AUDITING AS A TOOL FOR ACCOUNTABILITY FOR EFFICIENT AND EFFECTIVE SCHOOL ADMINISTRATION

Dr (Mrs.) Ezeani Nneka Salome

Department of Educational Foundation Ekiti State University,
Ado- Ekiti, Ekiti State

Oladele Rotimi

Adekunle Ajasin University, Akungba Akoko,
Ondo State

Abstract

School administration in Nigeria is primarily concerned with rendering services that is essential to all citizens; hence a career attitude to accountability for effective auditing is needed for efficient and effective administration. This study tries to find out what school audit is all about, the role of audits and the difference that an audit can make towards accountability, especially in school administration. The need for this study also arose to correct a misconception that school account are not meant to be audited and to restore confidence in parents and guidance that money spent on educating the child is not embezzled. This study employed a descriptive design. The researchers found out that lack of: technical competence, independence and inadequate level of resources do directly affect the performance of the school audit. Conclusively, intensive and regular training programmes should be mounted for school accountants and auditors, and there should also be proper delegation of duties.

Key words: Auditing, Accountability, School Administration, Auditor

Introduction

Organization all round the world be it financial, educational, or otherwise needs auditing for proper assessment of their financial statements. In order to achieve set out goals and objectives, resources must be properly managed to get the profound results needed.

Auditing in the Nigerian educational system is relevant hence effective financial management in any school leads to the success and growth of the school. Auditing as a tool for accountability for efficient and effective school administration is a clear term study which will educate us on the importance of school audit and how it will affect the child if mismanagement of funds eventually occurs. Parents and guidance who send their wards to school will be rest assured that with the help of school audit the money they pay for the education is not wasted.

During the course of this study, the researchers noticed that insufficient technical competence, the degree of independence and the level of resources are the core problems that lead to mismanagement of funds in an institution. This means that in carrying out a school audit, the accountants (auditors) should be able to evaluate the controls in which management has currently put in place and assess them to know if it is effective or efficient. It is upon this ground that the study intends to find out whether auditing is a tool for accountability of efficient and effective school administration.

The main objective of this study is to determine whether auditing is a tool for accountability, efficient and effective school administration.

Specifically, the study intends to:
- Ascertain the role of audit in school administration.
- Find out the qualities of a school auditor.
- Determine the need for accountability in school auditing.
- Identify ways the accountants used in defrauding the schools.
- Find out the factors militating against effective and efficiency in school audit.
- Ascertain the areas of audit risk in schools.
- Examine reasons for audit queries in schools.

The findings from the study will be of immense benefit to the following people: School Administrators, parents and the general public.

**School Administrations:** School audit will assist the administrators’ delegate resources appropriately and pursue a defined objective for the growth of the school.

**Parents and Guidance:** Parents and guidance who pay for their child to be educated will know how their hard earned money is been spent and how the future of the child sent to school is been catered for.

**General Public:** It will enlighten the general public on the effect of mismanagement of school funds and how it affects the child and also inform them on how school audit are carried out.

**REVIEW OF RELATED LITERATURE**

**Concept of Auditing**

Auditing is the act of conducting an audit. According to Public Sector Auditing Standards, a term “Audit” include both financial and performance audit. The standard goes on to explain financial audit as embracing.

“The audit of financial statement in order to provide reasonable assurance on whether the financial statement of an organization presents a fair financial position of the organization flows and is in conformity with the generally accepted accounting principles, and applicable laws and regulations and the evaluation of the soundness of internal control system of the audited organization”.

Audit management is those actions taken by audit firms to ensure that audits are carried out economically and efficiently, thereby, reducing the risk of litigation for negligence (Dury, 1987). As suggested by Eze (2008), reliable accounting and finance assist the society in allocating resources in an efficient manner. The primary goal of any economic system is to allocate limited capital resources to the production of goods and services for which demand is great.

Auditing may be defined as a systematic investigation and appraisal of transactions procedures, operations and result in financial statements (Anichebe, 2010). They further stated that the main purpose of auditing is to determine the degree of adherence to the prescribed criteria and to express opinion thereon.

Generally, auditing as a profession can be defined as “an independent examination of and expression of opinion on the financial statement of an enterprise, by an appointed auditor in pursuance of that appointment and in compliance with any relevant statutory obligation. On the other hand, performance audit is defined as an objective and systematic examination of evidence for the purpose of providing independent assessments for the public sector organizations, programme, projects and service delivery. Also, it outlines the assessment of the financial efficiency and effectiveness with which the resources of an entity had been used in achieving
results. However, for auditing to be a tool for effective and efficient management it has to identify the functions, evaluate and monitor some specific controls within the bound of internal control system.

**Auditing Classification**

Auditing scope was widened extensively in the recent past that an attempt to provide an exhaustive classification becomes impossible. However, for the purpose of this study auditing is classified into two groups, thus:

a. Statutory or external audit and,
b. Internal Audit.

