AJEMATES
African Journal of Educational Management, Teaching and Entrepreneurship Studies
VOL.9 (3), May-September, 2023 https://ajemates.org

EXTENT OF MANAGERS' COMPLIANCE WITH INTERNAL AUDIT GUIDELINES FOR CASH COLLECTIONS AND BANK TRANSACTIONS IN PUBLIC AND PRIVATE COLLEGES OF EDUCATION IN SOUTH EAST, NIGERIA.

Prof. Ada Sam Omenyi & Emegwa Tina Uzoamaka
Department of Educational Management and Policy,
Nnamdi Azikiwe University, Awka, Anambra State, Nigeria
emegwauzuamaka@gmail.com

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 cash collections and bank transactions. 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 values of 0.81, 0.83, 0.79, 0.80 and 0.82 for the five clusters and an overall reliability value of 0.81. 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; Public; Private; Colleges of Education; Comply; Internal Audit Guidelines; Cash Collections; Bank Transactions.

Introduction

Guidelines are rules or instructions that are given by an official in an organization telling a staff or an employee how to do something especially something difficult. According to the Federal Ministry of Finance

(FMF, 2011), auditing guidelines are the principles and standards guiding the practice of auditing. The main objective of the audit guideline is to ensure compliance with audit best practices. The FMF further stated that it is mandatory for all auditors to adhere to the guidelines in the manual in order to ensure consistency and coherence of the auditing process rather than relying on personal interpretation and opinion. It is premised on this that the regulatory authority which is the National Commission for Colleges of Education (NCCE) provided standard accounting and auditing manual explaining the determined guidelines, strategies and process of audit guidelines such as audit guideline for revenue collection and bank transactions, guideline for payroll and expenses, audit guideline for staff advances and staff debtors, audit guideline for fixed assets, audit guideline for disposal of fixed assets and many others (NCCE Audit Manual, 2006).

The NCCE Audit manual is made available for internal audit in public tertiary educational institutions to have a uniform standard of auditing practices. The essence of this is to make sure that the accounting officers are cleaned up of corrupt practices, misappropriation and mismanagement of fund in public colleges of education. This in turn translate to enabling financial management milieu, generation of job openings, adequate fund for teaching facilities and research, safety of the assets of the institutions and so on. In their view points, Nwaigburu and Mark (2014) observed that the following are the account officers in colleges of education: Bursars, Directors, Senior Accountants, Auditors, Accounts and store officers. According the studies carried out by Adetoso, Oladejo and Akesinro (2013) and Whawo (2015), there are consistent flaws in the internal control system leading to several occurrences of fraud and other irregularities in fund management system which no doubt have untold hardship on the progress and structure of the colleges of education not only in South East but entire the Nigerian higher educational institutions.

According to Agabi (2014), a public college is that which is owned by the state or receives significant public funds through a national or sub-national government as opposed to a private which is funded and owned by the private individual. Public colleges of education are therefore those colleges of education owned by the state or significantly funded with the public fund through appropriate government agency. The private colleges of education are those owned and managed by individuals or cooperate bodies. Every aspect of the organization setting and functioning rely solely on the monetary capacity of that organization. To be honest, it is the institutions purchasing power that determines the quality and quantity of facilities provision.

The quality and quantity of educational resources dictates the achievement of the desired goals. In order to ensure that the goals of colleges of education are not driven to oblivion, there is absolute need to seek competent financial manager and auditor. These managers ensure prudent use of the available fund void of reckless expenditures and/or unaccountable spending that shortens the allotted fund. According to the NCCE Audit Manual (2006), financial breakthrough is achievable in colleges of education through rigorous financial practices which is contained in the manual guidelines such as cash collection and bank transaction, payroll and expenses, staff advances and debtors, fixed assets and disposal of fixed assets.

