

International Journal of Scholarly Research

Volume 1, Issue 1, pages 16-35, August, 2015

Type: Double Blind Peer Reviewed International Research Journal

Host: Africa Research Corps (www.africaresearchcorps.com)

Journal Series: Academic Scholars Publishing League (ASPL)

Publisher: International Academic Journal for Global Research (iajgr) Publishing (USA)



Auditing as a Tool for Effective Internal Control Systems in the Nigerian Hospitality Industry (A Case Study of Benue Hotel Makurdi, Benue State, Nigeria)

Johnmark Korna,¹ Joseph Kase,² and Isaac Idyu³

¹*Department of Accounting and Finance, University of Agriculture, Makurdi, Benue State, Nigeria*

²*Department of Accounting, College of Advanced and Professional Studies Makurdi, Benue State, Nigeria*

³*Department of Banking and Finance, Fidei Polytechnic Gboko, Benue State, Nigeria*

Abstract – For any organization to achieve its goals there must be an effective control mechanism. Internal control exists for the purpose of giving an organizational sense of direction and allowing for its growth. The study therefore sought to find out the role auditing (internal audit) functions play in controlling the activities of a corporate organization with special emphasis on Benue Hotel Makurdi, Benue State, Nigeria. To achieve the above objective, primary data was obtained as questionnaires were distributed to the members of staff of the hotel. It was discovered that the internal audit department plays a major role in controlling the activities of the organization thereby making its control system very effective. It is recommended that internal audit departments should seek to create awareness about its functions and importance to the staff of the organization. It is also recommended that internal audit departments should carryout regular review of the internal control systems in the hospitality industry.

Key words: Auditing, hospitality industry, internal control systems



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1. Introduction

1.1. Background of the Study

Hotel management today occupies a very crucial position in the economic activities in most countries of the world. It is regarded as the pivot of overall economic growth hence it occupies a central position in tourism activities.

The hospitality industry anywhere in the world is aimed at creating a conducive environmental capital of providing leisure services, which are captivating and satisfying at a price. It has been discovered in recent years that to create such an atmosphere, a lot of professionalism and control has to come into focus and of course ensure continuity through generations of good returns on investment. Prominent among such professionalism control activities of the internal control system which must be treated with all its antecedence.

The place or position of internal control in any Hotel or leisure services cannot be over emphasized. This is because internal control for Hotel industries or services and any other business concern is very fundamental. A weak internal control system of any hotel can hamper

general acceptability, profitability or continuity just as a good internal control system of any hotel can ensure its wide acceptability, profitability that it can continue to exist and to remain in the industry or business and make profit, the internal control system have been to be set in consonance with perceived value of the offer for the system.

Auditing provides a basic tool upon which internal control system of any business concern including Hotel or leisure business is developed and implemented. The word Audit is derived from a Latin word "Audire" which means to hear! And audit has been defined as "an independent examination of a set of financial statements of an organization and the expression of opinion on the financial statements by an appointed auditor in compliance with statutory provisions and his terms of appointment".

Due to the expansion in Hotel activities, there occurs a widening gap between management and the actual field of operations these increased responsibilities allow for the auditor to fill the gap between the management and the actual field of operations whereby he carries out the policies of the management. He is therefore responsible for the management to carryout out his multifarious duties of detecting and correcting errors and at same time providing the essential link within the entire organization.

The primary responsibility of safeguarding the assets of concerns and preventing and detecting errors and fraud rests on management, therefore the Auditor is expressing his opinion concerning the fairness of management representations, expects the company's accounting department to produce financial statements that management can believe are proper, complete and free of internal errors. The responsibility of management does not end with the initial installation of a system of internal control. The system must be under constant surveillance to determine:

- i. That prescribed policies are being interpreted properly and are being carried out.
- ii. That change in operating conditions has not made the procedure cumbersome, obsolete or inadequate.
- iii. That where breakdown in the system appear effective, corrective measures are promptly taken.