Statutory audit is the audit of an enterprise compulsorily required under the provision of an Act or Degrees or Law of the Land (Aguolu, 2004). Statutory audit (Anichebe, 2004), is a type of audit imposed by statute which is carried out within the enterprise as a result of being compulsorily required by legislation. Auditing of schools as contained in the provision of CAMA 1990, auditing of banks as required under BOFIA, auditing of insurance company are all examples of statutory audit.

In the view of Nwankwo (2006) and Aguolu (2007), internal control is defined as “the set of accounting and administrative controls and practice that help to ensure that approved and appropriate decision are made in an organization”. Auditing standard of England and Wales sees internal control system as “the whole system of controls, financial and otherwise, established by the management in order to carry on the business of the enterprise in an orderly and efficient manner, safeguarding its assets and secure them as safely as possible and also the completeness and accuracy of the record”. It comprises both internal checks and internal audit. Ezeani (2011) citing Ezinando (2005) emphasized that one basic principle of auditing is that it must serve as a tool for better performance.

**Objectives of Audit in Schools**

Originally, auditor carries out his duties from his respective classification. However, objectives of most conservative audits are to ensure effectiveness in a good attainment and efficiency in resource allocation and utilization. Towards this, the following specific objectives are addressed:

i. To secure the continued maintenance of soundly based system of controls within each area of responsibility which in this case is the schools.

ii. To evaluate the use of resources in the pursuit of defined objectives of the school.

iii. To assess adherence to budgetary provisions/operational guidelines.

iv. To review compliance with statutory and regulatory procedures.

v. To ensure continuous examination of accounting books, store and personnel records with a view to detecting frauds, errors and mistakes for corrective actions.

vi. To vouch the integrity of the key operator through periodic surprise cash surveys, checks on revenue collections, cashbooks, banking documents and asset registers.

vii. To ensure that every transaction especially of financial nature is duly approved and appropriately authorized before execution.

viii. To ensure that the due process is adequately and consistently observed in the award of contracts of works, supplies and job orders.
ix. To ascertain the adequacy of effort to implement previous audit recommendations.

x. To ensure the existence and adequacy of vital records.

xi. To evaluate the adequacy of and security of documents and records.

xii. To ascertain and ensure that an enterprise conforms with statutory and professional requirements.

xiii. To advise on financial matter for efficient decision making by the school management.

All these among others are meant to engender accountability of stewardship by extension of effective performance.

Need for School Audit

It is often argued that since the financial statement prepared by the management of an enterprise may actually not represent the financial position of the organization, there is therefore, a need for audit. Some of the reasons for an independent professional opinion on the financial statement will include:

a. The operations of the ownership from management and the need to safeguard the interest of the ownership who do not participate in the day-to-day decision of the organization by the management.

b. The CAMA 1990 provides that every company shall at each Annual General Meeting (AGM) appoint an auditor or auditors to audit the financial statement of the company.

c. To provide credibility on reports and accounts prepared by the directors which may contain errors, not disclose fraud, be unintentionally misleading, fail to conform to regulation and not disclose relevant information.

Roles of Auditing in School Administration

In relation to the auditors of a limited liability company, section 359 of CAMA 1990 provides that the primary duty of the auditors of a company (including institutions like schools) is to make a report to its member on the accounts, examined by them, and on every financial statements, which are to be laid before the company at a general meeting during the auditor’s tenure of office. In addition to the report made to the members, the auditors of the public company also have a duty to make a report to an audit committee established by the school. Section 360 further provides as follows:

* It shall be the duty of the auditors in preparing their report to carry out such investigations as may enable them to form an opinion as to the following matters:

a. Whether proper accounting records have been kept by the company and proper returns suitable for heir audit received from branches not visited by them.

b. Whether the company’s balance sheet and (if not consolidated) its profit and loss account are in agreement with the accounting records and returns and.

c. The auditors shall state so in their report if in the requirements of parts V and VI of schedule 3 and part I to III of schedule 4 of the decree are not complied with the accounts, it shall be the auditors duty to include in their report, so far as they are reasonably able to do so, a statement giving the required particulars.

The Need for Effectiveness and Efficiency in School Audit

From the study, control in organization is concerned with the achievement of certain standard of performance. Related to the idea of satisfactory performance are the concept of organizational efficiency and effectives. This control is essentially concerned with the maintenance of efficiency and effectiveness of the organization. What is perhaps not clear at this point is the nature of measures, or standard of efficiency and effectiveness, and indeed, how these two concepts differ.
Nwankwo (2006) affirms efficiency is concerned with doing things right while effectiveness is doing the right thing. Efficiency and effectiveness are separate concepts and cannot be used interchangeably, in particular it is perfectly possible to have all effective organization which is inefficient and vice versa.

**Efficiency**

The fact that most organization aspire to certain objectives by the employment of limited resources give rise to the concept of efficiency in productivity. The efficiency of a system can be regarded as the ration of outputs of the system, a high ration, implying high efficiency of productivity (Aguolu, 2007).

