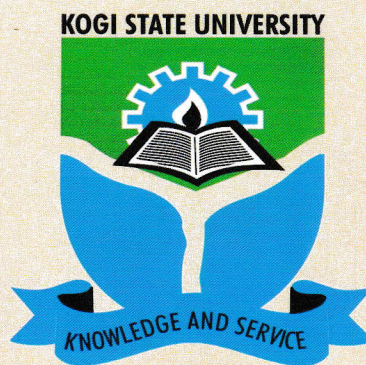




KSU RESEARCH JOURNAL OF ACCOUNTING AND FINANCE

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**OFFICIAL JOURNAL OF THE
DEPARTMENT OF ACCOUNTING,
KOGI STATE UNIVERSITY, ANYIGBA**
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VOL. 3 NO. 2 - DECEMBER 2020

ISSN: 0442-01489

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INTERNAL AUDIT CHARACTERISTICS AND AUDIT PERFORMANCE: EVIDENCE FROM FEDERAL UNIVERSITIES IN KADUNA STATE, NIGERIA

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ABSTRACT

The roles of internal audit in an organization have changed over the years to encompass the rendering of services that will enable an organization to achieve its objectives. This requires internal audit units to be up and doing to improve their performance so that the overall performance of their organization can be enhanced also. Hence, the main objective of this study was to investigate the influence of internal audit characteristics on the performance of internal audit units in the A.B.U. and N.D.A. using a balanced scorecard performance measurement model. The survey design was used for the study and primary data collected from a population of eighteen (18) internal audit staff of ABU and NDA using a structured questionnaire. Data collected were analysed using the multiple regression analysis. The findings of this study are: Internal audit characteristics have a strong influence on financial and management perspective of the performance of internal audit units; Internal audit characteristics have no strong impact on Customers and clients perspective of the performance of internal audit units; Internal audit characteristics have no strong impact on Internal business process perspective of the performance of internal audit units, and Internal audit has a strong influence on growth and innovative perspective of the performance of internal audit units in ABU and NDA. The study concludes that internal audit characteristics (Hierarchical position of internal auditors, Skill and competence, and General perception of internal auditors are relevant determinants of the performance of internal audit units in Nigerian universities. The study, therefore, recommends that internal auditors should report to a higher authority such as the University Council; and that internal audit staff should be well trained to enhance their performance.

Keywords: *Internal Audit, Performance, University, Perspective*

1. INTRODUCTION

Public higher education institutions require functional and effective audit systems so that they can be able to discharge their educational and social responsibilities to the citizenry. To enhance financial resources management by tertiary institutions especially universities in Nigeria, they require the deployment of effective and efficient internal audit unit (George, Theofanis & Konstatinos, 2015 and Nwannebuike & Nwadiolor, 2016). In this time of scarcity of funds in the country, federal universities must find ways of efficient, effective and economic utilization of limited funds allocated to them. With an effective internal audit system in universities, their assets will be safeguarded, financial records will be accurate and funds will be expended for the intended purposes. Internal audit functions can ensure that scarce funds are available to universities to carry out their roles of teaching, research and rendering of community services. It is therefore not out of place to say that the internal audit unit can add values to institutions where it exists.

Internal audit system as a component of an internal control system of any organization is a management control system. As a management control system, it serves as the "watchdog" of an organization, in other words, it is the 'policeman' of the organization, ensuring that the internal controls are efficient and effective. The internal audit ensures that an organization runs smoothly according to management's rules, regulations and procedures. Part of the value-adding activities of an internal audit unit is to ensure that the financial records of an organisation do show a true and fair view. With this function, the work of the external auditor is made easy and fraud can be minimized if not eliminated. Federal universities have been public institutions, are required to be accountable to the owner such as the Federal government and the citizens.

Higher educational institutions especially universities need to realize that internal is an essential tool for the improvement of their performances or activities. Internal auditing is designed to add value and improvement in the operations of an organisation (Aksoy & Kahyaoglu, 2013). For an internal unit to add value to an organization, it must be effective, and effectiveness can be measured in terms of the performance. Performance of internal auditing can be enhanced when the factors affecting its performance can be identified and improved upon. The characteristics of internal auditing can be probable factors determining the performance of internal auditing unit in any organization.

There have been debates over the years as to how the performance of the internal audit unit in an organization can be measured. This study adds to the current discourse by exploring how the performance of internal audit units in federal universities can be measured and enhanced. Studies in the area of performance of internal audit in universities or even in public sector organizations appear to be scarce (Arena 2013). Studies on the role or performance of the internal audit unit in federal universities in Nigeria are very limited. Hence, there is a need to further explore this area.