Cash collection and banking (treasury) transactions lend itself to the money in the school's treasury and the payment of cash for the purchase of an asset. It goes to ensure that for any transaction carried out, receipt must be obtained for retiring the items bought for proper auditing. Bank transaction entails occasional liaison with the bank using their statement of account and pass book to ensure that every bank transaction are captured and corresponds to the one that the financial manager possesses.

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

Cash management and banking transactions are one of the most fundamental systems operated by any organization which colleges of education belong. Also, cash and other liquid resources are an organization's most important physical asst. The ability to pay wages and pay suppliers depends on the availability of cash. As an asset, cash is also the asset most at risk from fraud and corruption as it can be hard to trace and is easy to spend. It is therefore of fundamental importance to any organization to have good systems for collecting, managing and disbursing cash. The system objective with respect to cash and banking transaction is to ensure that all cash income is collected, recorded adequately and promptly banked and that suitable banking or treasury services are obtained.

According to Lateef (2013), the main objective of cash collection is to ensure that all monies generated by and all allocations to the institutions are adequately collected and documented in line with the extant federal government financial regulations. The objectives include the following;

1. Ensure proper internal control systems mostly in the area of printing, issuing and keeping custody of receipts
2. Ensure that the objectives for which funds are made available to the institution are met
3. Ensure that rules, regulations, policies and procedures are compiled with
4. Ensure the prevention of loss through fraud or theft and
5. Ensure adequate collection of all monies from all revenue sources by authorized persons using official receipts.

From these objectives, it is understandable that a manager who follows or observes the objectives of cash collections as reported above may not likely engage in financial frauds. This becomes more meaningful when combined with the internal audit guidelines.

The following are the internal audit guidelines for cash collection and bank transactions:

1. Obtain the list of all the sources of revenue accruing to the institution.
2. Obtain the names, designations and destinations of all revenue collectors

from the bursary and the list of all registered students from the registry.
3. Obtain the revenue receipts stock register.
4. Compare receipts booklet with the revenue stock register.
5. Compare the receipts issued with the cash book entries.
6. Compare the cashbooks with the bank tellers
7. Reconcile cashbooks, bank tellers, lodgement registers and bank statements.
8. Ensure that receipts posted to cash analysis book are examined to see that amounts in figures and words tally.
9. Ensure that there are no alterations or erasures, no correction fluid is used and that they are dated and issued in serial number, make sure that the originals and duplicates of cancelled receipts be made available for inspection and take note if any fake tellers are used.
10. Ensure that receipts are issued for all monies, cash cheques, drafts, money orders collected and lodged in the bank the very day or the next day of collection.
11. Advice that revue collector should not stay for too long on the schedule.
12. Obtain independent bank statements at reasonable intervals.
13. Carry out cash survey periodically.

The above provisions are indicative that the essence of the internal audit guidelines are to safeguard public funds. The managers' compliance can promote prudence in public fund management especially in the colleges of education. The audit manual also has provisions for payroll and expenses.

Essentially, the NCCE Internal Audit Manual was put in place to ensure that the assets of colleges of Education in Nigeria are managed properly. Primarily, the manual also ensures that funds in colleges of Education in Nigeria are not expended loosely on personal or unserviceable equipment. It is a major guide against fund mismanagement and misappropriation in colleges of Education in the country. It is expected that fund managers in colleges of education in Nigeria should comply with the provisions of the manual. However, the reverse is the case in most colleges of education in the country.

According to Tanui (2023), financial recklessness begins whenever an officer decides not to follow laid down financial management guidelines or principles. This is a confirmation of an earlier observation by Gjebi and Ibitomi (2022) that a financial manager who chooses to ignore established procedure for fund management has taken the wrong decision to embezzle public fund.

Many financial mismanagement and misappropriation have been recorded in colleges of education in Nigeria probably because most provosts and college management seem not to comply with the provisions of the NCCE Manual. For instance, in its editorial, sunrise media (2020:3) reported that the sum of "25 Million TETFund money meant for infrastructural development at Akwa Ibom State colleges of Education, Afaha Nsit" was diverted and embezzled by the college management. The report further stated that another 2.5 million TETFund was also diverted into private account and shared among the college management. This led to the sack of the college Bursar (Sunrise media). In the light of the above, this study investigated the extent managers in public and private colleges of education in South East, Nigeria comply with

internal audit guidelines for cash collections and bank transactions.