There exists the human tendency to relax and depart from the original designed high standards of procedure. Because of this tendency, it is management responsibility to maintain adequate review of the system of internal control. There must be means developed for checking and appraising the effectiveness of the system in actual operation. One of the basic tool or means for effective review or implementation of the system of internal control is internal Auditing. Review may be performed by the company's management or others the audit department or outside service agencies.

1.2. Statement of the Problem

The internal system of any hotel or organization is set to safeguard assets from waste, prevent fraud and avoid inefficient use of resources, promote accuracy and reliability in the accounting

records, encourage and measure compliance with policies and evaluate the efficiency to operations. Internal Auditing as a tool helps in ensuring an effective implementation of a good system of internal control. The auditor may experience some problems while doing his work and some of these problems may prevent him from performing his work efficiently.

Specifically the problems perceived which prompted the researcher into this study are as follows:

- i. Internal auditors often have the problems of carrying out their functions effectively due to interference from management. They are employees of the organization, hence independence may be difficult to achieve as an employee, and the auditor would find it difficult to present a free and fair view of the organization for fear of victimization.
- ii. Internal auditors are believed to be window dressers; they are accused of conniving with management to cheat. The problem now arising as to the role of the auditor as regard misappropriation and mismanagement.
- iii. Sometimes management fails to exercise promptness in implementing the suggestions of the internal auditors and this tends to constitute a problem.
- iv. Vigilance and carefulness is often ignored by some auditors thereby leading to errors, which is a problem.

While many experts have conducted studies on the effectiveness of auditing as a tool for internal control of many organizations or establishments, there is still the need for more literature on the subject to unveil the role of internal audit in effective implementation of internal control system hence an appeal for this topic.

1.3. Research Objectives

They objectives here are achieved in the research work

- i. To investigate whether auditing (internal auditing) has effectively contributed to the internal control system of Benue Hotel Makurdi.
- ii. To discharge the manager from interfering into the independence of internal auditors so that they can carry out their jobs without fear or favor.
- iii. Help to show ways in which some errors can be detected or prevented.
- iv. To encourage management in implementing the suggestions and recommendations of the auditors promptly.

2. Literature Review

2.1. The Concept of Auditing

The word audit comes from the Latin word "audire" which means to "hear". An audit is defined as an independent examination of a set of financial statements of an organization and the expression of opinion on the financial statement by an appointed auditor in compliance with statutory provisions and his terms of appointment.

Walter (1965) defined auditing as “such an examination of the books of accounts and vouchers of the business as will enable the auditor to report whether he is satisfied that the balance sheet has been properly drawn up so as to present and give a true and fair view of the profit and loss account for the financial period. According to the best of information and explanation given to him as shown by the books and if not to report in what respect he is not satisfied:.

Alvin and James (1976) defined auditing as an integrated process of accumulating and evaluating evidence by a competent independent person about quantifiable information of a specific economic entity for the purpose of determining and reporting upon the degree of correspondence between the quantifiable information and established criteria”. This definition is termed to be advanced.

The independence of the audit department based on the above definitions means that the audit department or the auditor is given free hand in scheduling its activities in determining what to investigate and which method of investigation. This will guarantee auditors boldness and courage to say so whenever the matter in dispute is material to the reliability of financial statements. The constitution of the federation encompasses comprehensive provisions that ensure the independence of the audit department.

According to Odoh (2000) “Auditing is an independent examination of the books of account and the related documents of a business or any other organization”. Beattie (1961) also defined audit as an examination by an expert (the auditor who can either be an individual or a firm) of a set of financial statements and of the underlying books and records which result in the auditor providing an opinion on the financial statement.

Auditing has been classified into two broad types or groups according to the

- Nature of the work undertaken and
- The method of approach to the work

Based on the nature of the work undertaken, auditing is classified into:

- i. Non-statutory audit
- ii. Statutory audit (i.e External and internal audit)

Under non-statutory audit the auditor will operate to an agreed scope of work. This does not mean that the whole of his work is specifically stated before commencement but some broad agreement as to what work is required would have been laid down. This agreement may be in the form of an undertaking to do the issue of a work.