In focusing on internal audit unit performance and its determinants, federal universities in Kaduna State were selected for the study. In analyzing the performance of internal audit units, the integrated performance measurement system also known as the Balanced Score Card (BSC) model was used. This model considers both financial and non-financial measures of performance (Kaplan & Norton, 2000; and Frigo, 2002)). This performance measurement methodology which is a tool of strategic management accounting can assist an organization in reporting performance to meet the needs of the various groups that have an interest in the organisation. The application of the BSC methodology in assessing the performance effect of internal audit in Nigerian universities is what makes this current study different from others. Still, on the methodological filling of the research gap, this study employed multiple regression in data analysis.

The general objective of the study is to examine internal audit characteristics and performance of internal audit units in Ahmadu Bello University (A.B.U) and Nigerian Defence Academy (NDA). To achieve this, the specific objectives of the study are to:

- i) assess the influence of internal audit characteristics on financial and resource management perspective performance of the internal audit unit;
- ii) examine the influence of internal audit characteristics on customers and clients (Stakeholder) perspective performance of the internal audit unit;
- iii) investigate the influence of internal audit characteristics on internal business process perspective performance of the internal audit unit, and lastly,
- iv) evaluate the influence of internal audit characteristics on future growth and development perspective performance of the internal audit unit.

The above objectives are hypothesized as follows:

- i) Ho 1: Internal audit characteristics have no significant influence on financial and resource management perspective performance of the internal audit unit.
- ii) Ho 2: Internal audit characteristics have no significant influence on customers and clients (Stakeholder) perspective performance of the internal audit unit.
- iii) Ho3: Internal audit characteristics have no significant impact on internal business process perspective performance of the internal audit unit.
- v) Ho4: Internal audit characteristics have no significant influence on future growth and development perspective performance of the internal audit unit.

The focus of this study is on federal universities in Kaduna State and these are Ahmadu Bello University (ABU) and Nigerian Defence Academy (NDA) a military university. The performance considered in this study is the internal audit unit performance in the universities under study and not the universities' performance. The rest of this paper is organized into a literature review, methodology, data analysis and discussions of results, conclusions and recommendations.

2. LITERATURE REVIEW

Conceptual Review

Internal Audit

Internal audit is a part of the internal control system set up by an establishment and as such is a tool used to assist the university management in the effective performance of their responsibilities. Internal audit can be defined in several ways depending upon the purpose it is intended to serve. In the light of this, Pickett (2011) sees it as an objective and independent appraisal service within an organization on risk management, control and governance by measuring and evaluating their effectiveness in achieving the organizational agreed objectives.

Institute of Internal Audit (IIA), (2009) later expanded this definition by asserting that internal audit is "an independent, objective assurance and consulting activity designed to add value and improve an organization's operation. It helps an organization accomplish an objective by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes".

These two concepts - objectivity and independence from the definitions form the core of auditing and is the basis on which an audit report would be relied upon. At the same time, Beyanga (2011) when applying these concepts to a tertiary institution eluded to the fact that although the need for objectivity and impartiality is of utmost importance for the internal audit department in a tertiary institution, this does not, however, exclude the department from advisory and consultancy services even as some of the definitions infer if independence and objectivity are ensured.

The latest definition shows that internal audit has changed its role from that of being a mere 'watchdog' to a more central role within an organization by providing services that add value thereby improving and developing the organization to achieve its objectives. This definition by IIA 2007 has brought up the question as to whether the internal audit is living up to expectation as the watchman of the organization especially after the collapse of many major global brands such as Barring Bank Parmel, Enron corporation despite internal audit units in place in these organisations. The question this raises is, to what extent are the independence, credibility and objectivity of the internal audit unit under the influence and control of management.

Internal Audit Characteristics

Chun (1997) identified two determinants of internal audit and these are internal audit standards and independence. According to him, independence is the core of auditing and it is in two characteristics -organizational status and objectivity. In this regard, Beigbeder (1997) confirms the fact that there are two key ingredients for a successful working internal audit function, and these are objectivity and independence. Objectivity and independence are important if conflicts of interest must be avoided.

