriation and serious crimes within it. A

society where absence affluence and wealth exist side by side with abject and grinding poverty and peaxy. A society where wealth no matter how dubiously acquired is not questioned by authorities or private citizens. A society where people with widely and clearly known sources of income display unknown sources of income display unknown, unimaginable wealth and get away with and are idolised by state and citizens alike.

#### SUGGESTION FOR FURTHER RESEARCH

In consideration that the fact that frauds and misappropriation in most organisation is alarming and on the increase, it is hereby suggested that a further research work to be carried out in the following under-listed:

- i. There is a need to compile adequate statistics both nationally and by sector of losses/wastages through fraud.
- ii. The exact amount of losses incurred as a result of fraud in both the private and public sector of Nigerian economy need to be ascertained. The loss could cover specific time period and could address the consequences of fraud (i.e loss of employment, business failure, capacity utilization).

iii. There is need to carry out empherical studies to find out the actual causes of fraud in Nigeria and ascertain the most prevalent reasons for fraudulent activities by different groups in the society. Such groups can be stratified into type haves i.e. Top Management staff private/public organisation and the have not i.e Junior workers in organizations.

iv. There is the need to quantify the loss of investment opportunities arising from the Nations bad image created by fraudsters.

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APPENDIX

Department of Business Administration  
Institute of Administration  
Ahmadu Bello University,  
Zaria.

Dear Sir,

This is an M.B.A. Project work on "Internal Audit Control: A tool to safeguard frauds and misappropriation" leading to the partial fulfillment of the award of Master in Business Administration.

The research work is for academic exercise only and all information given in answering attached questionnaire will be confidentially treated.

In the light of the above, I shall appreciate if you kindly answer the attached questionnaires.

Thanking you in advance for your co-operation,

Yours faithfully,

Abdullah, Othman DanAsabe.



INTERNAL CONTROL EVALUATION

APPENDIX ii

QUESTIONAIRES

NAME.....

RANK.....

No.	DIFFERENT AUDIT CONTROLS	YES	N O	N / A
A)	<u>CASH COLLECTIONS</u>			
I	Is daily posting being maintained & effected in Cash Book.			
ii	Is a register maintained and kept by an officer on all revenue receipts collected by revenue clerks:			
iii	Is there adequate physical safeguard of cash collected by cashier in revenue areas			
iv	Does the receiving cashiers have effective control over daily receipts before banking?			
v	Do Auditors cross check daily receipts against physical cash before being banked?			
vi	Are petty cash account being monitored on weekly basis by Auditors?			
vii	Are adequate documents attached before reimbursement and checked by Auditors?			
viii	Do bank reconciliation being prepared on monthly basis?			
ix	Are controls adequate and effective enough to detect early frauds in cash generating areas?			
B	<u>PAYROLL CONTROL APPRAISAL</u>			
I	Do payroll obtain prompt notification of new employees?			
ii	Are rates of pay and amendments properly authorized and receipted on employees files.			
	Are sufficient check carried out to exclude false			

iii	names on payroll or deliberate in correct payments?			
iv	Are properly authorized amendment to payroll records accepted for processing salaries?			
v	Is all overtime, bonus etc authorised by an appropriate person?			
vi	Is payroll adequately checked after preparation before payments?			
vii	Are deductions (tax, loans etc) on salary effected and remitted?			
viii	Is each payroll sheet signed by responsible authorized persons before processing for payment?			
C	<u>PROCUREMENTS/SUPPLIES</u>			
I	Is cash purchases forms the only way of procuring materials in the organisation?			
ii	Is request for procurement and cash release at the instance of staff or management?			
iii	Do quotations being obtained & forwarded along with the request before physical cash release?			
iv	Do quotations being obtained & forwarded along with the request before physical cash released?			
v	Does purchases being made by individual or on Committee basis			
	Does frequent variations enter			
D	<u>STORES PROCEDURES</u>			
I	Does computer room being made accessible to all staff in the organisation?			
ii	Is computer input being audited before being fed to the			
iii	Is the processing stage being observed by Auditors before the final print out?			
iv	Do Auditors audit computer output before being processed for payment?			

TYPES OF FRAUDS

Kindly rank the following types of frauds and misappropriations in order of frequency in the Organization.

	Types of Frauds & Misappropriation	Very Frequent	Frequent	Not Frequent
A	<u>FINANCIAL FRAUDS</u>			
I	Teeming and lading			
ii	Cashier Shortages			
iii	Alternation of Receipts			
iv	Forge Cheques & Signatures			
B	<u>PAYROLL FRAUDS</u>			
I	Recruitment & Remuneration abuse			
ii	Wrong Computation of salary			
iii	Ghost Workers			
iv	Unclaimed salaries abused			
v	Abuse of overtime claim & night allowance			
C	<u>OVER INVOICING</u>			
D	<u>STORES FRAUDS</u>			
I	Shelves lifting/altering of physical balances against tally card balances.			

E	<u>ADMINISTRATIVE FRAUD</u>			
I	Suppression of information			
ii	Misrepresentation of Information's			
iii	Equivocal representation of information			
iv	Outright false information			
v	Executive Fraud i.e. the unilateral award of contract/LPOs without referring to Tender Comm.			
D	<u>COMPUTER FRAUDS</u>			
I	Input Manipulation			
ii	Theft of Software			
iii	Output Manipulation			
iv	Others (Specify)			

FRAUDS & MISAPPROPRIATION  
PREVENTIVE MEASURES

	Frauds & Misappropriation Preventive Measures	Very effective	Effective	Not Effective
I	Effective Internal Audit Control			
ii	Complying with control procedures in all areas.			
iii	Daily vigilance of cash and revenue generations			
iv	Staff schedules of duties i.e. ensuring check and balances in every operations.			

v	Rotation of staff			
vi	Internal Disciplinary action			
vii	Training of Staff			
viii	Promotion			
ix	Persecution of fraudsters by Law enforcement agents			

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