CHAPTER ONE

INTRODUCTION

1.1Background to the Study

Board of directors represents all shareholders to oversee management and are obligated to report to the owners (shareholders) on how their business has been managed. However, most of the directors are very busy to participate actively in daily operation of the company; therefore, they are not able to control management adequately. Consequently, most companies set up an audit committee to assist board of directors in the supervision of management. The audit committee checks financial reporting procedures, internal control system, internal auditing and external auditing. The internal auditing department is an important information source for audit committee. Internal control was assumed in as an element of internal auditing organizations. Internal control systems are established as an effective internal audit unit that will curtail risk exposures to an acceptable level given the company's objectives.

Internal audits including internal control systems are primarily purposed to improve the reliability of financial performance, either directly or indirectly by increasing accountability among information providers in an organization (Jensen, 2003). Internal audit is an autonomous, material and consultancy activity, which adds value and improves the functioning of a company. It assists the organization to achieve its objectives by means of a systematic, disciplined method to appraise and improve the effectiveness of risk management, control and the management process. Management of internal auditing is important and internal auditing becomes effective when greater emphasis is laid on managerial internal control system. Internal auditors play a key role in scrutinizing a company's risk profile and identifying the areas to improve risk management. The aim of an internal auditor is to improve organizational efficiency and effectiveness through constructive criticism (Goodwin, 2003).

Internal controls are strategies, guidelines, procedures, practices and organizational structures put in place by an entity's board of directors, management and other personnel. Internal control is originated to provide reasonable assurance that an organization's business objectives and goals will be accomplished and the trustworthiness of financial and management reporting in compliance with applicable rules, laws and regulations. Due to several component purposes of internal controls services, there are increasing demands for better internal control systems; internal control is observed more and more as a solution to a variety of prospective problems (COSO 2011).

International Accounting Standards (IAS) classifies internal control system as a plan of organization, segregation of duties, control of documents, safeguarding of assets, competence of staff, arithmetic and accounting controls, recording and record keeping , supervision, authorization and approvals, vocation and rotation of duties, cost feasibility , routine and automatic checks. Internal controls are inaugurated to keep organization on track towards profitability goals and achievement of the organization mission and to minimize surprises along the way. They enable management to deal with quick changing competitive and economic environment, shifting customer demands and priorities and restructuring for future growth. Internal controls encourages efficiency, reduces risks of asset loss and helps to ensure the reliability of financial statements and compliance with laws and regulations (COSO, 2011).

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) formulated a model for assessing internal controls in 1992. This model has been accepted as the generally accepted framework for internal control and is widely accepted as the definitive standard against which organizations measure the effectiveness of their internal control systems.

The COSO model defines internal control as “a process, effected by an entity’s board of directors, management and other personnel, designed to provide reasonable assurance of the achievement of objectives in the following categories:

i. Effectiveness and efficiency of operations
ii. Reliability of financial reporting
iii. Compliance with applicable laws and regulations” (COSO, 2013)

An organization needs internal controls to provide reasonable assurance that they will achieve their financial reporting, operating, and compliance objectives; in summary internal control system helps organizations succeed in their mission.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) stated that internal controls consist of five components namely: Control environment, risk assessment, Control activities, Information & communication and monitoring.

Control environment is the foundation for all the other components of internal control. These components work to inaugurate the foundation for a sound internal control within an organization through directed leadership, shared values and a culture that highlights accountability for control. The various risks facing the company are identified and assessed regularly at all levels and within all levels in an organization.

The findings of the Tredway commission report of 1997 in United States established that the absence of internal controls or the presence of weak controls is the main cause of many fraudulent financial reporting cases. There are widespread corporate accounting scandals in the globe in recent years. These scandals lead to losses and hence the need to evaluate, examine and formulate systems of checks and balances to guide corporate executives in decision-making. Internal control system over the years has played an important role in monitoring and guaranteeing the performance of organizations. Adequate internal controls allow managers to delegate responsibilities with equitable assurance that what they expect to happen, actually does. The obligation for the prevention and detection of fraud and errors rests with directors through the implementation and continuous operation of adequate accounting and internal control systems.

Internal control system is intervened with organization's operating activities and it is most effective when controls are built into the organization's structure, becoming the organization's part of the very essence of the organization's accomplishment in terms of continued improvement on performance standards as part of the competitive advantage of the organization (Ali, 2013).

Organizational financial performance is measured in terms of customer satisfaction, profitability, market share through reduced customer complaints (Kloot, 1999). Kloot (1999), adds that organizations should incessantly improve their services through assets accumulation, value creation, improved quality services and flexibility.

1.2 Statement of problem

Financial institutions are confronted with several challenges in their core operations. This hampers their performance levels. During the last few years, the global economy has undergone some corporate scandals, liquidation and financial failures arose due to unnecessary risk taking and imprudence by some businesses connected with a number of flaws in the internal control system of these companies. The progressions of business failures and corporate scandals have been identified by KPMG to be as a result of weak internal control system in organizations (KPMG 2004 as cited in Shah et al 2015). These problems can be linked to poor portfolio management, lack of attention to changes in the economy that can lead to weakening in the credit ratings of the organization. However, the main causes of serious problems in manufacturing companies continues to be ineffective internal control system for core procedures. The ineffectiveness of several organizations' control frameworks have been emphasized because of the huge financial scandals in recent years and accordingly increased attention on risk management, internal controls and internal audit (Adu-Frimpong 2015)

Supplementary studies suggest that, the internal control will impact the organizational performance by setting objectives; management can then identify risks to the accomplishment of those objectives. To address these risks, the management of an organization may instigate specific internal control.

The implementation of effective internal control system in organizations is critical to identify whether the business can accomplish its objectives and to guarantee the reliability of financial reporting. It is noteworthy that the entire audit process is generally dependent upon the existence of an effective system of internal control. Though internal control systems are implemented in firms, there are still cases of fraudulent acts and poor performance; therefore, the research intends to examine how the lack of an effective internal control system affects the performance of organizations.

1.3 Objective of the study

The main objective of the study is to evaluate the relationship between organizational performance and internal control system. The specific objectives of the study are to:

i. examine the relationship between risk assessment and organizational performance of manufacturing companies in Nigeria.

ii. determine the influence control activities has on organizational performance in manufacturing companies in Nigeria.
iii. examine the relationship between information and communication system and organizational performance in manufacturing companies in Nigeria.

1.4 Research questions

i. What relationship exists between risk assessment and organizational performance in manufacturing companies in Nigeria?
ii. To what extent does control activities have significant influence on organizational performance in manufacturing companies in Nigeria?
iii. What kind of relationship exists between information and communication system and organizational performance in manufacturing companies in Nigeria?

1.5 Research hypothesis

H_o1: There is no significant relationship between risk assessment and organizational performance.

H_o2: Control activities does not have significant influence on organizational performance

H_o3: There is no significant relationship between information &communication System and organizational performance

1.6 Significance of the study

There is no controversy that research works have been conducted on internal controls system, however much emphasis has been placed on the need of an efficient internal control system in organizations. This research work will go a long way in helping an organization discover the impact of an effective internal control system. . It will assist to evaluate the contributions that internal control system can provide growth in performance of organizations. It will also reveal the problems instigated by bad internal control system and will be useful to students, scholars, lecturers and other third parties, as it shall open new area of further research work and challenges to up-coming researchers.

The study would create awareness to organizations and shareholders as to the level of internal controls, which have been put in place and to use the recommendations proposed to improve the controls already implemented. It will help the shareholders appreciate the role of the internal control system as one of the most important managerial control systems in an organization required to safeguard their interests. This study shall be of great benefits to the management of organizations in order to put in place a good internal control system for the effective running of their organization and this will eventually lead to high productivity in the organization and prevent risks within the organization. This study will help manufacturing firms in formulating policies and procedures that will lead to high productivity and prevent risks within organization hence maximize profit. The study would help the government ensure quality of internal and external reporting and maintenance of proper records and processes that generate a flow of timely relevant and reliable information from within and outside the firm.

Policy makers can use the result of the study to come up with the policies that will lead to improved control environment in the country. The study will also serve as literature to future researchers and benefit researchers in looking beyond the scope of the present study and influencing the knowledge already acquired.

1.7 Scope of the study

This study covered the internal control systems adopted by various manufacturing firms in Nigeria. The population sample was taken from only the quoted manufacturing companies on the Nigeria stock exchange (NSE). The population of this study comprises of one hundred and seventeen (117) companies listed in Nigeria Stock Exchange out of which twenty-one (21) are consumer goods companies. The study intends to cover the consumer goods sector of the manufacturing listed firms with head offices in Lagos, Nigeria. The sample of 10 consumer goods companies was purposively selected based on their long time period of existence in the business. The reason for choosing firms with head offices in Lagos was that the researcher can have access to information. The scope of this study is limited to what is obtainable at seventy percentage of the total listed firms as it does not cover all manufacturing organization. The firms are located in Lagos thus geographically its scope is limited.

1.8 Operational model

The model specification used in this study is based on the explanation of the relationship between the dependent and independent variable of this research work.

Therefore, the multiple linear regression equation for this study is defined as:

$Y=f(X)$

Where Y is the dependent variable and X is the independent variable

$Y= \alpha + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \mu$

$OP = \alpha + RMx_1 + CAx_2 + ICSx_3 + \mu$

$OP = \alpha + \beta_1 RM_1 + \beta_2 CA_2 + \beta_3 ICS_3 + \mu$

Where, Y = the Dependent variable, which was represented by Organization performance (OP)

X = Independent variables, which was represented By, Risk Management, Control Activities and Information and Communication Systems.

α represents the intercept or constant

$\beta_1 x_1$ represents Risk Management (RM)

$\beta_2 x_2$ represents Control Activities (CA)

$\beta_3 x_3$ represents Information and Communication Systems (ICS)

μ = Error term.

Therefore the operational model of this study is:

$OP = \alpha + RMx_1 + CAx_2 + ICSx_3 + \mu$

1.9 Operational definition of terms

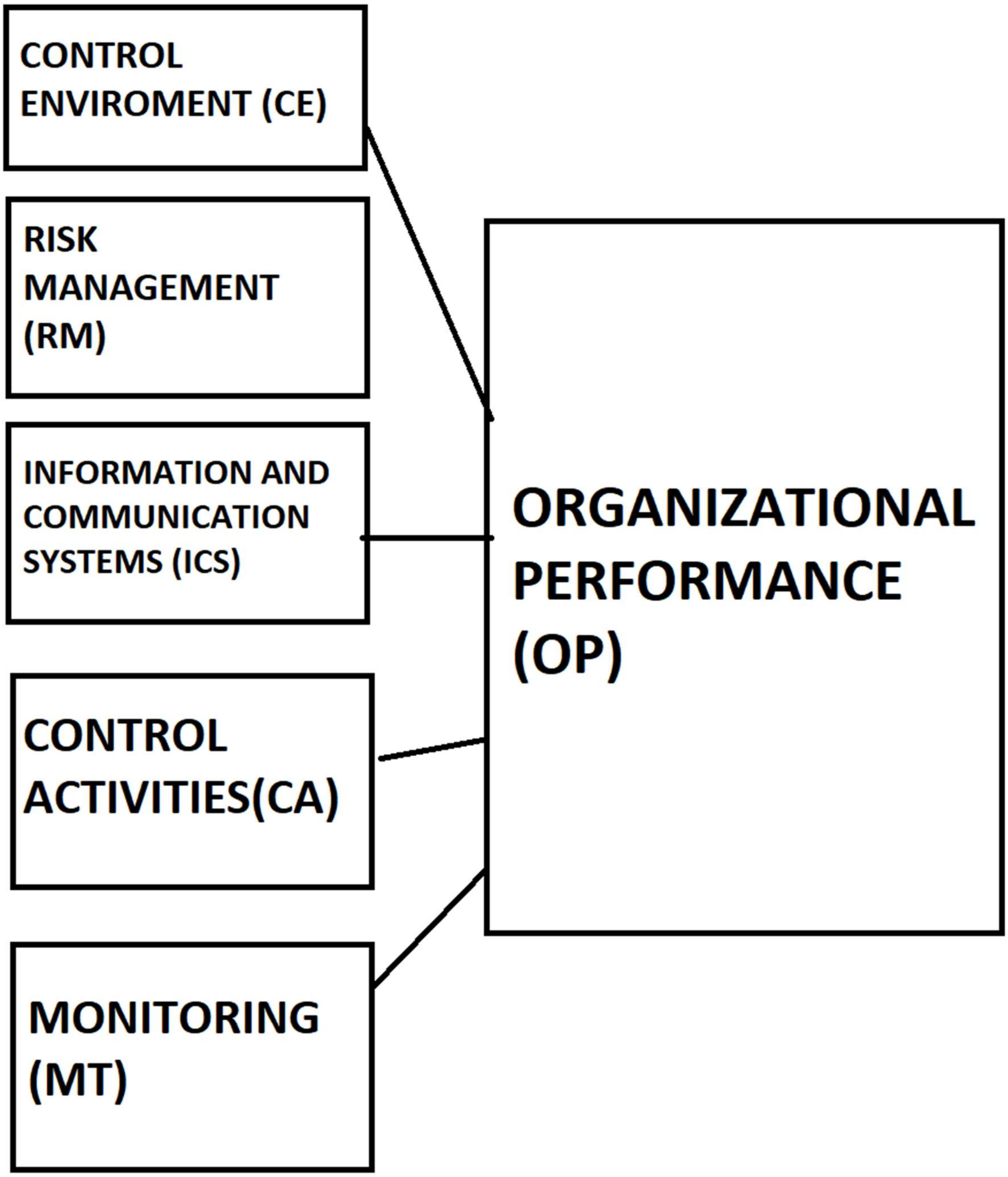
Audit: An audit is a systematic and independent review of an organization's books, accounts, statutory records, documents and vouchers to determine the extent to which the financial statements and non-financial disclosures provide a true and fair view of the concern.