Statutory audit on the other hand is the audit conducted by firms of professional accountants in public practice and officers from the office of the auditor general or other representatives. The auditors involved are independent of the company and that is why the exercise is referred to as external audit.

Since our emphasis is based on internal auditing we will narrow the discussion to internal auditing and try to define the concept of internal auditing.

2.2. Internal Auditing

Internal audit has been defined as an independent appraisal of activities within an organization for the review of operations as a service to management. It is a management control that functions by measuring and evaluating the effectiveness of other controls.

It is necessary that the internal auditor should remain independent. The independence of the internal auditor is very critical to the value of his service. It is therefore imperative that management should ensure that he is independent. This can be achieved by the following:

- i. The internal auditor should report to the highest policy making level.
- ii. He should be a member of a professional body.
- iii. He should be given a free hand at the point of entry; he should not be related to any of the principal officers on whose department he is going to report.

2.3. Objectives of Internal Auditing

The main objective of an internal audit is to assure management that the internal check and the accounting system are effective in design and operating.

The main reasons for internal audit are:

- i. To lend creditability to the operations of the management by ensuring the detection of errors, frauds and disclose hidden information.
- ii. It is used to evaluate the performance of the directors.
- iii. To resolve conflict of interest.

2.4. Duties and Responsibilities of Internal Auditors

The standard and scope of internal audit varies considerably. It requires the internal auditor making most careful inquires before determining the extent to which he can rely on the internal audit in the drawing up of his own programme. However, it should be noted that the duties of internal auditors depends to a large extent on the need of the organization.

Internal audit according to Millichamp A. H (1987) is “an independent appraisal function established by the management of an organization for the review of the internal control system as a service to the organization. From the definition of the internal auditor is to appraise the activities of others and not to perform specific part of data processing. Another duty of the internal auditor is to ensure that the policies of an organization are complied with. For effective internal control, the internal auditors should ensure that the internal control system is well design and work in practice.

Other duties of an internal auditor may be summarized as follows:

- i. Auditing the information given the management particularly interim account and management accounting reports.
- ii. Being concern with the responses of the internal system for errors and the required changes to prevent errors.
- iii. Verification of the accuracy of financial records.
- iv. Carryout specific special investigations and other tasks on behalf of management and its committee
- v. To ensure the accuracy, timeliness and relevance of management information
- vi. To ensure the efficiency of established policies and ways of improving them.
- vii. Provision of training for non-audit staff.
- viii. Assisting external auditors where the need arises.

3. Research Methodology

3.1. Research Design

In this sub-section, the researcher is concerned with discussing among other things like the concept of research population, sample size and sampling techniques as well as their distinctive relevance to the study under investigation. Other issues to be discussed include data source, collection instruments, data analysis techniques, reliability and validity of the instruments.

The research approach used for this study is the descriptive approach. According to Akpa and Angahar (1999) the primary purpose of a descriptive research is to:

- a. Describe systematically the detailed facts and characteristics of a given area of interest. It simply accumulate data base but does not seek to explain relationships, test hypothesis and make evaluations.
- b. To make comparisons and make production.
- c. To ascertain what others are doing with similar problems or situations and benefits from their experience in making future plans and decisions.

3.2. Sampling Techniques and Population

The sample is made up of thirty (30) respondents representing equally each sub-population. The respondents were selected on the basis of experience and the willingness to co-operate. In selecting the sample, care was taken to ensure that there was no significant difference on their levels of experience. This was to ensure that good data or prediction in the research could not be attributed to differences in experiences.

The thirty (30) respondents were randomly selected from those working within Benue Hotel for proper representation. The population in this research was the Nigerian Hotel Industry. It is a unique population all members of the population can be identified for sampling. The sampling technique involved selecting a limited number from the population, which is representative of the population. It was therefore narrowed down to Benue Hotel Makurdi, Benue State.

