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EXTENT OF MANAGERS' COMPLIANCE WITH INTERNAL AUDIT GUIDELINES FOR STAFF ADVANCES AND DEBTORS IN PUBLIC AND PRIVATE COLLEGES OF EDUCATION IN SOUTH EAST, NIGERIA.

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ABSTRACT

The purpose of this study was to investigate the extent managers in public and private colleges of education in South East, Nigeria comply with internal audit guidelines for staff advances and debtors. This study was carried out in South East States of Nigeria using all public and private colleges of education in the area. The study adopted descriptive survey research design. The population for this study comprised 952 financial managers in public and private colleges of education in South East, Nigeria. The sample for the study comprised 540 respondents made up of 331 financial managers in public colleges of education and 209 financial managers in private colleges of education selected from three out of the five States in the South East, Nigeria. The data for the study were collected using a self-structured questionnaire entitled "Managers' Compliance with Internal Audit Guidelines for Staff Advances and Debtors Questionnaire" (MCIAGSADQ). The researcher validated the instrument by consulting three experts. Two of them are from Department of Educational Management and Policy and one from Department of Educational Foundations, all in Nnamdi Azikiwe University, Awka. To establish the internal consistency of the instrument, the researcher conducted a pilot test by administering 20 copies of the instrument which were administered to 20 financial mangers comprising 14 from public colleges of education and 6 from private colleges of education in South-South, Nigeria. Cronbach Alpha was used in the data analysis which yielded coefficient value of 0.79. Copies of the data collection instrument were administered on the respondents in the institutions personally by the researcher with the help of two research assistants who are lecturers in the colleges of education. The data generated through the structured questionnaire were analysed using simple percentages and aggregate scores. The hypotheses were tested at 0.05 level of significance using t-test statistics. Findings indicated that majority of the managers in public and private colleges of education in South East States of Nigeria do not comply highly with the internal audit guidelines for cash collections and bank transactions. It was therefore recommended that, instead of conspiring with corrupt personnel either in the college or in government, provosts of colleges of education should ensure that their colleges comply fully with the internal audit guidelines for cash collection and bank transactions by sanctioning deviant staff.

Keywords: Managers; Colleges of Education; Internal Audit Guidelines; Staff Advance; Debtor.

Introduction

In Nigeria, as in other countries of the world, education is used to transmit knowledge, skills, moral values and attitudes necessary for individuals to live meaningfully and contribute responsibly to the development of the nation. According to the Federal Republic of Nigeria (FRN 2013), the nation's education is based on the belief that education is an instrument for national development and social change. Furthermore, FRN stated that education maximizes the creative potentials and skills of the individuals for self-fulfillment, general development and promotion of a progressive and united Nigeria. Consequently, the educational system in Nigeria is delineated into different levels, namely: pre- primary, primary, secondary and tertiary levels (FRN, 2013). The tertiary level, and precisely, college of education is the focus of this study.

College of education is among the tertiary institution in Nigeria, and it aims at producing competent and certified teachers for pre-primary and primary education. College of education trains teachers for a period of three years and awards Nigeria Certificate in Education (NCE). This type of higher education was the brain child of the 1959 Ashby commission's report and its stand on the nation's development in education. Following the Ashby commission's mandate to conduct and explore the need for higher education in Nigeria as the time, the commission swung into action. In short while after investigations, the commission observed with dismay that there is no room for higher education in Nigeria owing to the upsurge of the turnout of students from the secondary school and who desire to further their education. In addition, the commission also observed that there was acute shortage of trained and qualified teachers. This explains why training of more teachers for national secondary schools found its way in their recommendations.

It is important to appreciate the fact that, for colleges of education to achieve their objectives effectively, there is need to establish an effective internal control system to furnish the management with necessary analyses, appraisals and recommendations for decision making. In reaction to the above claim, Modibbo (2015) succinctly put that, an efficient internal control system in tertiary educational institutions requires accountability in cash flow and adequate financial reporting and accountability is paramount to the growth and development of tertiary educational institutions.