He went further to say that for the objectivity and independence within the organization to be guaranteed, two main mechanisms must be in place and these are subordinating the internal audit function to the board of directors and secondly, an obligatory charter. According to him, an internal audit is directly subordinated to the management board to ensure independence and objectivity to the greatest possible extent (Arena & Jeppesen, 2009).

The charter lays down the scope for internal auditors and what they should adhere to. The obligatory charter helps the internal audit to adhere to national professional standards. The essence of the charter is to ensure that internal audit work under a regulatory governance guideline in their day to day business operations. Having this type of framework in an organization serves as an assurance mechanism for both the internal auditors and the addressees of the audit results.

Studies such as the Practice Advisory 1110-2 (2002) demonstrates the importance of an appropriate line for ensuring internal audit independence. The study confirms that a typical internal audit function has three to four hierarchical levels. This though depends on the size of the audit team and the number of audit fields. The hierarchy structure shows the affiliation of the internal audit function to the supervisory authorities and this can affect objectivity and independence. The internal audit is directly subordinated to the management board to ensure independence and objectivity to the greatest possible extent. Internal audit units are internal management unit and representatives of the organization which they control and advice. This, therefore, places them in the awkward position of having to find and report faults and recommend changes to officials who are more senior to them. One of the requirements according to Beigbeder (1997) for effective internal management units is that units reports should be submitted, not only to the chief executive but also to governing bodies. This will ensure that their reports will be seriously considered and not quietly buried by administrative officials or even by the chief executive and it will allow governing bodies to exercise their proper oversight responsibility.

Since the internal audit is a finance function, the chief audit executive (CAE) is subordinated to the chief finance officer (CFO). However, the CAE reports to the complete executive board. This according to The Practice is for organizational independence and therefore, the CAE should report to a level within the organization that allows the internal audit activity to fulfil its responsibilities. The Practice further emphasizes that to achieve necessary independence, the CAE should report functionally to the audit committee or its equivalent. It further stresses on the issue by saying that there are two reporting relationships in an organization: direct /functional reporting relationship and administrative reporting relationship. According to the Institute of Internal Auditors (IIA), the CAE should report directly to the audit committee, BODs or other appropriate governing authority and administratively to the CEO of the organization. Administrative reporting entails the administration unit to facilitate the day to day operations of the internal audit activity such as approving budgets and preparing performance evaluations. Nevertheless, the overall responsibility for the internal audit budget according to the Standard is the responsibility of the audit committee. In this study, internal

audit was characterized into two; hierarchical position and skill and competence as provided by Practice Advisory 1110-2 (2002) as well as Arena (2012) who asserts that previous studies such as Goodwin & Yeo, 2001; Arena & Azzone, 2007 have demonstrated the importance of an appropriate reporting line for ensuring internal audit independence.

Performance

Performance just like internal audit can be defined in many ways but for its application in internal auditing, we define it as a measure of attainment achieved by an individual, team, organization or process (Mawanda, 2008). This is because an effective internal audit function correlates with improved financial performance. Beyanga (2011), in his study, confirms that an effective internal audit service can help reduce overhead, identify ways to improve efficiency and minimise exposure to possible losses from inadequately safeguarded company assets. All of which can have a significant effect on the financial performance of an organization. It is therefore an invaluable tool of management for improving performance.

In as much as performance measures differ greatly between audits functions due to the diversity of the organization, at the same time, all audit functions need to be properly measured to effectively communicate the value of the audit function to management (Vondra & Schueler, 1993). Mawanda (2008) asserts that performance is measured by how efficient the enterprise is in the use of resources in achieving its objectives. Measuring the performance of internal auditors is crucial and is a helpful managerial tool as this is an effective way for internal auditors to market their value to management. The tools to monitor performance and assurance quality include compliance with a budget, compliance with audit plan, audit training metrics, audit time management, reporting time management, satisfaction surveys from auditees and so on (Institute of Internal Audit, GAIN, 2008). The Key Performance Indicators (KPIs) for internal audit (2014) listed are process KPIs, input KPIs, output KPIs, leading KPIs, lagging KPIs and outcome KPIs. IIA, Austin, 2009 in their research made use of environmental, output, efficiency, quality and impact measures as their measure of Internal Audit performance.

One of the most comprehensive and integrated frameworks for measuring performance is the Balanced Scorecard methodology developed by Kaplan and Norton (1996). This methodology is a corporate performance measurement tool used to identify success by breaking down the overall vision and strategy of an organization into specific objectives, targets measures and initiatives (GAIN, 2009). It is divided into four main categories: financial, the customer (stakeholder), internal business process and learning and growth. This method enables both quantitative and qualitative performance measures to be used for measuring organizational performance. It assesses performance using both past and future metrics. The methodology encompasses both short and long - terms indicators. It is also a management tool used for measurement (Baiden, Baiden & Ayariga, 2016).