Internal audit: The Institute of Internal Auditors identified internal auditing as an autonomous assessment activity within an organization for the examination of accounting, economic and other activities as a basis for the protective and constructive service to management. According to the Internal Auditors Institute (IIA), internal auditing is an autonomous, objective assurance and consulting activity aimed at adding value and improving the activities of an organization. It enables an organization achieve its goals by providing a systematic, disciplined strategy to assess and enhance the efficiency of procedures of risk management, control, and governance. It is a control of management that functions by evaluating and assessing the efficiency of the other checks. It can also be defined as an activity that a skilled employees carries out in some organization to explore and assess the internal control system on a year-round basis. Internal audit's function is to provide autonomous assurance that the processes of risk management, governance, and internal control operate efficiently within an organization and also to assess the effectiveness within the organization of the individual department.

Internal auditor: An internal auditor is a professional accountant who operates independently to evaluate how effective the internal control structure of a company is. An internal auditor is an auditor appointed to perform the internal audit function by the management of the company. An internal auditor shall be responsible for the company's management and the auditor shall submit the report to the management.

Internal Control System: International Accounting Standards (IAS) categorize the internal control system as an organizational plan, segregation of duties, document control, asset safeguard, personnel competency, arithmetic and accounting controls, recording and recordkeeping, oversight, authorization and approvals, appointment and rotation of responsibilities, feasibility of costs, routine and automation

1.10 Structural model of the study



CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

This chapter provides other authorities' views on the subject and theories. This chapter provides insight into different research undertaken by excellent scientists as well as explanations of terminology regarding the effect of internal control systems on organizational performance. The chapter also provides a summary of the history and current status of the issue outlined by a concise analysis of prior research on strongly associated issues. It also attempts to unfold the main conditions used in the job of this project. It attempts to offer an in-depth overview of previous literatures on the research subject and study-related theories.

2.1 CONCEPTUAL REVIEW

2.1.1 Auditing

Auditing is the method of probing financial / accounting information and reports to verify its completeness, precision, reliability and legitimacy. It is intended to determine whether the accounting information and reports are consistent with an organization's real transaction. Audit is a systematic review of a company's account books.

Audit is carried out by an independent individual or body of individuals who are properly qualified for the job. The main purpose of an audit under the Companies and Allied Matters Act (CAMA) 1990 is for an appointed auditor to express a professional view on a company's financial state as contained in the management's financial statement so that anyone who reads and uses it can have faith in it.

The secondary auditing goals for company financial statements include:

i. Fraud avoidance,
ii. Detection of irregularities of any kind,
iii. Advising management on economic matters or making efficient decisions,
iv. Assessment of the efficiency of the company's internal control system.

Most individuals, however, believe it is the auditor's responsibility to detect fraud, mistake, or irregularities whereas it is the director's obligation to detect such errors. This obligation creates an internal audit and internal control system.

2.1.2 Internal Auditing

Internal auditing is an autonomous objective assurance and advisory activity aimed at adding value and improving the activities of an organization. Individual businesses employ internal auditors to investigate and evaluate the effectiveness of business activities. Internal auditing is an autonomous evaluation function set up within an organization to review and assess its operations as a service to the organization (Brink and Witt, 1982). The term internal audit has been defined as an independent appraisal of activity within an organization for review of operations as a basis of service to management.

It examines, evaluates and reports objectively on the adequacy of internal control as a contribution to adequate, effective resource utilization. The job carried out by internal auditors, as adopted by the Institute of Internal Auditors, is not restricted to the region of assurance services, but now involves consulting services. Internal auditors are asked to provide advice on multiple organisation operations such as acquisitions, mergers, and strategic alliances. Chartered Institute of Public Finance (2013), describes internal audit as an autonomous evaluation function that organizes activity evaluation as a service to all management levels. It is a control of leadership that measures, evaluates and reports on internal control efficacy.

The department of internal auditing is an significant source of data for the audit committee. Therefore, the overall goal of internal auditing is to help management in the effective fulfilment of their duties by providing them with objective evaluation, assessments, suggestions and relevant remarks on the operations reviewed. In the amended Statement of Internal Auditing Responsibilities published as part of the Standards Framework by the Institute of Internal Auditors (1990), the objective section says:

> "The objective of internal auditing is to assist all members of management in the effective discharge of their responsibilities by furnishing them with analyses, appraisals, recommendations and pertinent comments concerning the activities reviewed. The internal auditor is concerned with any phase of business activity where he can be of service to management. This involves going beyond accounting and financial records to obtain a full understanding of the operations under review" (p. 3).

Internal Auditing is an autonomous objective assurance and consulting activity aimed at adding value and improving the activities of an organization. Individual businesses employ internal auditors to explore and evaluate the effectiveness of business operations. These reviews concentrate on significant working operations of the organizations, examples are wages and benefits, policies and procedures for money handling, stock and facilities, physical security.

2.1.3 **Internal Control System**

Internal control can be characterized as a method intended and influenced by those responsible for managing, managing and other staff to provide reasonable certainty on the achievement of an entity's goals of operational efficiency and effectiveness; compliance with relevant legislation and regulations; reliability of financial reporting (Gamage et al., 2014). The word "controls" relates to any aspect of one or more internal control parts. (IFAC, 2009) "control" is regarded to be an activity nearer to the management idea and part of the management process internationally. Controls try to guarantee that hazards are minimized, those factors that halt the success of business goals. The internal control system plays a major role in internal auditing practices as internal auditors may be regarded as management control experts (Chambers, Selim & Vinten, 1987). Internal auditing practices assess the efficiency of internal control mechanisms, which is a definition of internal auditing and also involves management's assessment of actions to correct circumstances that run contrary to scheduled results. Internal control will help an organization achieve its goals of efficiency and profit and prevent resource loss. The task of setting up and maintaining a satisfactory internal control system resides with the board choosing the degree of the internal control system that fits the undertakings. It depends on the undertaking's nature size and quantity, property appropriation, and countless distinct factors. The board has regarded internal control as an important device in the sustainable fulfillment of its commitments and auditors have squeezed their resources for growth in internal control to assist the managers as well as allowing instruction in audit job made conceivable by the increase in the noteworthiness of bookkeeping documents of the attendant. Internal control includes the complete scheme of financial and various controls set up and operating within an organization including internal control, internal check, internal audit and all other controls built up.

Internal controls are policies, procedures, and organizational structures introduced to provide reasonable certainty that the company objectives of an organization will be prevented or detected and corrected on the basis of compliance or management concerns (Awe, 2005). Schroy, (2010) indicated that internal control is the process affected by an organization‘s structure, work and authority flows, people and management information systems, implemented to help the organization accomplish specific goals or objectives.

According to A.H Milichamp (2002), the Internal Control System is defined as the entire system of control, financial and otherwise set up by the management to carry on the business of safeguarding the assets and to ensure the completeness and accuracy of the records as far as possible.

Thus, internal control is concluded from these definitions as the system, structure, and policies of the organization that ensure operational efficiency and effectiveness, financial reporting reliability and compliance with relevant legislation and regulations to which the business is subject. An effective system of internal control helps the company to avoid fraud, mistakes, minimize waste and maximize profit. It includes autonomous regular review of transactions and balances in order to determine the completeness, precision, and validity of such transactions. The COSO Report (2002) describes internal control as a process undertaken by the board of directors, management and other staff of the entity, intended to provide reasonable certainty as to the attainment of goals in the following categories: operational efficiency and effectiveness, financial reporting reliability, asset protection and compliance with relevant legislation and regulations.

Different goals of internal control include enabling the company to achieve its goals and objectives; producing full, precise, reliable information for decision-making; safeguarding the assets of the organization; and ensuring that the company complies with the laws.

Internal control in any form could be as follows:

i. Preventive controls: These controls are placed in to avoid the occurrence of undesirable activities. These are checks that predict future issues before they happen and make changes and stop the occurrence of an error, omission or malicious act. They are proactive measures that assist in achieving departmental objectives. Examples of preventive controls include asset safety, duty segregation, approvals, permits, and verifications. In order to decrease the danger of mistake or inappropriate action, duties are separated among distinct individuals. Normally, transaction authorization, transaction recording, and associated asset handling duties are divided. Management authorizes staff to carry out certain operations within restricted parameters and to carry out certain operations. Furthermore, management specifies those operations or transactions that require supervisory permission before staff perform them. Access to machinery, stocks, securities, money and other resources is limited; assets are regularly counted and compared to the quantities shown on records of control. (Iyinomen &Nkechi, 2016)

ii. Detective controls: These controls have been set in place to identify and handle undesirable occurrences that may threaten that organization and or have occurred. The purpose of these controls is to identify and report an omission or mistake. Reconciliations, physical inventories and audits include examples of detective measures. Another instance of detective control is performance reviews where management compares present performance data with budgets, forecasts, previous periods, or other benchmarks to assess the extent to which goals and goals are being accomplished and to recognize unexpected outcomes or uncommon circumstances that require follow-up.

iii. Directive controls: the measures are put in place to cause or encourage a desirable event.

2.1.4 **Internal Controls and COSO**

COSO was established in 1985 to sponsor the national commission on fraudulent reporting. The' sponsoring organizations' included the American Accounting Association, Financial Executives International (FEI), the Institute of Internal Auditors (IIA), the National Association of Accountants (now IMA) and the American Institute of Certified Public Accountants. The Treadway Commission charged the Committee of Sponsoring Organizations to create an integrated guideline on internal control. As a consequence, a framework was published for organizations designing, implementing and assessing internal control. The COSO Framework was intended to assist companies develop, evaluate and improve their internal control. COSO is now producing guidelines for implementing internal control systems in big and small businesses.

In COSO, internal control applies to three business elements:

i. Effectiveness and operational efficiency-these are the core company goals, including performance goals and secure resource management.
ii. Financial reporting reliability-including any published economic data being prepared.
iii. Compliance with relevant legislation and regulations that are subject to the business.

The Treadway Commission's Committee of Sponsoring Organizations (COSO) created a model for assessing internal controls in 1992. This model has been adopted as the usually accepted internal control structure and is commonly acknowledged as the ultimate standard by which organisations assess the efficiency of their internal control schemes.

Five (5) elements of the COSO Integrated Internal Control Framework include:

1. Control Environment: The control environment is the collection of norms, procedures and buildings that provide the foundation for the organization-wide internal control. The management board and senior management set the tone at the top concerning the significance of internal control, including anticipated norms of behavior. Management strengthens expectations at the organization's different levels. The control environment includes the organization's integrity and ethical principles; the parameters allowing the board of directors to fulfill its supervisory duties in governance; the organizational structure and assignment of power and responsibility; the process of attracting, creating and maintaining skilled people; and the rigor of performance measures, incentives, The resulting control environment has a widespread effect on the internal control system as a whole. Control Environment is the set of norms, procedures and structures that provide the basis for the organization-wide internal control.

Of the 17 principles of the COSO framework, five (5) principles relate to the Control Environment element:

i. The organization demonstrates a commitment to integrity and ethical values.
ii. The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control.
iii. Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.

iv. The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.

v. The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.

2. Risk Assessment: Every entity is faced with a range of hazards from both external and internal sources. Risk is described as the likelihood of a case taking place and adversely affecting the attainment of goals. Risk assessment includes a vibrant and iterative method to identify and analyze hazards in order to achieve the goals of the entity, creating a foundation for determining how to manage risks. Risks are taken into account in relation to defined risk tolerances to achieve these goals across the organization. Thus, risk assessment is the foundation on which to determine how to manage hazards.