The main objective of financial reporting is to provide adequate and useful information for proper planning, control and decision making that will aid in achieving organizational short-term and long-term goals. These objectives can be achieved where the information received is understandable, timely, accurate, complete and comparable. Financial reporting is normally done through auditing.

Auditing is basically the duties performed by competent and certified auditors to make sure that financial reporting is qualitative with desired important facts and figures. Auditing is an essential tool in the public service as it fortifies and solidifies accountability and cements trust and confidence in financial reports presented to stakeholders, members, creditors and the entire public. One of the financial practices being audited is staff advances and debtors.

Staff advance is the process of lending money to the staff temporary with the view to boost their financial strength when the need arises. Staff advances are payments made off-front to any member of the staff based on demand before the due date. An advance payment is a type of payment made ahead of its normal schedule, such as paying for a good or service before one actually receives it (Kenton, 2019). Advanced payments are sometimes required by sellers as protection against non-payment or to cover the seller's out-of-pocket costs for supplying the service or product. An advance paid to an employee is recorded as a current asset in the company's balance sheet. There may not be a separate account in which ti store advances especially if employee advances are infrequent, possible asset accounts in which to store this information are: employee advances (for high-volume situations), employee loans (useful if the company intends to charge interest on funds advanced to employees), other assets (probably sufficient for smaller companies that record few assets other than trade receivables and fixed assets), other receivables (useful if you are tracking a number of different types of assets and want to segregate receivables in one account) (Tools, 2019).

Employee advances require considerable vigilance by the accounting staff because employees who have limited financial resources will tend to use the institution as their personal banks and so will be reluctant to pay back advances unless pressed to do so repeatedly. Thus, it is essential to continually monitor the remaining amount of advances outstanding for every employee. UI Audit Manual (2014) identified two types of advances namely: salary advance and cash advance. Salary advance is granted to individual staff for personal use and it it deductible from the salary of the beneficiary from source in six equal instalments with accrued interest deductible together with the first deduction. The work to be done includes the following:

a. Obtain a copy of deduction form duly signed by the beneficiary indicating the amount collected, the accrued interest and the period of deduction;
b. Ascertain whether the deduction together with the accrued interest is deducted in the first month of deduction as contained in the deduction form and;
c. When no deduction was made for any of the period or month as indicated, liaise with the salary section in order to ascertain reason.

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

Audit manuals in some public institutions have provided processes for cash advance retirement. For instance, the University of Ibadan (UI) Audit Manual, 2014) articulated cash advance retirement and clearance procedure. The clearance procedures, according to the manual involve the following:

a. Checking and cross checking the name on the clearance form with the name on the application form;

b. Ensuring that the amount is within the approval limit of the approving officer;
c. Where the amount involved is beyond the Head of Department/Unit's approval limit, the approval of the Departmental Finance Committee (DFC) should be attached to the clearance;
d. Ensuring that the appropriate authorization is sought and obtained from the Bursar and Vice Chancellor where required;
e. Ensuring that the advance is spent for the purpose for which it was requested to avoid misappropriation of funds;
f. Casting and cross-checking the attached receipts with the amount obtained and the analysis of expenditure on the clearance form together with the budge or estimate earlier submitted;
g. Where there is variation in the above, adequate and satisfactory explanation should be given;
h. Where the amount obtained was not fully spent, the excess should be paid into the finance office, receipt obtained and attached to the clearance form;
i. Every supporting document should be adequately endorsed (example by crossing) to forestall representation; and
j. Ensuring that the copy of the clearance form together with a copy of the application form is kept in a file. Employees travelling on university business may be authorized to obtain a cash advance for minor travel expenses. Every reasonable effort should be made to identity an alternative to the use of a cash advance and limit the amount of the cash advance requested. Alternatives available include direct billing, invoiced payment and one card. There must be a reasonable timing relationship between when the advance is given to the employee, when the travel occurs and when it is substantiated.