Rupsys and Boguslauskas (2007) provided empirical evidence on measuring internal auditing performance. They argue for the need to measure internal auditing performance using non-traditional measures that expand the current focus on efficiency and effectiveness. Also, they addressed the lack of evidence for a strong and complete framework for measuring internal audit performance. Their results highlighted the importance of measuring internal audit performance and presented the Input, Process, and Output model as an effective mechanism to measure internal audit performance.

Empirical Studies

Internal Audit Characteristics and Internal Business Process

Mustafa, Fatima, Saleem, Ain (2016) looked at internal audit characteristics in terms of qualification of the chief audit executive, size of the internal audit and experience of the internal audit. The performance was in terms of business decisions. The study made use of past literature, no statistical tool was used and its objective was to fill gaps in the literature and offer the opportunity for further research. The study concluded that there is a correlation between internal audit characteristics and business performance.

Wangui, (2012) did a study on the effectiveness of internal audit in promoting good governance in the public sector in Kenya. Questionnaires were given to chief internal auditors (CIA) of 44 government ministries. Using multivariate regression analysis, it was found that internal control had the greatest effect on corporate governance within Kenya government ministries, followed by risk management, while compliance and consulting had the least effect. Observed weakness in methodological issues in the studies just discussed. Although this study used multivariate regression, he did not carry out further robustness test to ascertain the reliability of the findings.

Internal Audit and Growth and Innovation Perspective

Arena and Azzone (2009) in their study on the performance of internal audit used questionnaire to collect primary data. The dependent variable was internal audit effectiveness, while internal audit characteristics such as competence and activities of internal audit as an independent variable. They found that auditors effectiveness is impacted by its characteristics, audit processes and activities and organizational links.

In Saudi, Zureigat and Moshaigeh (2014) measured the performance of internal audit function in Saudi listed companies using questionnaire given to internal auditors in Saudi listed companies. The result showed that Saudi listed companies were using both quantitative and qualitative performance measures to assess the internal audit function performance. The study identified key performance measures of internal audit function as the quantitative one and percentage of completion against audit plan is the most important quantitative measure; while a number of meetings with the CEO are the least important one. It can be observed that the weak methodology instrument was used although they carried out diagnostic robustness test.

Internal Audit and Financial Perspective

Abdullahi and Muturi (2016) studied the effect of internal control systems on financial performance of higher institutions in Puntland, Somalia. By means of questionnaire administered on 30 respondents, the regression analysis showed a significant positive relationship between internal control systems and financial performance in an institution of higher learning. Likewise Ondieki (2013) using questionnaire for data collection and analysis by means of regression analysis found that internal audit standards, independence of internal audit and competency had a positive relationship with the financial performance of Commercial banks.

Kiabel, (2012) assessed the internal auditing practices on financial performance of government-owned companies. The methodology adopted was a quantitative approach with the use of questionnaire and Pearson's and stepwise regression. The findings showed no strong association between internal auditing practices and financial performance of Government-owned enterprises. This according to him is due to the enterprise poor implementation of internal auditing practices.

3. METHODOLOGY

This study used a cross-sectional research design as it ensures that detailed responses required for a study of this nature would be obtained.

Population and Sample of the Study

The population of the study is made up of eighteen internal audit staff of A.B.U. Zaria and NDA, Kaduna. These two universities were selected because these are the only federal universities in Kaduna state. Federal universities were focused on because they are more funded than state universities. Since these selected universities are more funded, they have the resources to deploy a more sophisticated and well-staffed Internal Audit Unit. The study used the whole population of eighteen internal audit staff of A.B.U. Zaria and NDA as the sample of the study.

Data Type and Method of Data Collection

The instrument of primary data collected was by questionnaire administered to the target respondents. The target audience were audit staff holding the following positions in the two universities: Director of Audit, Deputy Director of Audit, Chief Internal Auditor, Principal Internal Auditor, Senior Internal Auditor, Internal Auditor I, Internal Auditor II and Internal Auditor. These audit officers are experts in accounting and auditing matters and so they would be able to supply the responses required to be filled in the questionnaire. All the eighteen copies of the questionnaire administered to the target respondents were all retrieved and certified to be properly filled.