**Effectiveness**

According to Adeniyi (2004), there are two approaches to the study of organizational effectiveness in the literature. The first approach, known as the goal model approach, views effectiveness in terms of good attainment, that is the more an organization goal are meet or surpassed, the greater is its effectiveness. For an organization to establish a clear goal, the organization must have an effective organizational structure (Aguolu, 2008).

Another way for organizational effectiveness focuses on the relationship between the organization and its environment, this is called system resources. This system resource approach defines effectiveness as the degree which an organization is successful in acquiring and utilizing scarce resources. System resources approach defines effectiveness as the degree which an organization is successful in acquiring and organization utilizing scarce resources. However, organization bring in resources from their environment and return them as value outputs, the more effective organization survive because they can maintain a greater intake of resources than is required to produce their output.

**Accountability**

Whoever accepts position of trusts or responsibility becomes accountable for his actions and inactions as it concerns its position. Amojori (2002) sees accountability as explanation for actions of these having custody of power, human resources, public money and other resources. It therefore deals with the justification of financial transaction as conforming to organizational roles and procedures, business concepts of morality, professional ethics and the law of state. You may picture your schools situation thus:

<table>
<thead>
<tr>
<th>Manage your school effectively</th>
<th>Control staff, human and material resources</th>
<th>Discharge of responsibility and exercise of authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsibility</td>
<td>Authority</td>
<td>Accountability</td>
</tr>
</tbody>
</table>

This is to say that the basic ingredient for modern school administration is effective delegation of responsibility and authority to get effective accountability.

**Factors militating against effective and efficiently in school audit**

The effectiveness of audit work relies on the reports presented. Such reports quarries comprise of quarries and comments based on observations, opinions and conclusions reached in the course of the exercise.

i. **Confidence Scheme**: Most accountants take advantage of the trust and confidence reposed on them by school owners and principals to make fraudulent mis-presentation which the school owner or principal relies on and suffers serious financial damage.
ii. **Nature of Some School Administrators:** Some of our school administrators are greedy in nature. Many principals who are greedy connive with their accountants to perpetuate corrupt practices.

iii. **Loopholes in our Legal System:** There are a lot of loopholes in our legal system with respect to embezzlement of public funds. Our laws are not too strict to misappropriation of government fund. These discoveries of such loopholes serve as incentives to those who may wish to commit fraud.

iv. **Poor Remuneration:** When accountants are not well paid to measure up with the constraints of the economy accountants will be compelled to steal, this is so because physical cash is involved.

v. **Inadequate Training and Re-training of our Accountants:** This leads to poor performance and that breeds malpractice. Failure to undergo on-the-job training, relevant outside source or even attend seminar of that nature, will lead to unsatisfactory performance which eventually creates more room for malpractice by the outgoing accountants and auditors.

Some other factors militating against effective and efficient school audit are: Inadequate internal audit cycle management ignorance, ego favoritism, policy inconsistency and efficient school.

**Theoretical Framework**

This study was anchored on descriptive approach theory. Theory developed using the descriptive approaches are basically concerned with what accountants and auditors do. Therefore, descriptive approach shows what accounting bodies do to educate, train and develop accounting professionals in Nigeria. The descriptive approach of the role of accounting professional bodies in education and development of accounting professionals should include independence, objectivity and fairness. Accountants and auditors should maintain integrity and objectivity in carrying out their professional responsibility. This principles helps the school accountant to see himself as an independent person and also be objective in is professional duties.

The application of this descriptive theory to the present study shows that school auditors and accountant should have a fraud free school administration.

The relevance of the descriptive theory to this study is that school accountants and auditors serve as an instrument in helping to get a successful school administration.

**Conclusions and Recommendations**

An audit is an indispensable tool for the effective and efficient controls of school administration and in fact any organization. They benefit which we may derive from a systematic and thoroughly conducted audit are as follows:

* It will help to ensure that plans are realistic since the officials know that such plans will form the basic of an audit evaluation.
* It helps to safeguard the assets of the school, as effective control with need to be established in respect of each class of assets.
* It enforces adequate, accurate and up-to-date recording as this will be the first part of call by the auditor.
* It instills discipline and eliminates friction as audit procedures require a well defined organization structure with clearly defined responsibilities assign to all key personnel.
* It compels adherence to set targets (Budget estimates) as officials will be required to provide reasonable and acceptable explanations for any variances.

53
From the findings, the following recommendations were made:

* Specialist are needed on the staff of the office of the Auditor General of the Federal to access the effectiveness or use of funds in school administration.
* Newly employed auditors should be regulated to undergo a course on financial regulations and various rules and law that are related to government activities that has something to do with revenue and expenditure.
* Auditors should place more emphasis on internal control when they want to audit, this will ensure an effective presentation of fraud.
* There should be independence of auditors to ensure that there is no undue influence of auditors forms a person or an office.
* Accounting staff should co-operate with the auditors to enable them carry out their work effectively.
* Expected result should be clear, measurable and quantifiable in order to facilitate easy comparison between the budgets and actual result.

If the recommendations are properly implemented the era of sub-standard performance in the school administration as well as misappropriation of school funds will be as good as over.
REFERENCES