Research Question: To what extent do managers in public and private colleges of education in South East, Nigeria comply with internal audit guidelines for cash collections and bank transactions?

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 cash collection and bank transactions 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 values of 0.81, 0.83, 0.79, 0.80 and 0.82 for the five clusters and an overall reliability value of 0.81. 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.

Research Question 1: To what extent do managers in public and private colleges of education in South East, Nigeria comply with internal audit guidelines for cash collections and bank transactions?

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 cash collections and bank transactions. N=540

Range of Scores	N	%	Remarks
8.00 – 12. 42	50	3.10	VLC
12.50 – 20.42	430	95.29	L C
20. 50 – 28.42	35	0.92	HC
28. 50 - 36.42	25	0.69	VHC

The analysis of data in Table 1 shows that, with scores ranging from 28.50 to 36.42, only 25 (0.69%) out of 540 managers in public and private colleges of education in South East, Nigeria showed very high compliance with internal audit guidelines for cash collections and bank transactions; 35 of them constituting 0.92% highly comply with the internal audit guidelines for cash collections and bank transactions; 430 managers constituting 95.29 of them indicated low compliance with the internal audit guidelines for cash collections and bank transactions. Again, 50 managers constituting 3.10% of the respondents indicated very low compliance with the internal audit guidelines for cash collections and bank transactions. Therefore, one can say that majority of the managers in public and private colleges of education in South East States of Nigeria did not comply highly with the internal audit guidelines for cash collections and bank transactions.

Hypothesis 1: 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 cash collection and bank transactions in South East, Nigeria.

Table 2: t- test on the mean ratings of managers of the public and private colleges of education on the extent of compliance with internal audit guidelines for cash collection and bank transactions in South East, Nigeria. N=540

Source of variation	N	$\bar{X}$	Sd	Df	P-value	∞	Remarks
Managers in Public College of Education	331	37.76	3.90				
				538	3.25	0.05	
Managers in Private College of Education	209	36.88	4.05				

Table 2 shows that, at 0.05 level of significance and 538 df, the p-value of 3.25 is greater than the significant value of 0.05. The first 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 cash collection and bank transactions in South East, Nigeria.

Discussion of Findings

Research question one and hypothesis one investigated the extent managers comply with the internal audit guidelines for cash collections and bank transactions in public and private colleges of education in South East of Nigeria. The data analysis for the research question indicated that majority of the managers did not comply highly with the internal audit guideline for cash collection and bank transactions.

This findings is analytically important. The essence of the internal audit guideline is ensure proper management of the assets and liabilities of the institutions. The reason mainly is to ensure prudent management of the college funds. The internal audit guidelines provides the procedure for cash collections in the colleges. The document also provides the procedure for the colleges bank transactions. In circumstances where these procedures are not followed or complied with, the college funds are said to be mismanaged. Many cases of fund mismanagement have been reported

against some provost and college managements probably because they did not follow the guideline provided (Awotadeji 2018, Edem, 2018).

The finding of this study is in support of earlier findings in literature. For instance, Gyebi and Ibitomi (2022) fund that many heads of academic institutions did not follow the official guidelines for fund management which results in misappropriation and embezzlement of the school funds. Again, Lateef (2021) found that financial managers have not fully adopted audition of cash collection and bank transactions as measures of financial control in their institutions. The reason is quite obvious. They probably refused to adopt the order or procedure so as to either aid or abate fund misappropriation or embezzlement.