The questionnaire was structured into three sections and these are: Section one which dealt with the demographic characteristics of the respondents. Section two was made up of questions relating to the independent variables (internal audit characteristics) such as - hierarchical position of the internal audit unit, skills and competence of internal auditors, and general perception of the internal audit function. And lastly, section three contained questions on the dependent variables (four performance measurements based on balanced scorecard model) - financial perspective, stakeholder perspective, internal business process perspective, and growth and innovation perspective.

Measurement of the Variables

Dependent Variables

Financial Perspective Index (FPI)

This is a financial perspective measure of performance in the Balanced scorecard model of performance measurement of internal audit (Frigo, 2002). The measurement of this variable is adopted from Baiden et al (2016) with modification and anchored with a five-point Likert scale that ranged from strongly agree (5) to strongly disagree (1).

Stakeholder Perspective Index (SPI)

This variable is a stakeholder perspective measure of performance in the Balanced scorecard model of performance measurement of internal audit. The measurement of this variable is also adopted from Baiden et al (2016) with modification and anchored on a five-point Likert scale that ranged from strongly agree (5) to strongly disagree (1).

Internal Business Process Perspective Index (IBPPI)

This is a stakeholder perspective measure of performance in the Balanced scorecard model of performance measurement of internal audit. The variable was measured with items adopted from Baiden et al (2016) with modification and anchored on a five-point Likert scale that ranged from strongly agree (5) to strongly disagree (1).

Growth and Innovation Perspective Index (GIPI)

This is a growth and innovation perspective measure of performance in the Balanced scorecard model of performance measurement of internal audit. The variable was also measured with items adopted from Baiden et al (2016) with modification and anchored on a five-point Likert scale that ranged from strongly agree (5) to strongly disagree (1).

Independent Variables

Hierarchical Position of Internal Auditors (HPI)

This variable which is internal audit characteristic was adapted from the work of Arena (2012) with modifications and anchored on a five-point Likert scale that ranged from strongly agree (5) to strongly disagree (1).

Skills and Competence of Internal Auditors

This variable is also an internal audit characteristic and was adapted from the work of Arena (2012) with modifications and anchored on a five-point Likert scale that ranged from strongly agree (5) to strongly disagree (1).

General Perception of Internal audit function (GPI)

This variable which is also an internal audit characteristic was adapted from the work of Arena (2012) with modifications and anchored on a five-point Likert scale that ranged from strongly agree (5) to strongly disagree (1).

Model Specification

The model formulated to explain the hypothesized relationships in this study and to achieve the objectives of the study are given below:

Regression equations:

$$FPI = \alpha + \beta_1 HPI + \beta_2 SCI + \beta_3 GPI + e \text{-----} 1$$

$$SPI = \alpha + \beta_1 HPI + \beta_2 SCI + \beta_3 GPI + e \text{-----} 2$$

$$IBPI = \alpha + \beta_1 HPI + \beta_2 SCI + \beta_3 GPI + e \text{-----} 3$$

$$GIPI = \alpha + \beta_1 HPI + \beta_2 SCI + \beta_3 GPI + e \text{-----} 4$$

Where:

FPI= Financial Perspective Index

SPI= Stakeholder Perspective Index

IBPI = Internal Business Perspective Index

GIPI= Growth and Innovation Perspective Index

HPI = Hierarchical Position of Internal auditors (HPI)

SCI = Skill and Competence of Internal auditors (SCI)

GPI = General Perception of Internal auditors (GPI)

α , = Intercept or constant term

ϵ = Error term

β = Parameters or Beta coefficients to be estimated

Validity and Reliability Test

The data collection instrument used was subjected to content validity by the initial draft being administered earlier on. The reliability test was carried out using Cronbach's alpha statistics and the overall value computed for all the variable is 0.8090. This Cronbach's alpha statistics score is higher than the required percentage of 0.60 (Sekaran, 2003). Thus, the result indicates a very strong internal stability and consistency with which the instrument measured the concepts under study.

Methods of Data Analysis

The data collected were analyzed using multiple regression analysis. The regression technique was used because the study is meant to determine the effect of the independent variables (internal audit characteristics) on the dependent variables (internal audit performance using a BSC model).