   A prerequisite for risk assessment is setting goals, connected to distinct levels of the organization. Management sets goals within activities, reporting and compliance categories with adequate clarity to define and analyze hazards to those goals. Management also sees the entity's goal suitability. Risk evaluation also needs management to consider the effect of possible external setting and company model modifications that may make internal control ineffective.

The four risk assessment principles are:

i. The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.

ii. The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed.

iii. The organization considers the potential for fraud in assessing risks to the achievement of objectives.

iv. The organization identifies and assesses changes that could significantly impact the system of internal control.

3. Control Activities: Control activities are the actions implemented through procedures and policies that help ensure that management's directives to minimize risks to the accomplishment of objectives are carried out. Control activities are performed at the organization's different levels. They may be preventive or detective in nature and may include a range of manual and automated actions such as authorizations and approvals, verifications, reconciliations, and business performance reviews. Segregation of duties is typically built into the selection and development of control activities. Management chooses and develops alternative control activities where segregation of duties is not practicable.

The principles concerning to Control Activities are:

i. The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

ii. The organization selects and develops general control activities over technology to support the achievement of objectives.

iii. The organization deploys control activities through policies that establish what is expected and in procedures that put policies into action.

4. Information and Communication: The use of information is necessary for an organization to carry out internal control responsibilities and to enhance the accomplishment of its goals. Management generates and makes use of relevant and quality information from both internal and external sources to sustain the effective functioning of internal control. Communication is the continuous, iterative process of providing, sharing, and obtaining necessary information.

   The means by which information is disseminated throughout the organization is internal communication. Information flows up, down, and across the entity. It enables workers to obtain a clear message from senior management that control responsibilities must be taken with absolute seriousness. External communication is in two forms: it empowers incoming communication of relevant external information and supplies information to external parties in response to requirements and prospects.

The Information and Communication principles include;

i. The organization obtains or generates and uses relevant, quality information to support the functioning of internal control
ii. The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control

iii. The organization communicates with external parties regarding matters affecting the functioning of internal control

5. Monitoring Activities: Ongoing appraisals, separate assessments, or some combination of the two are used to determine whether each of the five elements of internal control are present and functioning. The results are assessed and shortages are communicated in an orderly manner, with serious matters reported to senior management and to the board.

   The systems of internal control and implementation of controls change after a while. This can be attributable to the induction of new workers, varying efficiency of instigating the supervision or procedures, time and resource restraints or changes in the situations for which the internal control system was initiated designed (Gamage et. al, 2014). Continuing assessments, built into business processes at all levels of the entity, provide relevant information. Distinct assessments, conducted sporadically, will differ in scope and frequency depending on assessment of risks, effectiveness of ongoing evaluations, and other management contemplations.

The monitoring activities guidelines are;

i. The organization selects, develops, and performs ongoing and or separate evaluations to ascertain whether the components of internal control are present and functioning.

ii. The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.

2.1.5 **Objectives of Internal Control Systems**

Several individuals and personnel think that the internal control system is merely used to prevent fraud and error. This is not the case, as the points below show. An absence of an effective internal control means that managers have not fulfilled their corporate governance responsibilities. This clearly implies that the company's risk management strategy will be flawed.

The Auditing Practices Board (APB) and the COSO guidelines summarize the main goals of an efficient internal control system as detailed below. An internal control system is designed to guarantee that the business operations, including adherence to internal policies, is carried out in an orderly and effective manner.

2.1.6 **Concepts of Organizational Performance**

The definition of organizational performance centered mostly on an organization's ability and capacity to use the available resources efficiently to accomplish achievements consistent with the company's set objectives, as well as considering its relevance to its users.

Organizational performance includes an organization's actual results or outcomes as measured against its expected outputs (or goals and objectives). Performance management is the process of collecting information about the performance of an individual, group, organization or system to analyze and report.

Palmer (1993), stresses that organizational performance is regarded in terms of economy, efficiency and efficiency. Economy and efficiency are usually measured in financial terms, using data such as cost, sales volume and productivity. Economy is described as the acquisition of funds in adequate amounts and at least price.

Sara Aliabadi et al (2013), indicated that performance measures are used by external users to make choices about investment, funding and benchmarking. Managers and executives also use performance measures internally to develop, enhance, reward and learn. To be beneficial, performance measurements must be "value appropriate". In their studies, Sara Aliabadi et al (2013) examines the most valuable performance measure for businesses from nations around the globe in the same sectors.

2.2 THEORETICAL REVIEW

The demand for audit services can be explained by several theories. Some of them in studies are well established and some of them are more perception-based.

2.2.1 Contingency theory: Contingency theory is an organizational theory that states that there is no best way of organizing a business, leading a business, or making choices. Rather, the appropriate course of action depends on the internal and external condition. The contingency theory of management accounting relates to the assumption that under all conditions there is no universally acceptable accounting system equally relevant to all organisations. Environmental and organizational variables shape accounting systems. These variables are regarded factors that are contingent. Contingency theory indicates that organisational and environmental features depend on the need for effective organisational structures, procedures and effective management accounting system.

Organizations are open systems that require cautious management to meet and balance internal requirements and adapt to conditions of the environment. The suitable shape relies on the type of job or environment to be addressed. Most importantly, management must be worried with achieving alignments and good suits. Different kinds or organizational species are required in distinct kinds of settings.

Contingency theory is an approach to the research of organisational conduct in which explains how contingent variables such as technology, culture and the external environment impact organisational structure and operate. The theory of contingency is based on the premise that no single sort of organizational structure applies equally to all organisations. Instead, organizational effectiveness depends on a fit or match between technology type, environmental volatility, organisation size, organizational structure characteristics, and its information system. Contingency theories have been created from the sociological functionalist concepts of organisational structure such as structural approaches to organisational research (Woods, 2009). Contingency theory is used to define the interactions between context and structure of internal control efficiency and organisational results, in particular financial reporting reliability.

2.2.2 Lending credibility theory: The theory of lending credibility indicates that adding legitimacy to the financial statements is the main function of the audit. In this perspective, credibility is the service that the auditors sell to the customers. It is seen that audited financial statements have components that boost the trust of customers of the financial statements in the statistics provided by the management (in the financial statement). Users are perceived to benefit from enhanced credibility, these advantages are typically regarded to be that, when based on accurate data, and the quality of investment choices improves (Hayes et al. 2005). The trust of the user is improved by relying on audited financial statements rather than the financial statements submitted by the management. Therefore, the management utilizes the audited financial statements to increase the confidence of stakeholders in their organizational results.

2.2.3 Theory of inspired confidence: This theory was created by the Dutch professor Theodore Limperg in the early 1920s (Hayes et al., 1999). The theory of inspired confidence was created in 1932 by Theodore Limperg. It is a fundamental theory on the function of the auditor that emphasizes the auditor's social accountability. According to Limperg, the auditor stems from the need for expert and independent review and autonomous opinion based on that examination his overall role in society. For instance, other theories (principles) on the role of the audit concentrate on providing audited data to allow consumers to make financial choices. The audit is appreciated here as a means to enhance the quality of economic data. The demand for audit services is the immediate result of the involvement of external stakeholders (third parties) in the business, according to Limperg. In exchange for their contribution to the business, these stakeholders request accountability from the management. Since data supplied by management may be biased due to a possible divergence between management interests and external stakeholders, it is necessary to audit this data. With relation to the extent of audit assurance to be provided by the auditor, Limperg argues that the auditor ought to act in such some way that, on the one hand, he doesn't cross the expectations of a rational outsider, on the opposite hand, he shouldn't raise higher expectations in his report than his review justifies. The auditor should therefore do everything in his power to satisfy sensible government expectations, considering the opportunities of audit technology. Limperg (1932) released a series of papers known as the' Theory of Inspired Confidence.' He claimed that the auditor draws on the need for a professional and autonomous view depending on the examination his overall role in culture. It is based on the trust that society places on audit efficiency and on the accountant's view. This trust thus is a condition in which this function exists; if trust is betrayed, then it will also be destroyed, because that function is useless.

He went on to argue that the trust could be betrayed in two conditions. It can be betrayed if society's expectations are extreme, that is, it reaches what the auditor can do. On the other hand, if the auditor fails, trust could be lost. He realized that the demands of society are not stationary. The demands of the society are dynamic and affected by altering environmental perceptions and modifications.

The core area of the job of Limperg is linked to the autonomous auditor's social responsibility and feasible processes to ensure that audits satisfy the needs of society. The research of Limperg shows the cultural importance of an audit and the consequences of an audit. Limperg (1992) highlights the auditor's position with respect to financial statements users in the sense that the autonomous auditor acts as a private agent for society. The structure of Limperg is based on the maximum level of satisfaction of financial statements customers with respect to the job of the auditor. The auditors are to conduct enough research to satisfy the expectations they have raised in society in attaining this goal.

2.2.4 Stakeholder theory: The stakeholder theory was first introduced in the book Strategic Management: A Stakeholder Approach by R. Edward Freeman and it describes how leadership can fulfill stakeholders ' expectations in a company. The stakeholder theory of Edward Freeman maintains that the shareholders of a business include almost anyone impacted by the business and its operations. Dr. Freeman indicates that the stakeholders of a company are "those groups without whose backing the organisation would stop existing". These institutions would include clients, staff, distributors, political organizations, environmental groups, local authorities, press, financial firms, government agencies and more.

The business climate is thus portrayed as an ecosystem of associated organizations which must all be taken into consideration and fulfilled to ensure a company's health and long-term success. The concept of stakeholders is the concept of corporate management and business ethics that tackles moral and principles in leadership, such as corporate social responsibility, market economy and culture of social contracts. An organization is seen as a contract network in which a group of different individuals contribute a certain cost to the business. In exchange for its services, the stakeholder requires leadership accountability, and this is achieved by preparing and submitting financial statements to business employees (Hayes et al., 2005).

Management could still window dress records to conceal their failure. Stakeholders therefore need reasonable assurance from third parties to ensure that they have real and just views of the financial statements. The audit aims mainly to assure the stakeholders that the accounts and financial statements made by the business are reliable. Auditors will also examine segregation of duties in the business, in addition to assessing the financial statements. This is to build an organization scheme of controls and balances. The concept of Edward Freeman's stakeholder states that the stakeholders of a business include nearly everybody impacted by and operates. (Olowookere 2011).

2.2.5 Agency theory: The theory of agencies emerged with theoreticians Stephen Ross and Barry (1970). Michael Jensen and William Meckling are the most quoted reference to the concept. The agency theory defines companies as needed structures through which internal control can be exercised to minimize opportunistic agent behaviour. It has been recognized that inner checks can provide the goals of leadership with sensible certainty. Internal control structures have been integrated into organizations ' strategies, laws and laws to accomplish their goals and objectives. In the present research, this concept is crucial as it will shed light on how the principal and agency communicate for the organization's advantage. It will also assist in the organization's internal control assessment. Also, the fact that the principal delegates his power to the agent creates a supervisory role for the agent by the principal (Magu, 2016).

Audits fulfill a fundamental purpose in promoting trust in financial information and strengthening trust. The conflict between principal and agents is depicted in agency theory, where principals lack reasons to trust their agents due to information disparities and different motives. The relationship between the stakeholders and the auditor is based on the theory of the agency (Arrow, 1985), suggesting that the auditor is appointed to solve the problem of assurance in the interests of both the third parties and the management (Watts & Zimmerman, 1979). The auditor carries out his work in the form of reports by means of his evaluation. In time past, the auditor is said to be liable for searching, finding, and preventing fraud at the earliest stages of the 20th century in his client company. In recent years, auditors have focused on ensuring that financial statements are properly verified and true, although fraud has not been detected as the auditors ' responsibilities decrease. It appears from agency theory (Watts and Zimmerman 1978, 1986a, 1986b) that both the interests of the third party and the management of the auditor are appointed. An organization is regarded as a contract web. Several factions (suppliers, bankers, customers, employees etc.) contribute to the company at a certain cost. The duties of the management is to harmonize these factions and contracts and try to maximize them: lower price for purchased supplies, high price for sold goods, lower interest rates for loans, high share prices and low wages for workers. The audit theory is the most prominent and commonly employed auditing theory. The audit theory is based on the principles of bankers, shareholders and staff.

The concept of the agency tries to justify a loss of significance or property that happens when one party acts as an agent to another. This is the case in a traditional company in which management (the agent) is engaged to operate a company for the shareholders (the principals). This connection between investors and executives was historically the justification for an internal or external audit. The concept of the agency indicates that people tend to create choices that will profit them. This is the result of the fundamental economy of want non-satiation. In the expectation that the executives will maximize the assets of the shareholders, shareholders employ managers.