3.3. Data Collection Techniques

Interview Method: The interview was unstructured. The questions asked were not filed directly or restricted to specific answers that is to say that there was no standardized form of questioning. The responses to a given questions pushed or placed the researcher in a positions to ask the next questions. In order words, the researcher apart from not providing options did not follow a definite procedure on format in asking questions. The method helped the researcher to get fresh information and that led to the discovery of new information.

Questionnaire Method: This method was also used mostly for the literate population. Some of the question were unstructured and therefore the questions were not filed or restricted to specific answers or options, rather the respondents was allowed to say all he or she knew about the particular topic asked in the question, that is to say respondents were allowed to choose answers according to how they felt like.

This method led the researcher to the gathering of new facts or data which the researcher himself may not have thought of. However, some other questions were structured. That is they were restricted to specific options which the respondent was expected to choose from. Thirty (30) questionnaires were distributed for the purpose of this study.

Personal Observation: This is another important data collection technique. The researcher was able to observe the internal control system of the hotel, the employees (staff) and the audit department as well as the account of the hotel himself with this observation the researcher was able to draw some conclusion on the reliability and validity of the questionnaire which were administered and the interview which was conducted.

4. Data Presentation, Analysis and Inferences

4.1. Data Presentation and Analysis

The data presented below were gotten from different respondents in Benue Hotel.

Question One: Is there an internal audit department in your organization?

Table 4.1.0

Options	No of Respondents	percentage
Yes	18	100%
No	-	-
Total	18	100

Source: Field survey 2014

Analysis: From the above table, all respondents agreed that there is an internal audit department in the organization. it could be referred from the above analysis that an internal audit department is vital as a tool for internal control in hotel industries especially in Benue Hotel.

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Question Two: How do you assess the internal audit department in relationship with other department?

Table 4.1.1

Options	No of Respondents	percentage
Cordial	13	72.2%
Unfriendly	5	27.8%
Total	18	100

Source: Field survey 2014

Analysis: From the above table 72.2% revealed that the internal audit department has a cordial relationship with the other departments while 27.8% said the internal audit department has an unfriendly relationship with the other departments. It can be inferred from the above analysis that the internal audit department in Benue Hotel has a very cordial audit department in Benue Hotel has a very cordial relationship with other departments.

Question Three: Do you think that an internal audit department is an effective tool for proper implementation of a good system of internal control?

Table 4.1.2

Options	No of Respondents	percentage
Yes	18	100%
No	-	-
Total	18	100

Source: Field survey 2014

Analysis: From the above table all respondent agreed that internal audit is an effective tool for proper implementation of a good system of internal control. It can be inferred from the above that an internal audit department is vital in implementation of a proper and good system of internal control especially with respect of Benue Hotel.

Question Four: How independent is the internal audit department?

Independence of internal audit department	No of Respondents	percentage
Satisfactorily independent	10	55.6%
Independent	5	27.8%
Not independent	2	11.1%
Undecided	1	5.6%
Total	18	100%

Source: Field survey 2014

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Analysis: It is revealed from the table above that 55.6% of the respondents are of the opinion that the internal audit department is satisfactorily independent, 27.8% showed that it is independent while 11.1% revealed that it is not independent and 5.6% were undecided.

From the above analysis therefore it is clear that the internal audit department in Benue Hotel is satisfactorily independent.

Question Five: What are the benefits of the internal audit department to the hotel?