4. ANALYSIS AND DISCUSSION OF RESULTS

Descriptive Statistics

From Table 1, the mean value for all the variables is less than 1, except for TPPI suggesting that on average, the internal audit performance in the two Universities is below one (about 70%). The maximum and minimum does not have a wide range difference, so we can conclude that the mean is reliable. The standard deviation of all the variables which is less than one suggests a low variability of the variables from the mean. This implies that the variability of the internal audit performance across the two Universities does not differ much. The performance of internal audit in the two Universities therefore follows the same pattern. This is not surprising as they both adhere to the same code of conduct.

Table 1: Descriptive Statistics

Statistics	FBI	SPI	IBPI	GIPI	TPPI	HPI	SCI	GPI
Mean	0.7257	0.7089	0.7508	0.7255	2.9108	0.6726	0.8352	0.7981
Sum	13.0619	12.76	13.515	13.0583	52.3952	12.1071	15.0333	14.3667
Maximum	0.9667	0.84	0.875	0.875	3.1733	0.8333	0.9333	0.9667
Minimum	0.3714	0.34	0.575	0.3667	2.0531	0.5	0.6	0.5333
Range	0.5952	0.5	0.3	0.5083	1.1202	0.3333	0.3333	0.4333
SD	0.1244	0.1089	0.0821	0.1234	0.2970	0.1086	0.0874	0.1239
Skewness	-0.9298	-2.2649	-0.2557	-1.4675	-1.5594	0.1419	-1.3302	-0.7114
Kurtosis	5.1820	8.5236	2.5039	5.0019	4.8571	1.6347	4.4841	2.4146

Source: Researcher's Statistical Analysis, 2018

Regression Results

Internal Audit Characteristics and Financial Perspective Performance measure

Table 2 shows the summary results of regression model 1 depicting the relationship between internal auditing characteristics and financial perspective performance measure of the balanced scorecard. From the table, the R^2 is 0.5120, indicating that 51.20% variation in financial perspective performance measure can be jointly explained by a change in Internal audit characteristics (Hierarchical Position of Internal auditors (HPI), Skill and Competence of Internal auditors (SCI), and General Perception of Internal auditors (GPI)); While 48.80% are explained by the error term.

The coefficient estimates of HPI and GPI computed at 0.4320 and 0.9367 respectively indicate that a unit change in these variables will cause 0.4320 and 0.9367 respective improvements in financial perspective performance measure (FPI). Also, the coefficient estimates of SCI calculated at -0.3296 shows that a unit change in this variable will cause - 0.3296 decrease in financial perspective performance measure (FPI).

From the results in Table 2, Hierarchical Position of Internal auditors (HPI) and General Perception of Internal auditors (GPI) have a positive significant influence on financial perspective performance measure (FPI) at 10% and 1% level of significance. While Skill and Competence of Internal auditors (SCI) even though has a negative influence on financial

perspective performance measure (FPI) is not significant. It can also be seen from the table that the model is well fitted as shown by the computed F – statistic of 4.90 ($p < 0.05$).

From the overall results, the Ho1 which states that internal audit characteristics do not significantly influence financial perspective performance measure is not accepted.

Table 2: Model 1 Regression Results

Dependent Variable - FPI Independent Variables:	Coefficient	Standard Error	t – Statistics	P > t
Constant	- 0 .0372	0.3340	- 0.11	0.913
HPI	0.4320	0.2431	1.78	0.097**
SCI	- 0.3296	0.3458	- 0.95	0.357
GPI	0.9367	0.2625	3.57	0.003*
R- square	0.5120			
Adjusted R – square	0.4074			
F- statistics	4.90			
Prob > F	0.0157			

Source: Researcher's Analysis (2018)

** indicate 10% significant level;

* indicate 1% significant level

Internal Audit Characteristics and Customers and Clients (Stakeholders) Perspective Performance measure

Table 3 shows the summary results of regression model 2 depicting the relationship between internal audit characteristics and Customers and client (Stakeholders) perspective performance measure. From the table, the R^2 is 0.5224, indicating that 52.24% variation in Stakeholders perspective performance measure can be explained by a change in Internal audit characteristics (Hierarchical Position of Internal auditors (HPI), Skill and Competence of Internal auditors (SCI), and General Perception of Internal auditors (GPI)); while 47.76% are explained by the error term.

The coefficient estimates of HPI and SCI computed at - 0.1230 and -0. 0847 respectively indicate that a unit change in these variables will cause - 0.1230 and -0. 0847 a decrease in stakeholder's perspective performance measure (SPI). Also, the coefficient estimates of GPI calculated at 0.6139 shows that a unit change in this variable will cause 0.6139 an improvement in stakeholders perspective performance measure (SPI).