In agency theory, decision-making by a principal delegate to an officer; the officials are the directors / managers in the situation of a business. In agency theory, decision-making by a principal delegate to an officer; the officials are the directors / managers in the situation of a business. Those responsible for decision making are usually considered to have an obligation to show how they have handled their assigned funds. Audit is an essential aim in fostering trust and validating financial reports confidence. Agency theory is a helpful financial accounting concept that helps clarify the progress of the audit. The agency theory says that this asymmetry of data impacts the capacity of principal to control whether the officers are correctly served by their interests (Gerrit and Mohammad, 2007). This connection between shareholders (principals) and managers (agents) is the basis for agency theory.

The Institute of Chartered Accountants in England and Wales, in November 2006, as cited by Millichamp and Taylor (2008:1) puts it this way:

> *'In principle, the agency model assumes that no agents are trustworthy and if they can make themselves richer at the expense of their principals they will. The poor principal, so the argument goes, has no alternative but to compensate the agent well for their endeavours so that they would not be tempted to go into business for themselves using the principal's assets to do so.'*

An audit gives a separate review of the job of employees and the data supplied by a trusted agent (ICAEW, 2005). The easiest model of an organization implies that no officer is trustworthy and, at the cost of the director, can improve himself then. Auditing is a surveillance method that reduces agency costs in general (Ng, 2002 cited in Olowookere, 2011)

2.2.6 THEORETICAL FRAMEWORK

The Policeman Theory: According to this theory, an auditor acts as a detective who concentrates on arithmetic precision and fraud prevention and detection. This theory enables the auditor to detect and prevent organizational mistakes and fraud. In order to prevent and detect fraud, management should establish strong internal control systems and maintain them. Unless the auditor has entered into a certain contract with the directors, the auditors do not have to search for fraud. (Lucy et al 2016).

However, the effort of the auditor should expose fraud and irregularities where they exist, if the audit is properly conducted. The auditors ' primary objective is to verify that the financial statements are true and fair as well as to provide adequate assurance. The detection of fraud remains however a major subject in the discussion about auditors ' duties and typically improves stress in the identification of fraud following incidents in the financial statements (Hayes et al, 2005).

The auditor has a role to play in the avoidance and detection of fraud with regard to the arithmetical precision. Is an auditor like a police officer tasked with discovering fraud? This was the most common audit concept of the 1940s. According to this theory, an auditor is a police officer whose focus is on arithmetical precision and fraud avoidance and detection. However, the theory appears to have lost most of its explanatory strength owing to its failure to justify the transition from the audit to verification of the validity and fairness of the financial reports. This concept has been carefully re-examined in recent financial statements. There is, however, continuing public discussion of the obligation of the auditor to identify and disclose fraud, which draws stakeholders to the government fundamental viewpoints which derive from the hypothesis. This theory was not supported by the literature of audit. It is the leadership of the company that is responsible for the avoidance and detection of fraud and irregularities and can be reasonably sure that this liability has been discharged by creating an appropriate internal control system. It is not an auditor's duty to seek fraud unless he has a particular period of office to do so. However, the job of the auditor should reveal, when correctly performed, fraud and irregularities (Olowookere, 2011).

2.3 EMPIRICAL REVIEW

Ali (2013) examined the "Contribution of Internal Control System to the Financial Performance of Financial Institution a Case of People's Bank Of Zanzibar Ltd". A sample of 60 employees of the People's Bank of Zanzibar (PZB) were used. The study findings indicated that the internal controls used in PBZ were effective and satisfactory.

Philip Ayagre, et al (2014) in the study "The effectiveness of Internal Control Systems of banks: The case of Ghanaian banks" looked at only two of the five internal control components and recommends further research that will investigate internal control effectiveness involving all control components.

Hussaini & Muhammed Dikko (2018) in their findings of the study – "The Effect Of Internal Control On Performance Of Commercial Banks In Nigeria" revealed that there is a positive and significant relationship between the four components of internal control (control environment, control activities, monitoring and risk assessment) and bank performance.

Eniola & Akinselure (2016) examined the "Effect of Internal Control on Financial Performance of Firms in Nigeria (A Study of Selected Manufacturing Firms)" and adopted the survey research approach in the study. The study concluded and contributed that effective internal control will significantly improve financial performance by helping the organization to significantly reduce fraud perpetration.

Magu & Kibati (2016) contributed that that there is a positive relationship between internal control systems and financial performance of KFA Ltd in the study- Influence of Internal Control Systems on Financial Performance of Kenya Farmers' Association Limited. The research also disclosed that employees have not been educated in the implementation of accounting and financial management systems and that safety technologies do not recognize and protect organizational property.

Lucy Wangithi Munene et al (2016) in their study- "Effect of Auditing on Financial Performance of Water and Sanitation Company in Kirinyaga County" recommended that Kirinyaga Water and Sanitation Company should maintain and enhance audit assurance services and strong internal control environment.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 INTRODUCTION

This chapter presents how the researcher will carry out the research. It highlights on the research design that will be used, population of the study, sample selection and size, methods of data collection to be employed, presentation of data and analysis as well as the limitations of the study.

3.1 RESEARCH DESIGN

Research Design is a plan, design, structure, blueprint, strategy, an outline that you choose to integrate the different components of the study in a coherent and logical way which contains the methods and procedures for collecting, measurement, and analysis of data with a view of identifying or obtaining answers to research problems/questions. In carrying out this study, the survey research design was employed

3.2 POPULATION OF THE STUDY:

The population of this study comprises of 117 companies listed in Nigeria Stock Exchange out of which are 21 consumer goods companies. The sample of 10 consumer goods companies was purposively selected based on their long time period of existence in the business. The over 17,643 staff of the 10 selected consumer goods companies will form the respondents.

Table 3.1 Population of Consumer goods companies listed in the Nigeria Stock Exchange

S\N	Population
1	Cadbury Nigeria Plc
2	Champion Brew Plc
3	Dangote Flour Mills Plc
4	DN Tyre & Rubber
5	Flour Mills Nig. Plc
6	Golden Guinea Brew. Plc
7	Guinness Nig. Plc
8	Honeywell Flour Mill Plc
9	International Breweries Plc
10	McNichols Plc
11	Multi-Trex Integrated Foods Plc.
12	N Nig. Flour Mills Plc
13	NASCON Allied Industries Plc,
14	Nestle Nigeria Plc
15	Nigerian Brew Plc
16	Nigerian Enamelware Plc
17	P Z Cussons Nigeria Plc
18	Unilever Nigeria Plc
19	Union DICON Salt Plc.
20	VITAFOAM Nig. Plc.
21	Dangote Sugar Refinery Plc

(Source: Researcher's Field Survey, 2019)

Table 3.2 Sample Population Table

S/N	Name of Consumer Goods Companies	Staff strength
1.	FLOUR MILLS NIG. PLC.2017	7,284
2.	NASCON-ALLIED INDUSTRIES PLC	534
3.	CADBURY NIGERIA PLC.	557
4.	NESTLE NIGERIA PLC.	2,192
5.	HONEYWELL FLOUR MILL PLC	713
6.	P Z CUSSONS NIGERIA PLC.	1,318
7.	NIGERIAN BREW. PLC	2,983
8.	UNILEVER NIGERIA PLC.	1,174
9.	VITAFOAM NIG PLC. 2017	668
10.	DANGOTE SUGAR REFINERY PLC	1,430
	Total population	18,853

(Source: Researcher's Field Survey, 2019)

3.3 SAMPLE SIZE AND SAMPLING TECHNIQUE

The research work basically selected top, middle, lower level management and employees because they are the custodian of internal control system. Both department heads and divisions were therefore intended as questioners but a greater emphasis has been placed on reaching participants in Finance, Internal Audit Department and other departments. The internal control within the organization depends on effectiveness of custodian of the internal control system. It also ensures that only people with relevant information are sampled.

The sampling techniques used is based on probability sampling methods involving random sampling and stratified sampling. Random sampling is by far the most essential method of probability sampling where all member of the population has an equivalent chance of being chosen. In that instance, all respondents have common observable properties and are included in the study. Stratified Sampling or proportional Sampling is predicated on the concept of stratum which is a subset of the population that shares at least one common characteristic. The researcher must maintain that the amount must be proportional to the share of the stratum in the complete population in the selection of the specific amount of goods from the individual groups. For instance, if the researcher is interested in morale problems in Nigeria business organizations and wants to select his sample from a given population of Nigerians business organizations. This can be done by stratifying the employees into: top level employees, Middle level employees, and Low-level employees.

3.4 SAMPLE SIZE DETERMINATION

According to Yamane (1967) as citied in Bessong and Tapang 2012, the sample size is determined as follows:

Where; n= Sample size

N=Population size = 18853

e= Error term (0.05 on the basis of 95% confidence level)

$$n= \frac{N}{1+N(e^2)}$$

$$n= \frac{18853}{1+188 \quad (0.05^2)}$$

n=391.7 approximately 400

Therefore 400 questionnaires will be distributed proportionately among the staff of the selected manufacturing company.

Table 3.3 Proportionate Distribution of Questionnaire

S/N	Name of Consumer Goods Companies	Staff strength	Number of questionnaires distributed	Number of questionnaire returned	Number of questionnaire not returned	Number of questionnaires rejected	Number of questionnaires useful for analysis
1.	FLOUR MILLS NIG. PLC.2017	7,284	155	124	31	8	116
2.	NASCON-ALLIED INDUSTRIES PLC	534	11	9	2	1	8
3.	CADBURY NIGERIA PLC.	557	12	8	4	1	7
4.	NESTLE NIGERIA PLC.	2,192	47	38	9	5	33
5.	HONEYWELL FLOUR MILL PLC	713	15	10	5	0	10
6.	P Z CUSSONS NIGERIA PLC.	1,318	28	20	8	2	18
7.	NIGERIAN BREW. PLC	2,983	63	58	5	4	54
8.	UNILEVER NIGERIA PLC.	1,174	25	21	4	3	18
9.	VITAFOAM NIG PLC. 2017	668	14	10	4	2	8
10.	DANGOTE SUGAR REFINERY PLC	1,430	30	22	8	3	19
			400	**320**	**80**	**29**	**291**

(Source: Researcher’s Field Survey, 2019)

3.5 RESEARCH INSTRUMENT/ SOURCES OF DATA

Although both primary and secondary data will be used in the study, the main instrument used for data collection of primary was questionnaire. Primary data collection process will include questionnaires, interviews, observation method, schedules and content analysis. A questionnaire is a research instrument that consists of a series of questions relating to the area of study, which the respondents fill. It is aimed at eliciting the feeling, beliefs, experiences or activities of respondents that will be used to test the hypothesis. Hair, Black, Babin, Anderson and Tatham, (2006) agree and stated that, questionnaire is very effective when data is to be collected from large number of respondents and when the respondents‘ anonymity is to be assured.

A questionnaire is a direct consultation to the concerned staff, concerning variables of interest to an investigation. This is a simple way to collect information that helps unreachable people to receive responses and gives the respondents sufficient time to believe and answer carefully. Questionnaires were circulated to staff involved, and both closed and open issues were included in the questionnaires to promote encoding and interpretation of information. Additionally, the questionnaire was used because it was considered to be more convenient as respondents could answer at their convenience. Moreover, questions or statements that attempted to test the same phenomenon were put in table form. All these were to make it easier and less time consuming for the respondents to answer. The closed ended questions were in the forms of Likert scale questions.

Data to be obtained from secondary sources includes: journal publications, textbooks, newspapers, internet facilities among others. The collected data through documentation will include a review from earlier studies on the topic, from the books, journals, reports, and reviews from the COSO Framework.

3.6 METHOD OF DATA COLLECTION

Data collection is a systemically defined method for collecting and evaluating data on factors of concern that allows us to respond to specified study issues, to test hypotheses, and to assess results. In case of major enquiries, this questionnaire technique of information compilation is very common. Individuals, study personnel, individual and government organizations and even governments are involved in this process. This technique is used to send a questionnaire (generally by email) to the individuals who have asked for answers and to return the questionnaire. A questionnaire comprises of a few issues that have been written or written on the form or in a definite order. The questionnaire is sent to participants who should read and comprehend these issues and compose in the room of the questionnaire. Questions must be answered independently from the participants. It is independent of the interviewer's partiality; responses are in the phrases of the participants.

3.7 VALIDITY TEST OF RESEARCH INSTRUMENT

Validity refers to the essential truthfulness of a piece of data. By asserting validity, the researcher is asserting that the data actually measure or reflect the specific phenomenon claimed while reliability relates to researchers' claims regarding the accuracy of their data. Nworgu (1991) contended that after the items in a questionnaire have been written, it is mandatory to subject the questionnaire to validation process. He maintained that in this way the items can be reviewed in terms of their clarity, the appropriateness of the language and expressions, the suitability of each item with references to the research question. It is expected to answer the adequacy of the quantity of items in the questionnaire. In respect of this he says; after the items have been written, the next crucial step is to subject the questionnaire to a validation process. This is an extremely important exercise that cannot be skipped in the development of an instrument.