These are the internal audit guidelines for staff advances and debtors:

1. Ensure that up-to-date loans and advances registers are maintained.
2. Ensure that there are no outstanding loans and advances against the applying officer.
3. Ensure the authorization of advances and loans.
4. Ensure proper categorization of staff in terms of rank and level.
5. Ensure that loans agreements are dully signed and sealed.
6. Ensure that the purpose for the advance is reasonable in the best interest of the institution.
7. Ensure that the rules and regulations guiding loans and advances are strictly adhered to.

Statement of the Problem

Auditing guidelines mandate institutions to ensure compliance with the internal control system put in place to safeguard the assets of the institutions, prevent and detect malpractices, frauds and audit all the daily transactions. The presence of guidelines and the internal audit functions put in place, there are still incidences of

large-scale financial fraud in colleges of education particularly in the South East, Nigeria. The problem of the study put in question form is: "To what extent do managers in public and private colleges of education in South East, Nigeria comply with the internal audit guidelines for staff advances and debtors in public and private colleges of education in managing the college funds in South East, Nigeria?"

Research Question

To what extent do managers in public and private colleges of education in South East, Nigeria comply with internal audit guidelines for staff advances and debtors?

Research Hypothesis

There is no significant difference between the mean ratings of the managers of the public and private colleges of education on the extent of compliance with internal audit guidelines for staff advances and debtors in South East, Nigeria.

Research Method

This study was carried out in South East States of Nigeria using all public and private colleges of education in the area. The study adopted descriptive survey research design. The population for this study comprised 952 financial managers in public and private colleges of education in South East, Nigeria. The sample for the study comprised 540 respondents made up of 331 financial managers in public colleges of education and 209 financial managers in private colleges of education selected from three out of the five States in the South East, Nigeria. The data for the study were collected using a self-structured questionnaire entitled "Managers' Compliance with Internal Audit Guidelines Questionnaire" (MCIAGQ). The researcher validated the instrument by consulting three experts. Two of them are from Department of Educational Management and Policy and one from Department of Educational Foundations, all in Nnamdi Azikiwe University, Awka. To establish the internal consistency of the instrument, the researcher conducted a pilot test by administering 20 copies of the instrument which were administered to 20 financial mangers comprising 14 from public colleges of education and 6 from private colleges of education in South-South, Nigeria. Cronbach Alpha was used in the data analysis which yielded coefficient value of 0.79. Copies of the data collection instrument were administered on the respondents in the institutions personally by the researcher with the help of two research assistants who are lecturers in the colleges of education. The data generated through the structured questionnaire were analysed using simple percentages and aggregate scores. The hypothesis was tested at 0.05 level of significance using t-test statistics.

Research Question: To what extent do managers in public and private colleges of education in South East, Nigeria comply with internal audit guidelines for staff advances and debtors?

Table 1: Range of Scores on extent managers in public and private colleges of education in South East, Nigeria comply with internal audit guidelines for staff advances and debtors. N=540

Range of Scores	N	%	Remarks
9.00 – 13.41	-	0	VLC
13.50 – 22.41	29	2.72	L C
22. 50 – 31.41	441	50.73	HC
31.50 – 40.41	70	46.55	VHC

Results in Table 1 indicated that, with scores ranging from 31.50 to 40.41, a total of 70 (46.55%) out of 540 managers in public and private colleges of education in South East of Nigeria very highly complied with internal audit guidelines for staff advances and debtors. Again, 441 (50.73) of them highly comply with internal audit guidelines for staff advances and debtors whereas 29 (2.72%) of them indicated low compliance with internal audit guidelines for staff advances and debtors. None of the managers indicated very low compliance with internal audit guidelines for staff advances and debtors. Going by this analysis of the ratings of the managers, majority of them in public and private colleges of education in South East of Nigeria highly complied with internal audit guidelines for staff advances and debtors.

Hypothesis: There is no significant difference between the mean ratings of the managers of the public and private colleges of education on the extent of compliance with internal audit guidelines for staff advances and debtors in South East, Nigeria.