Furthermore, the data analysis for the first null hypothesis indicated that there is no significant difference between the mean ratings of the managers of public and private colleges of education on the extent of compliance with internal audit guidelines for cash collection and bank transactions in South East, Nigeria. The reason for this is that the practice and procedure for cash collection and bank transactions in public and private colleges of education in South East of Nigeria are the same. Thus, the inability to follow the internal audit manual is not peculiar to public colleges of education in South East, the private colleges of education also did not comply with the provisions of the manual regarding cash collections and bank transactions. This, therefore, constitute a serious challenges to effective fund management in colleges of education in South East States of Nigeria.

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 States of Nigeria do not comply highly with the internal audit guidelines for cash collections and bank transactions.
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 cash collection and bank transactions 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 did not comply with the internal audit guidelines for cash collection and bank transaction. 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. 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.
2. Provost of colleges of education should also ensure that their colleges comply with the internal audit guidelines for payroll and expense by leading by examples and punishing offenders.

REFERENCES

Adetoso, J.A., Oladejo, K.S. and Akesinro, A.S. (2013). The effectiveness of internal auditors in controlling fraud and financial irregularities in private universities in South-West, Nigeria. *Research Journal of Finance and Accounting*, 4(13): 57-65.

Agabi, C. O. (2014). *Teaching and resource management in education.* Port Harcourt: Rodi Printing and Publishing.

Awofadeji, S. (2018). *EFCC arraigns provost, two others over n52m fraud* Retrieved: https://www.thisdaylive.com/index.php/2018/11/28/efcc-arraigns-provost-two-others-over-n52m-fraud

Edem, E. (2018). *Governing Council sacks Cross River FCE Provost over alleged embezzlement.* Retrieved:https://dailypost.ng/2018/01/08/governing-council-sacks-cross-river-fce-provost-alleged-embezzlement/

Federal Ministry of Finance (2011). *Internal audit guidelines.* Abuja: Audit Monitoring Department.

Federal Republic of Nigeria (2009). *Federal government financial regulations.* Abuja: Federal Ministry of Finance

Federal Republic of Nigeria (2014). *National policy on education. Lagos*: NERDC press.

Gyebi, E. F. and Ibitomi, O. (2022). The cash collections and bank transactions as financial measure for controlling the management of fraud in in schools in Cape Coast, Ghana. *African Journal of Financial and Accounting, 12*(10):11-20.

Lateef, O.M. (2021). Cash collections and bank transactions as financial control measures and enhancement of administrative effectiveness in public and private polytechnics in Akwa Ibom State. *Academic Journal of Accounting Research 11*(3) 22-28.

Lateef, O.M. (2013).Roles of internal audit in enhancing of accountability in Local Government Councils of Kaduna State. *ADSU Journal of Accounting Research (AJAR) 1*(2: 72-81)

Mbura, S. H. (2013). Level of compliance with audit guidelines for payroll and expenses financial and business organizations in Ughelli, Delta State, Nigeria. *Journal of Economics Social Science Research, 2*(5): 140-156.

NCCE (2006). *Internal audit manual for federal colleges of education*. Abuja; NCCE.

Nwaigburu, K.O. and Mark, B.U. (2014). The use of accounting information in decision making for sustainable development in Nigeria: A study of selected tertiary institutions in Imo State. *International Journal of Scientific Research in Education, 7*(2): 167-175.

SunriseMedia (2020). *Alleged Fraud In Akwa Ibom State College of Education, Provost Refutes*. Retrieved: https://web.facebook.com/112895370541551/posts/alleged-fraud-in-akwa-ibom-state-college-of-education-provost-refutes-in-reactio/175755814255506/?_rdc=1&_rdr&wtsid=rdr_0vfwmjdfmGleq30R5

Tanui, S.J. (2023). Fixed asset management practices as a boon for successful business in Kenya. *International Journal of Scientific Research and Management (IJSRM), 3*(3): 25-32.

Whawo, D.D. (2015). A search for a solution to corruption in tertiary institutions in the Delta State of Nigeria. *IOSR Journal of Humanities and Social Science*, 20(3): 05-10.