The questionnaires were being validated by the researcher's project supervisor and some of his colleagues. Each of them was given a copy of questionnaire for critical review and were finally ratified and approved by the project supervisor.

Although, the responses of the respondents may be bias, the questionnaire would still be able to capture the needed information based on the respondents' opinion. To allow for the elements of bias that may be contained in the responses, 1% level of significance would be allowed in the data testing. This will take care of error, bias etc. that may be in the data collected.

3.8 RELIABILITY TEST OF RESEARCH INSTRUMENT

Reliability is referred to as the degree to which the instrument consistently measures what it intends to measure (Ojo, 2003). The study adopted the CRONBACH'S ALPHA in SPSS to analyze the data collected

Table 3.4 Test Table

S/N	VARIABLES	NO OF ITEMS	CRONBACH ALPHA COEFFICIENT
OP	Dependent variable-organizational performance	5	0.989
	Independent variable;		
RA	Risk assessment	4	0.879
CA	Control activities	4	0.942
ICS	Information and communication system	4	0.862

(Source: Researcher's Field Survey, 2019)

Nunnally & Bernstein (1994) proposed the overall study protocol, according to which the reliability score of 0.7 or greater should be targeted. The result obtained from this analysis shows that the research instrument is reliable since the reliability tests for each hypotheses are higher than 0.7.

3.9 METHOD OF DATA ANALYSIS

The data to be collected might be presented in the form of figures and tables. The data collected may be analyzed using percentages and frequency statistical method such as mean, variance, and standard deviation; which is summarized as descriptive and inferential statistics. The descriptive analysis involves the use of percentages, tabulation and graphical presentation,

The study adopted casual analysis (also known as regression analysis Causal analysis examines how one or more factors influence improvements in another. Therefore, it is a research of functional connections between two or more factors. When a researcher has a dependent variable that is assumed to operate with two or more independent variables, multiple regression assessment shall be implemented. The aim of this analysis is to predict the dependent variable based on its covariance with all the factors involved. The objective of this analysis is to make a prediction about the dependent variable based on its covariance with all the concerned independent variables.

3.10 MODEL SPECIFICATION

The model specification used in this study is based on the explanation of the relationship between the dependent and independent variable of this research work.

Therefore, the multiple linear regression equation for this study is defined as:

$Y=f(X)$

Where Y is the dependent variable and X is the independent variable

$Y = \alpha + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \mu$

$OP = \alpha + RMx_1 + CAx_2 + ICSx_3 + \mu$

$OP = \alpha + \beta_1 RM_1 + \beta_2\ CA_2 + \beta_3\ ICS_3 + \mu_1$

Where, Y = the Dependent variable, which was represented by Organization performance (OP)

X = Independent variables, which was represented By, Risk Management, Control Activities and Information and Communication Systems.

α represents the intercept or constant

$\beta_1 x_1$ represents Risk Management (RM)

$\beta_2 x_2$ represents Control Activities (CA)

$\beta_3 x_3$ represents Information and Communication Systems (ICS)

μ = Error term.

Therefore the operational model of this study is:

$OP = \alpha + RMx_1 + CAx_2 + ICSx_3 + \mu$

3.11 APRIORI EXPECTATION

Table 3.5 *Apriori* Expectation

S/N	HYPOTHESIS(NULL)	EXPECTED
1.	There is no significant relationship between risk assessment and organizational performance.	Not accepted
2.	Control activities does not have significant influence on organizational performance	Not accepted
3.	There is no significant relationship between information &communication system and organizational performance	Not accepted

(Source: Researcher's Field Survey, 2019)

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.0 Introduction

This study was carried out to determine the effect of internal control system on organizational performance in manufacturing firms in Nigeria. This chapter covers the presentation, analyses and interpretation of data collected. Primary data from the field are presented and analyzed. Tabulation of information was implemented with data obtained from observations to classify observations' demographic characteristics. Regression analyses were used to test the formulated hypotheses to either accept or reject the null hypotheses.

To obtain primary data, four hundred (400) copies of questionnaire were administered on 17 purposively selected manufacturing companies in Nigeria. Out of the 400 hundred questionnaire administered, three hundred and twenty were returned, eighty were not returned, and twenty-nine were rejected while two hundred and ninety-one were considered valid for our analysis. Therefore, the analysis of the data was based on the correctly filled and returned two hundred and ninety-one copies of questionnaires representing 72.75% retrieval rate.

The chapter is presented in the following sequence:

a) Demographic characteristics of respondents,

b) Empirical Analysis

c) Discussion of Findings

4.1 DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

Table 4.1 Distribution of questionnaire

	Frequency	Percentage (%)
Returned and duly completed	291	72.75
Unreturned	80	20
Rejected	29	7.25
Total	400	100

(Source: Researcher's Field Survey, 2019)

Table 4.2 Analysis of Respondents Profile

	Frequency	Percentage %
Gender		
Male	172	59
Female	119	41
Total	291	100
Age		
Below 29	49	17
30-39	108	37
40-49	106	36
50-59	27	9
Over 60	1	0

Total	291	100
Current position		
General Staff	78	26.80
Supervisory	97	33.33
Middle management	92	31.62
Senior management	24	8.25
Total	291	100
Educational Qualification		
WAEC/GCE	13	4.47
OND/NCE	76	26.12
B.Sc./BA/HND	154	52.92
M.Sc./MBA	39	13.4
PhD	8	2.75
Professional	1	0.34
Total	291	100
Work Experience		
Below 5 years	69	23.7
5-10 years	76	26.1
Above 10 years	146	50.2
Total	291	100
Marital Status		

Married	193	66.3
Single	74	25.4
Divorced	17	5.8
Widowed	7	2.4
Total	201	100

(Source: Researcher's Field Survey, 2019)

Interpretation:

Table 4.2 shows that majority of the respondents are between the age bracket 30-39 years, consisting 37% of the total respondents. This implies that the designated respondent fell among the working class age bracket. Hence, it can be said that informed respondents filled the questionnaire; thus their opinion can be trusted. Table 4.2 also shows that majority of the respondents have BSc/BA/HND as highest academic qualification consisting 52.92% of the total respondents. This implies that educated and well informed respondents filled the questionnaire; thus, their opinion can be trusted.

Also, Table 4.2 shows the number of years of working experience of the respondents. It shows that majority of the respondent have above 10 years working experience, 50.2% of the respondents have being working for a period of above 10years. This shows that most of the respondents are knowledgeable of their jobs and its' peculiarities. Also table 4.2 also shows that majority of the respondents are married consisting 66.3%, another single consisting of 25.4% while a total of 21.1% consist of both separated and divorced respondents. Hence, it can be said that 79% consisting of both married and single informed respondents filled the questionnaire and their opinion can be trusted while that of the divorced and widowed 8.2% respondents cannot be relied upon because they are frustrated people because they are not stable.

4.2 ANALYSIS OF RESPONDENTS RESPONSES

This section discusses the frequency of respondent's responses to each of the questions classified according to the research variables together with their specific percentage. This is done as follows:

Table 4.3 Analysis of Risk Assessment

S/N	Risk assessment and organizational performance	SA 5	A 4	N 3	D 2	SD 1	MEAN
i.	The company conduct regular risks assessment.	102 (35.1%)	139 (47.8%)	18 (6.2%)	14 (4.8%)	18 (6.2%)	4.0069
ii.	Adequate attention is given to risk analysis	46 (15.8%)	144 (49.5%)	38 (13.1%)	32 (11%)	31 (10.7%)	3.4880
iii.	Objectives of the organization are linked at different levels	77 (26.5%)	177 (60.8%)	16 (5.5%)	12 (4.1%)	9 (3.1%)	4.0344
iv.	Sufficient attention is given to risk identification	118 (40.5%)	147 (50.5%)	15 (5.2%)	7 (2.4%)	4 (1.4%)	4.2646

(Source: Researcher's Field Survey, 2019)

From Table 4.3, 102 respondents representing 35.1% of the total respondents strongly agree that the company conduct regular risks assessment. Another 139 respondents representing 47.8% of the total respondents agree with this notion. Also, 18 respondents representing 6.2% of the total respondents neither agree nor disagree that the company conduct regular risks assessment. Yet 14 respondents representing 4.8% of the total respondents disagree to this notion, while 18 respondents representing 6.2% of the total respondents strongly disagreed to this notion.

Also, 46 respondents representing 15.8% of the total respondents strongly agree that adequate attention is given to risk analysis. Another 144 respondents representing 49.5% of the total respondents agree with this notion. Also, 38 respondents representing 13.1% of the total respondents neither agree nor disagree that adequate attention is given to risk analysis. Yet 32 respondents representing 11% of the total respondents disagree to this notion, while 31 respondents representing 10.7% of the total respondents strongly disagreed to this notion.

Also, 77 respondents representing 26.5% of the total respondents strongly agree that objectives of the organization are linked at different levels. Another 177 respondents representing 60.8% of the total respondents agree with this notion. Also, 16 respondents representing 5.5% of the total respondents neither agree nor disagree that objectives of the organization are linked at different levels. Yet 12 respondents representing 4.1% of the total respondents disagree to this notion, while 9 respondents representing 3.1% of the total respondents strongly disagreed to this notion.

Furthermore, 118 respondents representing 40.5% of the total respondents strongly agree that sufficient attention is given to risk identification. Another 147 respondents representing 50.5% of the total respondents agree with this notion. Also, 15 respondents representing 5.2% of the total respondents neither agree nor disagree that sufficient attention is given to risk identification. Yet 7 respondents representing 2.4% of the total respondents disagree to this notion, while 4 respondents representing 1.4% of the total respondents strongly disagreed to this notion.

Table 4.4 Analysis of Control Activities

S/N	Control activities and organizational performance	SA 5	A 4	N 3	D 2	SD 1	MEAN
v.	The company has provided adequate IT support and infrastructure to ensure free flow of activities.	127 (43.6%)	134 (46%)	13 (4.5%)	11 (3.8%)	6 (2.1%)	4.2543
vi.	The staff are regularly trained and equipped with resources to carry out their duties professionally	120 (41.2%)	124 (42.6%)	20 (6.9%)	13 (4.5%)	14 (4.8%)	4.1100
vii.	Channel of authorization and approval are clearly spelt out	77 (26.5%)	174 (59.8%)	15 (5.2%)	17 (5.8%)	8 (2.7%)	4.0137
viii.	Controls are in place for safeguarding of assets	73 (25.1%)	173 (59.5%)	28 (9.6%)	11 (3.8%)	6 (2.1%)	4.0172

(Source: Researcher's Field Survey, 2019)

From Table 4.4, 127 respondents representing 43.6% of the total respondents strongly agree that the company has provided adequate IT support and infrastructure to ensure free flow of activities. Another 134 respondents representing 46% of the total respondents agree with this notion. Also, 13 respondents representing 4.5% of the total respondents neither agree nor disagree that the company has provided adequate IT support and infrastructure to ensure free flow of activities. Yet

11 respondents representing 3.8% of the total respondents disagree to this notion, while 6 respondents representing 2.1% of the total respondents strongly disagreed to this notion.

Also, 77 respondents representing 26.5% of the total respondents strongly agree that channel of authorization and approval are clearly spelt out. Another 174 respondents representing 59.8% of the total respondents agree with this notion. Also, 15 respondents representing 5.2% of the total respondents neither agree nor disagree that channel of authorization and approval are clearly spelt out. Yet 17 respondents representing 5.8% of the total respondents disagree to this notion, while 8 respondents representing 2.7% of the total respondents strongly disagreed to this notion.

Also, 73 respondents representing 25.1% of the total respondents strongly agree that controls are in place for safeguarding of assets. Another 173 respondents representing 59.5% of the total respondents agree with this notion. Also, 28 respondents representing 9.6% of the total respondents neither agree nor disagree that controls are in place for safeguarding of assets. Yet 11 respondents representing 3.8% of the total respondents disagree to this notion, while 6 respondents representing 2.1% of the total respondents strongly disagreed to this notion.

Furthermore, 120 respondents representing 41.2% of the total respondents strongly agree that. Another 124 respondents representing 42.6% of the total respondents agree with this notion. Also, 20 respondents representing 6.9% of the total respondents neither agree nor disagree. Yet 13 respondents representing 4.5% of the total respondents disagree to this notion, while 14 respondents representing 4.8% of the total respondents strongly disagreed to this notion.