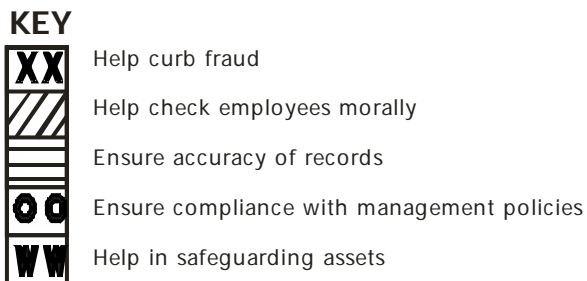
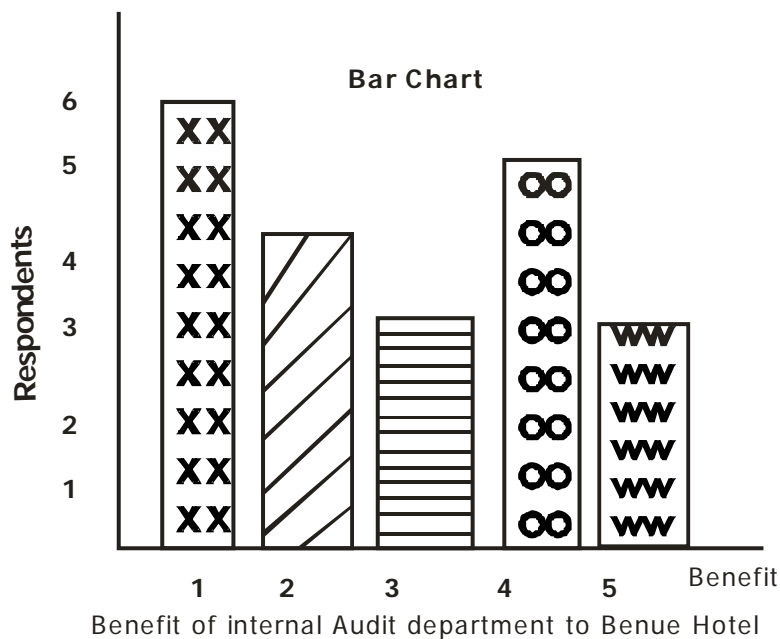
Table 4.1.4

Benefits of internal audit department	No of Respondents	percentage
Help in checking fraud	6	33.3%
It help check employee morally	3	16.7%
It ensures accuracy of records	2	11.1%
It ensures compliance with management policies	5	27.8%
Help in safeguarding the assets of the hotel	2	11.1%

Source: Field survey 2014

Analysis: From the table above, 33.3% said that the internal audit department has helped in checking fraud, 16.7% revealed that employees have been checked morally through the internal audit department 11.1% said it has helped in ensuring accuracy of records, 27.8% revealed that it has helped in ensuring compliance with management policies while 11.1% indicated that it helped in safeguarding the assets of the organization. From the above analysis, it can be inferred that the internal audit department has to a great extent helped in curbing fraud in the hotel (Benue hotel).

The data in the table 4.1.4 can be shown in a chart below:-



Question Six: As a hotel which of the operations below needs more control?

Table 4.1.5

Operations that need more control	No of respondents	Percentage
Salaries and wages	5	15.6%
Lodging and accommodation	10	31.35
Restaurant	8	25%
Bar	6	18.8%
All of the above	3	9.4%
Total	32	100%

Source: Field Survey 2014

Analysis: From the table 31.3% revealed that lodging and accommodation need more control, 15.6% are of the opinion that salaries and wages need more control while 25% indicated that it is the restaurant that need more

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control 18.8% indicate that the bar need more control while 9.4% felt that all of the above operational departments or units need more control.

From the above it can be referred that since it is a hotel industry lodging and accommodation is most likely to have more control.

Question Seven: What area does the operations of the internal audit department in your organization cover?

Table 4.1.6

Areas of operation of audit department	No of Respondents	Percentage
Lodging and accommodation	3	16.7%
Accounts department	3	16.1%
Restaurants	2	11.1%
The whole departments	10	55.6%
Total	18	100%

Source: Field Survey 2014

Analysis: From the above table, 16.7% revealed that the operation of the internal audit department covers the lodging and accommodation 16.7% indicated that it covers the account department 11.1% revealed that it is the restaurant department while 55.6% are of the opinion that the operation of the internal audit covers the whole departments in Benue hotel.

Question Eight: Does the system provide adequate safeguarding of the assets of the hotel?

Table 4.1.7

Options	No of respondents	Percentage
Yes	15	83.3%
No	3	16.7%
Total	18	100%

Source: Field Survey 2014

Analysis: From the table above, it is revealed that 83.3% agreed that the system of internal control provides adequate safeguard to the assets of the hotel while 16.7% disagree with the claim. They believe that the system does not provide adequate safeguarding of the assets of the hotel. It can be deduced that the system does provides adequate safeguarding of the assets of the hotel.