From the results in Table 3, Hierarchical Position of Internal auditors (HPI)and Skill and Competence of Internal auditors (SCI) have negative-positive insignificance influence on stakeholders perspective performance measure (SPI); while General Perception of Internal auditors (GPI) has a positive influence on stakeholders perspective performance measure (SPI) but is not significant. It can also be seen from the table that the model is well fitted as shown by the computed F – statistic of 10.90 ($p < 0.01$).

From the overall results, the H_0 which states that internal audit characteristics do not significantly influence financial perspective performance measure is accepted.

Table 3: Model 2 Regression Results

Dependent Variable - SPI Independent Variables	Coefficient	Standard Error	t - Statistics	P > t
Constant	0.3724	0.2929	1.27	0.224
HPI	-0.1230	0.4320	0.2265	0.595
SCI	-0.0847	0.3819	- 0.22	0.828
GPI	0.6139	0.4940	1.24	0.234
R- square	0.5224			
Adjusted R - square	0.4785			
F- statistics	10.90			
Prob > F	0.006			
	0.0157			

Source: Researcher's Analysis (2018)

Internal Audit Characteristics and Internal Business Process Perspective Performance measure

Table 4 presents the summary results of regression model 3 depicting the relationship between internal audit characteristics and internal business process perspective performance measure. From the table, the R^2 is 0.1707, indicating that 17.07% variation in Internal business process perspective performance measure (Dependent variable) is jointly explained by changes in Internal audit characteristics (Hierarchical Position of Internal auditors (HPI), Skill and Competence of Internal auditors (SCI), and General Perception of Internal auditors (GPI)); while 82.93% are explained by the error term.

The coefficient estimates of HPI and GPI computed at 0.2012 and 0.3707 respectively, indicate that a unit change in these variables will cause 0.2012 and 0.3707 improvements in Internal business process perspective performance measure (IBPI). Also, the coefficient estimates of SCI calculated at -0.2113 shows that a unit change in this variable will cause - 0.2113 decrease in Internal business process perspective performance measure (IBPI).

From the results in Table 4, Hierarchical Position of Internal auditors (HPI) and General Perception of Internal auditors (GPI) have positive insignificant influence on Internal business process perspective performance measure (IBPI); while Skill and Competence of Internal auditors (SCI) has a negative insignificant influence on Internal business process perspective performance measure (IBPI).

From the overall results, the Ho3 which states that internal audit characteristics do not significantly influence Internal business process perspective performance measure is accepted.

Table 4: Model 3 Regression Results

Dependent Variable - IBPI Independent Variables:	Coefficient	Standard Error	t – Statistics	P > t
Constant	0.4762	0.2871	1.73	0.106
HPI	0.2012	0.2090	0.96	0.352
SCI	- 0.2113	0.2973	-0.71	0.489
GPI	0.3707	0.2257	1.64	0.123
R- square	0.1707			
Adjusted R – square	0.0070			
F- statistics	0.96			
Prob > F	0.4386			

Source: Researcher's Analysis (2018)

Internal Audit Characteristics and Growth and innovation Perspective Performance measure

Table 5 presents the summary results of regression model 3 depicting the relationship between internal audit characteristics and Growth and innovation Perspective Performance measure.

From the table, the R^2 is 0.3315, indicating that 33.15% variation in Growth and innovation Perspective Performance measure (Dependent variable) is jointly explained by changes in Internal audit characteristics (Hierarchical Position of Internal auditors (HPI), Skill and Competence of Internal auditors (SCI), and General Perception of Internal auditors (GPI)); while 66.85% are explained by the error term.

The coefficient estimates of HPI and GPI computed at - 0.1920 and - 0.0563 respectively, indicate that a unit change in these variables will cause - 0.1920 and - 0.0563 decreases in Growth and innovation perspective performance measure (GIPI). Also, the coefficient estimates of SCI calculated at 0.7590 shows that a unit change in this variable will cause 0.7590 improvements in Growth and innovation perspective performance measure (GIPI).

From the results in Table 5, Hierarchical Position of Internal auditors (HPI) and General Perception of Internal auditors (GPI) have negative insignificance influence on Growth and innovation perspective performance measure (GIPI); while Skill and Competence of Internal auditors (SCI) has a positive significant influence on Growth and innovation perspective performance measure (GIPI) at $p < 0.10$.

From the overall results, the Ho4 which states that internal audit characteristics do not significantly influence Internal business process perspective performance measure is not accepted.