Table 4.5 Analysis of Information and Communication

S/N	Information & communication and organizational performance	SA 5	A 4	N 3	D 2	SD 1	MEAN
ix.	The company‘s management philosophy and operating style are clearly spelt out to staff.	153 (52.6%)	116 (39.9%)	9 (3.1%)	8 (2.7%)	5 (1.7%)	4.3883
x.	Effective communication exists with exists with external parties like customers, regulators and shareholders	83 (28.5%)	169 (58.1%)	21 (7.2%)	14 (4.8%)	4 (1.4%)	4.0756
xi.	The company‘s policies and procedures for carrying out management directives and activities are clearly spelt out to staff.	91 (31.3%)	172 (59.1%)	16 (5.5%)	10 (3.4%)	2 (0.7%)	4.1684
xii.	There is free flow of information and communication between: management and staff; and other external stakeholders.	122 (41.9%)	143 (49.1%)	12 (4.1%)	8 (2.7%)	6 (2.1%)	4.2612

(Source: Researcher's Field Survey, 2019)

From Table 4.5, 153 respondents representing 52.6% of the total respondents strongly agree that the company‘s management philosophy and operating style are clearly spelt out to staff. Another

116 respondents representing 39.9% of the total respondents agree with this notion. Also, 9 respondents representing 3.1% of the total respondents neither agree nor disagree that the company's management philosophy and operating style are clearly spelt out to staff.. Yet 8 respondents representing 2.7% of the total respondents disagree to this notion, while 5 respondents representing 1.7% of the total respondents strongly disagreed to this notion.

Also, 83 respondents representing 28.5% of the total respondents strongly agree that effective communication exists with exists with external parties like customers, regulators and shareholders. Another 169 respondents representing 58.1% of the total respondents agree with this notion. Also, 21 respondents representing 7.2% of the total respondents neither agree nor disagree that effective communication exists with exists with external parties like customers, regulators and shareholders. Yet 14 respondents representing 4.8% of the total respondents disagree to this notion, while 4 respondents representing 1.4% of the total respondents strongly disagreed to this notion.

Also, 91 respondents representing 31.3% of the total respondents strongly agree that the company's policies and procedures for carrying out management directives and activities are clearly spelt out to staff. Another 172 respondents representing 59.1% of the total respondents agree with this notion. Also, 16 respondents representing 5.5% of the total respondents neither agree nor disagree that the company's policies and procedures for carrying out management directives and activities are clearly spelt out to staff. Yet 10 respondents representing 3.4% of the total respondents disagree to this notion, while 2 respondents representing 0.7% of the total respondents strongly disagreed to this notion.

Furthermore, 122 respondents representing 41.9% of the total respondents strongly agree that there is free flow of information and communication between: management and staff; and other external stakeholders. Another 143 respondents representing 49.1% of the total respondents agree with this notion. Also, 12 respondents representing 4.1% of the total respondents neither agree nor disagree that there is free flow of information and communication between: management and staff; and other external stakeholders. Yet 8 respondents representing 2.7% of the total respondents disagree to this notion, while 6 respondents representing 2.1% of the total respondents strongly disagreed to this notion.

Table 4.6 Analysis of Organizational Performance

S/N	QUALITATIVE MEASURES OF ORGANIZATIONAL PERFORMANCE	SA 5	A 4	N 3	D 2	SD 1
xiii.	Effective functioning of the internal control systems provides reasonable assurance regarding the achievement of objectives to ensure high levels of performance.	64 (22%)	189 (64.9%)	21 (7.2%)	13 (4.5%)	4 (1.4%)
xiv.	Internal control systems enhance the productivity and competitiveness of this organization.	83 (28.5%)	187 (64.3%)	9 (3.1%)	5 (1.7%)	7 (2.4%)
xv.	The company is able to build customer satisfaction through quality products and services	138 (47.4%)	129 (44.3%)	15 (5.2%)	7 (2.4%)	2 (7%)
xvi.	The limitations of internal control systems greatly affect the organization’s performance.	117 (40.2%)	138 (47.4%)	16 (5.5%)	14 (4.8%)	6 (2.1%)
xvii.	Internal control systems has helped to ensure that the organization’s objectives are achieved.	84 (28.9%)	180 (61.9%)	13 (4.5%)	9 (3.1%)	5 (1.7%)

(Source: Researcher’s Field Survey, 2019)

Interpretation

From table 4.6, 64 respondents representing 22% of the total respondents strongly agreed that effective functioning of the internal control systems provides reasonable assurance regarding the achievement of objectives to ensure high levels of performance. Another 189 respondents representing 64.9% agreed with this notion. Also 21 respondents representing 7.2% neither agree nor disagree while 13 or 4.5% of the total respondents disagree with the notion. Yet 4 respondents representing 1.4% strongly disagreed that effective functioning of the internal control systems provides reasonable assurance regarding the achievement of objectives to ensure high levels of performance.

Also 83 respondents representing 28.5% of the total respondents strongly agreed that internal control systems enhance the productivity and competitiveness of this organization. Another 187 respondents representing 64.3% agreed with this notion. Yet 9 respondents representing 3.1% neither agree nor disagree. While 5 respondents representing 1.7% disagree that that internal control systems enhance the productivity and competitiveness of this organization. Also 7 respondents representing 2.4% strongly disagree to this notion.

Also, 138 respondents representing 47.4% of the total respondents strongly agree that the company is able to build customer satisfaction through quality products and services. Another 129 respondents representing 44.3% of the total respondents agree with this notion. Also, 15 respondents representing 5.2% of the total respondents neither agree nor disagree that the company is able to build customer satisfaction through quality products and services. Yet 7 respondents representing 2.4% of the total respondents disagree to this notion, while 2 respondents representing 0.7% of the total respondents strongly disagreed to this notion.

Also, 117 respondents representing 40.2% of the total respondents strongly agree that the limitations of internal control systems greatly affect the organization's performance. Another 138 respondents representing 47.4% of the total respondents agree with this notion. Also, 16 respondents representing 5.5% of the total respondents neither agree nor disagree that the limitations of internal control systems greatly affect the organization's performance. Yet 14 respondents representing 4.8% of the total respondents disagree to this notion, while 6 respondents representing 2.1% of the total respondents strongly disagreed to this notion.

Furthermore, 84 respondents representing 28.9% strongly agree that internal control systems has helped to ensure that the organization's objectives are achieved. Another 180 respondents representing 61.9% agree with this notion. Also, 13 respondents representing 4.5% of the total respondents neither agree nor disagree internal control systems has helped to ensure that the organization's objectives are achieved. . Yet 9 respondents representing 3.1% of the total respondents disagree to this notion, while 5 respondents representing 1.7% of the total respondents strongly disagreed to this notion

4.3 TEST OF HYPOTHESES

4.3.1 TEST OF HYPOTHESIS ONE

Research objective 1: To examine the relationship between risk assessment and organizational performance of manufacturing companies in Nigeria.

Research question 1: What relationship exists between risk assessment and organizational performance of manufacturing companies in Nigeria?

Research hypothesis 1: There is no significant relationship between risk assessment and organizational performance.

Table 4.7 Test of Hypothesis One

Variable	Model 1			
	Coefficient	Standard error	t-stat	Prob.
Constant	14.931	.695	21.473	.000
Risk assessment	.374	.043	8.615	.000
R^2	.204			
Adj. R^2	.202			
Standard Error of the estimate	1.97404			
F-statistic	74.220			
Prob.(F-stat)	.000			
Observation	290			

Dependent variable: Organizational Performance *significance at 5%

(Source: Researcher's Field Survey, 2019)

Interpretation:

Model 1:

$OP = \alpha + \beta_1 RM_1 + \beta_2 CA_1 + \beta_2 ICS_1 + \mu_1$

The linear regression estimates in model one shows that risk assessment has a positive effect on organizational performance. This is indicated by the sign of the coefficient $\beta_1 = 0.374$. This result is consistent with our *apriori* expectations that all measures of internal control system will have a positive influence on organizational performance. The probability of t-statistic for risk assessment stood at 0.000. This implies that risk assessment has significant positive effect on organizational performance with p-value less than 5% level of significance.

Also from table X, the size of the coefficient of the independent variable shows that a 1% increase in risk assessment will cause 0.374 increase in organizational performance.

Furthermore the adjusted R-squared show that 20.2% variation in organizational performance can be attributed to risk assessment, while the remaining 79.8% variation in organizational performance are caused by other factors not included in the model. Although the coefficient of determination shows that model 1 has a weak explanatory power, the probability of F-statistic of 0.000 shows that the regression result is statistically significant because this is less than five percent, the level of significance adopted for this study.

Therefore, the null hypothesis 1 that there is no significant relationship between risk assessment and organizational performance is rejected. Hence risk assessment significantly affect organizational performance in manufacturing companies in Nigeria.

4.3.2 TEST OF HYPOTHESIS TWO

Research objective 2: To determine the influence control activities has on organizational performance in manufacturing companies in Nigeria.

Research question 2: To what extent does control activities have significant influence on organizational performance in manufacturing companies in Nigeria?

Research hypothesis 2: Control activities does not have significant influence on organizational performance.

Table 4.8 Test of Hypothesis Two

Variable	Model 2			
	Coefficient	Standard error	t-stat	Prob.
Constant	15.806	.789	20.024	.000
Control activities	.307	.048	6.452	.000
R^2	.126			
Adj. R^2	.123			
Standard Error of the estimate	2.06906			
F-statistic	41.625			
Prob.(F-stat)	.000			
Observation	290			

Dependent variable: Organizational Performance *significance at 5%

(Source: Researcher's Field Survey, 2019)

Interpretation:

Model 2:

$OP= \alpha +\beta_1 RM_2+ \beta_2\ CA_2+ \beta_2\ ICS_2+\mu_1$

The linear regression estimates in model two shows that control activities has a positive effect on organizational performance. This is indicated by the sign of the coefficient β_2 = 0. 307 This result is consistent with our *apriori* expectations that all measures of internal control system will have a positive influence on organizational performance. The probability of t-statistic for control activities stood at 0.000. This implies that control activities has significant positive effect on organizational performance with p-value less than 5% level of significance.

Also from table X, the size of the coefficient of the independent variable shows that a 1% increase in control activities will cause 0.307 increase in organizational performance.

Furthermore the adjusted R-squared show that 12.3% variation in organizational performance can be attributed to control activities, while the remaining 87.7% variation in organizational performance are due to other factors not included in the model. Although the coefficient of determination shows that model 2 has a weak explanatory power, the probability of F-statistic of 0.000 shows that the regression result is statistically significant because this is less than five percent, the level of significance adopted for this study.

Therefore, the null hypothesis 2 that there is no significant relationship between control activities and organizational performance is rejected. Hence control activities significantly affect organizational performance in manufacturing companies in Nigeria.

4.3.3 TEST OF HYPOTHESIS THREE

Research objective 3: To examine the relationship between information and communication system and organizational performance in manufacturing companies in Nigeria.

Research question 3: What kind of relationship exists between information and communication system and organizational performance in manufacturing companies in Nigeria?

Research hypothesis 3: There is no significant relationship between information and communication system and organizational performance.

Table 4.9 Test of Hypothesis Three

Variable	Model 3			
	Coefficient	Standard error	t-stat	Prob.
Constant	13.482	.876	15.394	.000
Information and communication System	.435	. 051	8.475	.000
R^2	.199			
Adj. R^2	.196			
Standard Error of the estimate	1.98058			
F-statistic	71.827			
Prob.(F-stat)	.000			
Observation	290+			

Dependent variable: Organizational Performance *significance at 5%

(Source: Researcher's Field Survey, 2019)

Interpretation:

Model 3:

$OP= \alpha +\beta_1 RM_3+ \beta_2\ CA_3+ \beta_2\ ICS_3+\mu_1$

The linear regression estimates in model three shows that information and communication system has a positive effect on organizational performance. This is indicated by the sign of the coefficient β_3 = 0.435. This result is consistent with our *apriori* expectations that all measures of internal control system will have a positive influence on organizational performance. The probability of t-statistic for information and communication system stood at 0.000. This implies that information and communication system has significant positive effect on organizational performance with p-value less than 5% level of significance.

Also from table X, the size of the coefficient of the independent variable shows that a 1% increase in information and communication system will cause 0.435 increase in organizational performance.

Furthermore the adjusted R-squared show that 19.6% variation in organizational performance can be attributed to information and communication system, while the remaining 80.4% variation in organizational performance are caused by other factors not included in the model. Although the coefficient of determination shows that model 3 has a weak explanatory power, the probability of F-statistic of 0.000 shows that the regression result is statistically significant because this is less than five percent, the level of significance adopted for this study.

Therefore, the null hypothesis 3 that there is no significant relationship between information and communication system and organizational performance is rejected. Hence information and communication system significantly affect organizational performance in manufacturing companies in Nigeria.