Table 2: t –test on the mean ratings of the managers of the public and private colleges of education on the extent of compliance with internal audit guidelines for staff advances and debtors in South East, Nigeria. N=540

Source of variation	N	$\overline{X}$	Sd	Df	P-value	∞	Remarks
Managers in Public College of Education	331	23.10	2.98				
				538	2.55	0.05	
Managers in Private College of Education	209	22.83	4.21				

Table 2 revealed that at 0.05 level of significance and 538 df, the p-value of 2.55 is greater than the significant value of 0.05 indicating that the t-test is significant. The third null hypothesis is therefore not rejected. Then, there is no significant difference between the mean ratings of the managers of the public and private colleges of education

on the extent of compliance with internal audit guidelines for staff advances and debtors in South East, Nigeria.

Discussion of Findings

The research question and null hypothesis focused on the extent managers comply with internal audit guidelines for staff advances and debtors. From the research question, it was found that majority of the managers in public and private colleges of education in South East, Nigeria complied highly with the internal audit guidelines for staff advances and debtors. The data analysis for the third null hypothesis indicated that there is no significant different between the mean ratings of managers in public and private colleges of education on the extent they complied with the internal audit guidelines for staff advances and debtors in South East, Nigeria.

From the analysis so far, it is obvious that the managers seem to choose the sections of the guidelines to observe and ones not to observe. In the present case, they choose to comply with the internal audit guidelines for staff advances and debtors. The reason for this is obvious since staff advances and debtors are mainly internal affairs. They complied with this section of the guidelines probably to keep accurate official records of staff advances and debtors. With this the managers could recover the funds advanced to the staff. With this also, they could recover the college money from debtors. It can also be argued that the managers are complying with this section of the guidelines in order to have official document they could tender in courts in cases where the college management decides to recover funds advanced to staff or from their debtors through the court process.

This findings of the study does not agree with Onyedinma (2021) who found that financial managers did not comply with audit in the process of staff advanced and debt management. The reason for the difference is quite obvious. Onyedinma conducted the study in River state which is in South-South but the current study was conducted in South East. The difference in the geographical location could have affected the finding. Again, the former was not conducted in colleges of education and did not cover private institutions but the later covered both public and private colleges of education.

In the same Vein, Ekeoma (2021) found that staff advances and debt management were carried out without reference to or compliance with laid down guidelines. Though the study was conducted in Abia, which is a state in South East, the reason for the difference in the findings in that Ekeoma's study was carried out in secondary schools.

Furthermore, data analysis for hypothesis three revealed no significant difference between the mean ratings of the managers of public and private colleges of education on the extent of compliance with the internal audit guidelines for staff advances and debtors in South East, Nigeria. This indicated that the practice and procedure for staff advances and debt management in public and private colleges of education in South East states of Nigeria are the same. This finding confirms earlier study by Ekeoma (2021) that there was no significant difference in the mean ratings of the two sets of respondents studied.

Summary of findings

Based on the data analysis, the following findings were made:

1. Majority of the managers in public and private colleges of education in South East of Nigeria highly comply with internal audit guidelines for staff advances and debtors.
2. There is no significant difference between the mean ratings of the managers of the public and private colleges of education on the extent of compliance with internal audit guidelines for staff advances and debtors in South East, Nigeria.

Conclusion

Based on the findings of the study, it is concluded that managers in public and private colleges of education in South East, Nigeria complied with the internal guidelines for staff advances and debtors. They did not differ in their mean ratings on the extent they complied with the internal guidelines for fund management in the colleges of education.

Recommendations

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

1. The National Commission for Colleges of Education (NCCE) should not only enforce the implementation of the guidelines in the colleges of education, there should be workshops and seminars for fund managers in college of education on how the internal audit guidelines can be fully complied with in the colleges of education.
2. The anti-graft commission should arrest and prosecute any head or provost of college of education who fails to comply with the NCCE internal audit guidelines for fund management in the colleges of education.
3. The appointment of provosts and other members of the college management should be based on merit and proven character that could be trusted.

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