Table 5: Model 4 Regression Results

Dependent Variable - GIPI Independent Variables:	Coefficient	Standard Error	t – Statistics	P > t
Constant	0.2656	0.3875	0.69	0.504
HPI	- 0.1920	0.2821	- 0.68	0.507
SCI	0.7590	0.4013	1.89	0.079*
GPI	- 0.0563	0.3046	- 0.18	0.856
R- square	0.3315			
Adjusted R – square	0.1882			
F- statistics	2.31			
Prob > F	0.1204			
	1			

Source: Researcher's Analysis (2018)

* indicate 10% significant level.

Discussion of Results

The first objective of this study seeks to assess the influence of internal audit characteristics on financial and management perspective performance measure of the internal audit unit in the studied universities. From the regression results and testing of hypothesis 1, it was found that internal audit characteristics especially hierarchical position of internal auditors and general perception of internal auditors do significantly influence financial and management perspective performance measure of internal audit units in the universities studied. This implies that internal audit characteristics such as the hierarchical position of internal auditors and general perception of internal auditors can enhance internal auditors independence and this can enhance the financial performance of their universities through the curtailment of financial losses. This finding is consistent with the study of Beyanga (2011) who confirms that an effective internal audit service can help reduce overheads, enhance organizational efficiency and minimize losses. It also supports the study of Abdullahi and Mutui (2016) who found that a significant relationship exists between internal audit and financial performance. The current finding also aligned with the studies of Arena and Azzone (2009) and Mawanda (2008).

The result of testing hypothesis two is that internal audit characteristics do not significantly affect customers and clients (Stakeholder) perspective performance of internal audit in the studied universities. The hierarchical position of internal auditors and skill and competence of internal auditors have a negative impact on customers and clients (Stakeholders) perspective performance measure. Though the general perception of internal auditors has a positive impact on customers and clients (Stakeholder) perspective performance measure but is not significant. In overall, this result may not have captured the ideal situation where internal audit characteristics can enhance the customer and client perspective performance measure of internal audit units in business organizations.

The third objective of the study was met with the result of the testing of hypothesis three. The result is that the hierarchical position of internal auditors and the general perspective of internal auditors have effects on internal business process perspective of performance measurement of internal auditors, but the effects are not significant. On the other hand, skill and competence of

internal auditors have a negative insignificant impact on internal business process perspective of performance measurement of internal auditors. Therefore, it was found that internal audit characteristics have no significant effect on internal business process perspective of performance measurement of internal auditors in the universities studied. This finding is contrary to the study of Mustafa et al. (2016) which found that there is a significant relationship between internal audit characteristics and internal business performance of a firm.

Lastly, the result of testing hypothesis four met the fourth objective of the study. The result is that the hierarchical position of internal auditors and the general perception of internal auditors have insignificant negative effects on growth and innovation perspective of performance measure of internal auditors. However, internal auditors' skill and competence have a positive significant effect on growth and innovation perspective of performance measure of internal auditors in the universities studied. Hence, internal audit characteristics have a significant influence on growth and innovation perspective of performance measure of internal auditors. This finding is consistent with the study of Arena and Azzone (2007) that confirm internal audit characteristics has an impact on growth and innovation perspective of performance measure of the internal audit unit.

5. CONCLUSION AND RECOMMENDATIONS

This study has examined the influence of internal audit characteristics (Hierarchical position of internal auditors, Skill and competence of internal auditors and General perception of internal auditors) on the performance (Financial and management perspective, Customers and client perspective, Internal business process perspective, and Growth and innovation perspective) of internal audit unit in federal universities located in Kaduna State, The performance measure methodology used is the balanced scorecard model.

The primary data collected for the study were analysed with the aid of multiple regression and arising from the results, the following conclusions are made:

First, internal audit characteristics such as the hierarchical position of internal auditors and general perception of internal auditors are very strong factors that can enhance the performance of internal auditors to improve the financial performance of universities.

Second, internal audit characteristic such as skill and competence of internal auditors is a strong factor that can enhance the performance of internal auditors in securing the growth and innovation capability of universities.

In light of the findings of this study, the following recommendations are made:

- i. The Director of an internal audit department in the university should send his audit report to the Council of the University and while on his day – to – day work he can report to the Vice-Chancellor. This will enhance his independence.
- ii. Internal audit staff should be well trained as this can enhance their performance that will improve the growth and innovative capability of the universities.

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