Summary:

$OP = \alpha + \beta_1 RM_3 + \beta_2 CA_3 + \beta_2 ICS_3 + \mu_1$

$OP = \alpha + \beta_1 RM_3 + \beta_2 CA_3 + \beta_2 ICS_3 + \mu_1$

$OP = 12.288 + 0.277RM - 0.077CA + 0.322ICS$

Interpretation:

The linear equation above shows that there is a positive relationship between risk assessment and organizational performance. The linear equation shows that there is an inverse relationship between control activities and organizational performance. It also discloses that there is a positive relationship between information and communication system and organizational performance. The positive relationship between risk assessment and organizational performance shows that with every 1% increase in risk assessment, organizational performance will increase by 0.277. The inverse relationship between control activities and organizational performance according to the linear equation shows that with every 1% increase in control activities, organizational performance will decrease by 0.077. Also for every 1 unit increase in information and communication system, organizational performance will increase by 0.322 unit.

4.4 DISCUSSION OF FINDINGS

The liner regression estimate of model 1 shows that there is a positive relationship between risk assessment and organizational performance. The probability of t-statistic shows that both risk assessment, control activities and information and communication system have significant positive effect on organizational performance with p-values less 5% level of significance. Furthermore the adjusted R square showed that about 20.2% variation in organizational performance can be attributed to risk assessment. While the remaining 79.8% variation in organizational performance are caused by other factors not included in the model. Although the coefficient of determination shows model 1 has a weak explanatory power, the probability of F-statistic of 0.000 shows that the regression result is statistically significant because this is ls than 5% the pre-set level of significance for this study. Hence risk assessment significantly affect organizational performance in the manufacturing sector in Nigeria

The linear regression estimate of model 2 shows that there is a positive relationship between control activities and organizational performance. The probability of t-statistic shows that both risk assessment, control activities and information and communication system have significant positive effect on organizational performance with p-values less 5% level of significance. Furthermore the adjusted R square showed that about 12.3% variation in organizational performance can be attributed to control activities. While the remaining 87.7% variation in organizational performance are caused by other factors not included in the model. Although the coefficient of determination shows model 2 has a weak explanatory power, the probability of F-statistic of 0.000 shows that the regression result is statistically significant because this is less than 5% the pre-set level of significance for this study. Hence control activities significantly affect organizational performance in the manufacturing sector in Nigeria.

The linear regression estimate of model 3 shows that there is a positive relationship between information and communication system and organizational performance. The probability of t-statistic shows that both risk assessment, control activities and information and communication system have significant positive effect on organizational performance with p-values less 5% level of significance. Furthermore the adjusted R square showed that about 19.6% variation in organizational performance can be attributed to and information and communication system. While the remaining 80.4% variation in organizational performance are caused by other factors not included in the model. Although the coefficient of determination shows model 3 has a weak explanatory power, the probability of F-statistic of 0.000 shows that the regression result is statistically significant because this is less than 5% the pre-set level of significance for this study.

Hence information and communication system significantly affect organizational performance in the manufacturing sector in Nigeria.

Table 4.10 Findings

S/N	HYPOTHESIS(NULL)	RESULT
1.	There is no significant relationship between risk assessment and organizational performance	Not accepted
2.	Control activities does not have significant influence on organizational performance	Not accepted
3.	There is no significant relationship between information and communication System and organizational performance	Not accepted

(Source: Researcher's Field Survey, 2019)

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECCOMENDATIONS

5.0 INTRODUCTION

This chapter deals with the summary of the study, descriptive and empirical findings as well as conclusion and recommendations made, the study's contribution to knowledge and suggestions for further research.

5.1 SUMMARY OF THE STUDY

This study empirically investigated the effect of internal control system on organizational performance. Previous studies concentrated mainly on measurement of organizational performance using firm attributes such as firm size, board diversity, profitability to mention but a few. Little attention was placed on the effect of internal control system on organizational performance. Thus this study was designed to investigate the effect of internal control system on organizational performance.

The study was structured into five chapters. Chapter one looked into the background of the study, identify the problem of the study, objectives of the study were defined, research questions and hypothesis to guide the investigation were formulated. The chapter also highlighted the justification and significance of the study, the scope as well as identified and operationalized the study variables. Also relevant terms to the study were defined based on their contextual use in the study. In summary the chapter serves as introduction to the study.

Chapter two deals with three basic components of the study, these are the conceptual review which emphasizes the concept of auditing, internal auditing, internal control system, risk assessment, control environment, information and communication system, and organizational performance. The theoretical review emphasizes on the contingency theory, lending credibility theory, theory of inspired confidence, stakeholders' theory, agency theory and policeman theory. Empirical review looked into studies in developed countries, studies on risk assessment, on banking systems, on tertiary institutions, studies on airline industries and studies on manufacturing companies.

Chapter three presents the methodology for the study. The method adopted for the study was the survey research method. Essentially, the chapter discusses the design and population of the study. An appropriate sample size was determined and selected using stratified and purposive sampling method. Type and source of data were also discussed. Methods of data collection, validity and reliability test of research instrument, method of data analysis and *apriori* expectation were described. The functional relationship between the dependent and independent variable of this research work was described in the model specification.

The chapter four covers the presentation, analyses and interpretation of data collected. The data were analyzed into two parts under section one and two, namely; descriptive analysis and empirical analysis using regression analysis.

Chapter five gives summary of the study as well as their findings and their implications. Conclusions were drawn and recommendations made. Finally, the chapter highlighted the limitations of the study, the study's contribution to knowledge and suggestion for further study research.

5.2 SUMMARY OF FINDINGS

The objectives were to examine the relationship between risk assessment and organizational performance of manufacturing companies in Nigeria; to determine the influence control activities has on organizational performance in manufacturing companies in Nigeria; and to examine the relationship between information and communication system and organizational performance in manufacturing companies in Nigeria.

The research design that was employed in this study is survey design. Primary data was collected using structured questionnaires. Collected raw data was cleaned and edited for completeness and consistency. Data was analyzed by use of the multiple linear regression. Statistical Package for Social Sciences (SPSS, v. 21) was used to aid in quantitative data analysis in this study. The results were presented in tables. The output for this study was presented using descriptive statistics like the mean score and standard deviation.

This study investigated the effect of internal control system on organizational performance in manufacturing companies in Nigeria. Through the extensive review in the study, it was found that there is a positive relationship between risk assessment and organizational performance as opposed to the first null hypothesis. Manufacturing companies play a number of roles in supporting the systems by conducting regular risk assessment and by giving adequate attention to risk analysis. Thus, risk assessment significantly affect organizational performance in the manufacturing sector in Nigeria.

It was also revealed that there is a positive relationship between control activities and organizational performance as opposed the second null hypothesis. The organizations aided internal control system by providing adequate IT support and infrastructure to ensure free flow of activities and by regularly training staff and equipping them with resources to carry out their duties. Hence control activities significantly affect organizational performance in the manufacturing sector in Nigeria.

The study found out that there is a positive relationship between information and communication system and organizational performance. Proper information and communication measures such as free flow of information and communication between management and staff; and other external stakeholders were put in place to build an effective internal control system. Hence information and communication system significantly affect organizational performance in the manufacturing sector in Nigeria.

5.3 CONCLUSION

Based on Table 4.7, risk assessment was found to exert the strongest influence on organizational performance in manufacturing companies in Nigeria. Followed closely is information and communication system and control activities respectively.

Risk assessment was also found to have significant moderating effect between internal control system and organizational performance. The model was found to have a weak predictive power of 20.2% but the F-stat probability of 0.000 shows that the model is statistically significant. It shows that this model can be used to predict up to 20.2% of changes in organizational performance while the remaining 79.8% variation in organizational performance are accounted for by other factors not included in this model.

Also, from Table 4.8, the study revealed that control activities accounted for 12.3% of the variance. The study therefore conclude that the IT support and infrastructure put in place by organizations to ensure free flow of activities will improve the control activities hereby increasing organizational performance. The table shows that model 2 can be used to predict the variation of control activities to the level of 12.3% while the remaining 87.7% variation in organizational performance are due to other factors not included in the model.

Furthermore, from Table 4.9, the regression analysis test of hypothesis 3 showed that information and communication system significantly affect organizational performance in manufacturing companies in Nigeria. Although the coefficient of determination shows that model 3 has a weak explanatory power, the probability of F-statistic of 0.000 shows that the model can be used to predict information and communication system variation at 19.6% while the remaining 80.4% could be accounted for by factors not included in the model.

In all the hypothesis, the null hypotheses were not accepted as the p-values of each of the model was fund to be less than the 0.50% which was the pre-set level of significance for the study.

5.4 RECOMMENDATIONS

Based on the findings and conclusions of this study, the following recommendations are made to the various users of accounting information of investors, policy makers, managers, financial analysts, professionals and scholars:

To the investors**:** investors should exercise great care in the use of accounting information to make investment decisions during periods of economic recession. This is because empirical evidence has shown that during the period of economic recession, accounting information becomes less vale relevant. The study has therefore shown investors that while using accounting information for decision making, emphasis should be placed on non-financial information especially during economic recession.

To the policy makers: policy makers should form policies that will foster the development of stock market through the improvement of usefulness of non-accounting information. Policies should make it mandatory for all listed at the stock exchange to incorporate in their annual reports the extent to which non-accounting information has utilized in the preparation of the annual report. Policies to be formulated should be focused on improving the economy and ensuring structural breaks of economic recession do not linger for long periods.

To the managers: efforts should be intensified by the managers by the managers in providing more certifiable non-accounting information. The application and disclosure of accounting information as it is currently practiced should be discouraged. Overemphasis on the disclosure of accounting information at the expense of non-accounting information is not at the best interest of the investing public. The investing public needs all material information about a business to enable informed business information be made.

To financial analysts, researchers and scholars: financial analysts should consider adequate disclosure of internal control issues in the financial statement of quoted companies in the Nigeria stock exchange , effort should be investigate and ensure that non-accounting information are disclosed as well. Scholars and researchers are encouraged to do in-depth study in the area of internal control system to promote and increase organizational performance

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APPENDIX 1

MOUNTAIN TOP UNIVERSITY

COLLEGE OF HUMANITIES, MANAGEMENT AND SOCIAL SCIENCES

DEPARTMENT OF ACCOUNTING

QUESTIONNAIRE

THE EFFECT OF INTERNAL CONTROL SYSTEM ON ORGANIZATIONAL PERFORMANCE QUESTIONNAIRE

Dear Respondent,

I am a 400 level student of Mountain Top University. I am writing a project on the above named topic in partial fulfillment of the requirements for the Bachelor of Science degree. I will appreciate it if the questionnaire is completed to the best of your knowledge with utmost sincerity so as to achieve credible results. The information provided will only be used for academic purpose, and will be treated with utmost confidentiality.

Please answer the following questions by ticking the one you consider most appropriate among the alternatives.

Thank you for your sincere cooperation.

SECTION A: DEMOGRAPHIC DATA

Kindly answer the following questions by ticking (√) the option that best describes your agreement or filling the spaces provided.

1. Gender: a. Male ( ) b. Female ( )
2. Age Group: a. 29 years and below ( ) b. 30-39 ( ) c. 40-49 ( ) d. 50-59 ( ) e. Above 60 ( )
3. Marital status: a. Single ( ) b. Married ( ) c. Divorced ( ) d. Widowed ( )
4. Educational Level: a. Certificate ( ) b. Diploma ( ) c. Bachelors' degree ( ) d. Masters' degree( ) e. Doctorate degree ( ) f. Others (Please specify) ________________
5. What is your current position in the organization? a. General Staff ( ) b. Supervisory ( ) c. Middle management ( ) d. Senior management ( ) e. Others (Please specify) ________________________________
6. How long have you worked for this organization? a. 5 years and below ( ) b. 5-10 years ( ) c. 10 years and above.

SECTION B: INTERNAL CONTROL SYSTEM

7. What relationship exists between risk assessment and organizational performance in manufacturing companies in Nigeria?

Please respond to the following statements by indicating the extent to which you agree or disagree with them. Use the following scale in answering; SD=1 for strongly Disagree, D=2 for Disagree, N=3 for Neutral, A=4 for Agree and SA=5 for Strongly Agree

S/N	QUESTIONS	SD `1	D 2	N 3	A 4	SA 5
I.	The company conduct regular risks assessment.					
II.	Adequate attention is given to risk analysis					
III.	Objectives of the organization are linked at different levels					
IV.	Sufficient attention is given to risk identification					

8. To what extent does control activities have significant influence on organizational performance in manufacturing companies in Nigeria?

Please respond to the following statements by indicating the extent to which you agree or disagree with them. Use the following scale in answering; SD=1 for strongly Disagree, D=2 for Disagree, N=3 for Neutral, A=4 for Agree and SA=5 for Strongly Agree

S/N	QUESTIONS	SD `1	D 2	N 3	A 4	SA 5
V.	The company has provided adequate IT support and infrastructure to ensure free flow of activities.					
VI.	The staff are regularly trained and equipped with resources to carry out their duties professionally					
VII.	Channel of authorization and approval are clearly spelt out					
VIII.	Controls are in place for safeguarding of assets					

9. What relationship exists between information and communication system and organizational performance in manufacturing companies in Nigeria?

Please respond to the following statements by indicating the extent to which you agree or disagree with them. Use the following scale in answering; SD=1 for strongly Disagree, D=2 for Disagree, N=3 for Neutral, A=4 for Agree and SA=5 for Strongly Agree

S/N	**QUESTIONS**	**SD** **`1**	**D** **2**	**N** **3**	**A** **4**	**SA** **5**
IX.	The company's management philosophy and operating style are clearly spelt out to staff.					
X.	Effective communication exists with exists with external parties like customers, regulators and shareholders					
XI.	The company's policies and procedures for carrying out management directives and activities are clearly spelt out to staff.					
XII.	There is free flow of information and communication between: management and staff; and other external stakeholders.					

SECTION C: ORGANIZATIONAL PERFORMANCE

10. What is the relationship between internal control systems on organizational performance?

Please respond to the following statements by indicating the extent to which you agree or disagree with them. Use the following scale in answering; SD=1 for strongly Disagree, D=2 for Disagree, N=3 for Neutral, A=4 for Agree and SA=5 for Strongly Agree

S/N	**QUESTIONS**	**SD `1**	**D 2**	**N 3**	**A 4**	**SA 5**
XIII.	The company's management philosophy and operating style are clearly spelt out to staff.					
XIV.	Effective communication exists with exists with external parties like customers, regulators and shareholders					
XV.	The company's policies and procedures for carrying out management directives and activities are clearly spelt out to staff.					
XVI.	There is free flow of information and communication between: management and staff; and other external stakeholders.					

THANK YOU

APPENDIX 2

Test of Hypothesis

Hypothesis One

H_0: There is no significant relationship between risk assessment and organizational performance

H_1: There is a significant relationship between risk assessment and organizational performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.452[a]	.204	.202	1.97404

a. Predictors: (Constant), Risk Assessment

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	289.224	1	289.224	74.220	.000[b]
	Residual	1126.185	289	3.897		
	Total	1415.409	290			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Risk Assessment

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	14.931	.695		21.473	.000
	Risk Assessment	.374	.043	.452	8.615	.000

a. Dependent Variable: Organizational Performance

Hypothesis Two

H_0: There is no significant relationship between control activities and organizational performance

H_1: There is a significant relationship between control activities and organizational performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.355[a]	.126	.123	2.06906

a. Predictors: (Constant), Control Activities

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	178.195	1	178.195	41.625	.000[b]
	Residual	1237.214	289	4.281		
	Total	1415.409	290			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Control Activities

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	15.806	.789		20.024	.000
	Control Activities	.307	.048	.355	6.452	.000

a. Dependent Variable: Organizational Performance

Hypothesis Three

H_0: There is no significant relationship between information and communication System and organizational performance

H_1: There is a significant relationship between information and communication System and organizational performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.446[a]	.199	.196	1.98058

a. Predictors: (Constant), Information and Communication System

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	281.753	1	281.753	71.827	.000[b]
	Residual	1133.656	289	3.923		
	Total	1415.409	290			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Information and Communication System

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	13.482	.876		15.394	.000
	Information and Communication System	.435	.051	.446	8.475	.000

a. Dependent Variable: Organizational Performance

Multiple Linear Regression Analysis between Internal Control System and Organizational Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.517[a]	.267	.259	1.90138

a. Predictors: (Constant), Information and Communication System, Risk Assessment, Control Activities

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	377.831	3	125.944	34.837	.000[b]
	Residual	1037.578	287	3.615		
	Total	1415.409	290			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Information and Communication System, Risk Assessment, Control Activities

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.288	.884		13.903	.000
	Risk Assessment	.277	.056	.335	4.985	.000
	Control Activities	-.077	.068	-.089	-1.141	.255
	Information and Communication System	.322	.069	.330	4.686	.000

a. Dependent Variable: Organizational Performance

Descriptive analysis of Risk Assessment

	N	Minimum	Maximum	Mean	Std. Deviation
The company conduct regular risks assessment.	291	1.00	5.00	4.0069	1.07957
Adequate attention is given to risk analysis	291	1.00	5.00	3.4880	1.19584
Objectives of the organization are linked at different levels	291	1.00	5.00	4.0344	.87426
Sufficient attention is given to risk identification	291	1.00	5.00	4.2646	.78042
Valid N (listwise)	291				

Descriptive analysis of Control Activities

	N	Minimum	Maximum	Mean	Std. Deviation
The company has provided adequate IT support and infrastructure to ensure free flow of activities.	291	1.00	5.00	4.2543	.86937
The staff are regularly trained and equipped with resources to carry out their duties professionally	291	1.00	5.00	4.1100	1.04135
Channel of authorization and approval are clearly spelt out	291	1.00	5.00	4.0137	.89432
Controls are in place for safeguarding of assets	291	1.00	5.00	4.0172	.82820
Valid N (listwise)	291				

Descriptive analysis of Information and Communication

	N	Minimum	Maximum	Mean	Std. Deviation
The company‘s management philosophy and operating style are clearly spelt out to staff.	291	1.00	5.00	4.3883	.82026
Effective communication exists with exists with external parties like customers, regulators and shareholders	291	1.00	5.00	4.0756	.81861
The company‘s policies and procedures for carrying out management directives and activities are clearly spelt out to staff.	291	1.00	5.00	4.1684	.73520
There is free flow of information and communication between: management and staff; and other external stakeholders.	291	1.00	5.00	4.2612	.83077
Valid N (listwise)	291				

APPENDIX 3

FREQUENCY

Frequency for Risk Assessment

Statistics

		The company conduct regular risks assessment.	Adequate attention is given to risk analysis	Objectives of the organization are linked at different levels	Sufficient attention is given to risk identification
N	Valid	291	291	291	291
	Missing	0	0	0	0

The company conduct regular risks assessment.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	18	6.2	6.2	6.2
	Disagree	14	4.8	4.8	11.0
	Neutral	18	6.2	6.2	17.2
	Agree	139	47.8	47.8	64.9
	Strongly Agree	102	35.1	35.1	100.0
	Total	291	100.0	100.0	

Adequate attention is given to risk analysis

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	31	10.7	10.7	10.7
	Disagree	32	11.0	11.0	21.6
	Neutral	38	13.1	13.1	34.7
	Agree	144	49.5	49.5	84.2
	Strongly Agree	46	15.8	15.8	100.0
	Total	291	100.0	100.0	

Objectives of the organization are linked at different levels

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	9	3.1	3.1	3.1
	Disagree	12	4.1	4.1	7.2
	Neutral	16	5.5	5.5	12.7
	Agree	177	60.8	60.8	73.5
	Strongly Agree	77	26.5	26.5	100.0
	Total	291	100.0	100.0	

Sufficient attention is given to risk identification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	1.4	1.4	1.4
	Disagree	7	2.4	2.4	3.8
	Neutral	15	5.2	5.2	8.9
	Agree	147	50.5	50.5	59.5
	Strongly Agree	118	40.5	40.5	100.0
	Total	291	100.0	100.0	

Frequency for Control Activities

Statistics

		The company has provided adequate IT support and infrastructure to ensure free flow of activities.	The staff are regularly trained and equipped with resources to carry out their duties professionally	Channel of authorization and approval are clearly spelt out	Controls are in place for safeguarding of assets
N	Valid	291	291	291	291
	Missing	0	0	0	0

The company has provided adequate IT support and infrastructure to ensure free flow of activities.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	2.1	2.1	2.1
	Disagree	11	3.8	3.8	5.8
	Neutral	13	4.5	4.5	10.3
	Agree	134	46.0	46.0	56.4
	Strongly Agree	127	43.6	43.6	100.0
	Total	291	100.0	100.0	

The staff are regularly trained and equipped with resources to carry out their duties professionally

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	14	4.8	4.8	4.8
	Disagree	13	4.5	4.5	9.3
	Neutral	20	6.9	6.9	16.2
	Agree	124	42.6	42.6	58.8
	Strongly Agree	120	41.2	41.2	100.0
	Total	291	100.0	100.0	

Channel of authorization and approval are clearly spelt out

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	2.7	2.7	2.7
	Disagree	17	5.8	5.8	8.6
	Neutral	15	5.2	5.2	13.7
	Agree	174	59.8	59.8	73.5
	Strongly Agree	77	26.5	26.5	100.0
	Total	291	100.0	100.0	

Controls are in place for safeguarding of assets

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	2.1	2.1	2.1
	Disagree	11	3.8	3.8	5.8
	Neutral	28	9.6	9.6	15.5
	Agree	173	59.5	59.5	74.9
	Strongly Agree	73	25.1	25.1	100.0
	Total	291	100.0	100.0	

Frequency for Information and Communication Systems

Statistics

		The company's management philosophy and operating style are clearly spelt out to staff.	Effective communication exists with exists with external parties like customers, regulators and shareholders	The company's policies and procedures for carrying out management directives and activities are clearly spelt out to staff.	There is free flow of information and communication between: management and staff; and other external stakeholders.
N	Valid	291	291	291	291
	Missing	0	0	0	0

The company's management philosophy and operating style are clearly spelt out to staff.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	1.7	1.7	1.7
	Disagree	8	2.7	2.7	4.5
	Neutral	9	3.1	3.1	7.6
	Agree	116	39.9	39.9	47.4
	Strongly Agree	153	52.6	52.6	100.0
	Total	291	100.0	100.0	

Effective communication exists with exists with external parties like customers, regulators and shareholders

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	1.4	1.4	1.4
	Disagree	14	4.8	4.8	6.2
	Neutral	21	7.2	7.2	13.4
	Agree	169	58.1	58.1	71.5
	Strongly Agree	83	28.5	28.5	100.0
	Total	291	100.0	100.0	

The company's policies and procedures for carrying out management directives and activities are clearly spelt out to staff.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	.7	.7	.7
	Disagree	10	3.4	3.4	4.1
	Neutral	16	5.5	5.5	9.6
	Agree	172	59.1	59.1	68.7
	Strongly Agree	91	31.3	31.3	100.0
	Total	291	100.0	100.0	

There is free flow of information and communication between: management and staff; and other external stakeholders.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	2.1	2.1	2.1
	Disagree	8	2.7	2.7	4.8
	Neutral	12	4.1	4.1	8.9
	Agree	143	49.1	49.1	58.1
	Strongly Agree	122	41.9	41.9	100.0
	Total	291	100.0	100.0	

Frequency for Organizational Performance

Statistics

		Effective functioning of the internal control systems provides reasonable assurance regarding the achievement of objectives to ensure high levels of performance.	Internal control systems enhance the productivity and competitiveness of this organization.	The company is able to build customer satisfaction through quality products and services	The limitations of internal control systems greatly affect the organization's performance.	Internal control systems has helped to ensure that the organization's objectives are achieved.
N	Valid	291	291	291	291	291
	Missing	0	0	0	0	0

Effective functioning of the internal control systems provides reasonable assurance regarding the achievement of objectives to ensure high levels of performance.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	1.4	1.4	1.4
	Disagree	13	4.5	4.5	5.8
	Neutral	21	7.2	7.2	13.1
	Agree	189	64.9	64.9	78.0
	Strongly Agree	64	22.0	22.0	100.0
	Total	291	100.0	100.0	

Internal control systems enhance the productivity and competitiveness of this organization.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	2.4	2.4	2.4
	Disagree	5	1.7	1.7	4.1
	Neutral	9	3.1	3.1	7.2
	Agree	187	64.3	64.3	71.5
	Strongly Agree	83	28.5	28.5	100.0
	Total	291	100.0	100.0	

The company is able to build customer satisfaction through quality products and services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	.7	.7	.7
	Disagree	7	2.4	2.4	3.1
	Neutral	15	5.2	5.2	8.2
	Agree	129	44.3	44.3	52.6
	Strongly Agree	138	47.4	47.4	100.0
	Total	291	100.0	100.0	

The limitations of internal control systems greatly affect the organization's performance.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	2.1	2.1	2.1
	Disagree	14	4.8	4.8	6.9
	Neutral	16	5.5	5.5	12.4
	Agree	138	47.4	47.4	59.8
	Strongly Agree	117	40.2	40.2	100.0
	Total	291	100.0	100.0	

Internal control systems has helped to ensure that the organization's objectives are achieved.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	1.7	1.7	1.7
	Disagree	9	3.1	3.1	4.8
	Neutral	13	4.5	4.5	9.3
	Agree	180	61.9	61.9	71.1
	Strongly Agree	84	28.9	28.9	100.0
	Total	291	100.0	100.0	