Question Nine: If so then what measures or steps are taken to ensure that the assets of the hotel are adequately safeguarded?

Table 4.1.8

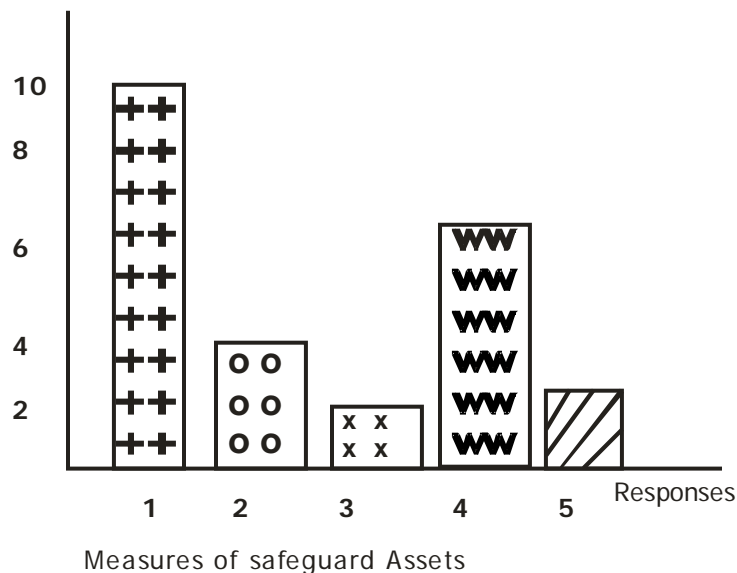
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Adequate safeguarding assets	No of respondents	Percentage
Insuring the assets	8	44.4%
Efficient security team at the gate of the hotel	3	16.7%
Proper record keeping and numbering	1	5.6%
Proper safeguard	4	22.2%
Undecided	2	11.1%
Total	18	100%

Source: Field Survey 2014





Analysis: From the above table, 44.4% indicated that the assets of the hotel can be adequately safeguarded by insuring them 16.7% are of the opinion that it is through the employment of efficient security team to guard the hotel at the gate and within the premises 5.6% indicated that it is proper keeping of records of the financial activities of the hotel that would safeguard the worth of the assets, 22.2% said however that there was poor safeguard and 11.1% were undecided.

It can be inferred from the above analysis that adequate safeguarding of assets can be achieved through insuring the assets. This can also be shown in a bar chart below:



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	Insuring the assets
	Efficient security team
	Proper record keeping
	Poor Safeguard
	Undecided

Question Ten: What is your assessment of the internal audit department?

Table 4.1.9

Assessment of internal audit department	No of respondent	Percentage
Very reliable	7	38.9%
Satisfactory	3	16.7%
Fairly reliable	4	22.2%
Inefficient	2	11.1%
Undecided	2	11.1%
Total	18	100%

Source: Field Survey 2014

Analysis: From the table 38.9% indicated that the internal audit department is very reliable, 16.7% said it is satisfactorily while 22.2% revealed that it is fairly reliable 11.1% are of the opinion that it is inefficient and 11.1% were undecided. It can be inferred from the above analysis that the internal audit department of Benue hotel is very reliable.

Question Eleven: What measures should be taken to enhance the independence of the internal auditor?

Table 4.2.0

Enhancing the internal auditors independence	No of respondents	Percentage
Non-interference of management into their affair	11	61.1%
Cooperation of employees	4	22.2%
Undecided	2	16.7%
Total	18	100%

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Source: Field survey 2014

Analysis: From the above table 61.1% revealed that the internal auditors independence can be enhanced by the non-interference of management into their affairs, 22.2% revealed that it is through the co-operation of the employees of the organization while 16.7% were undecided.

It can be concluded that the independence of the internal auditor can be enhanced when management does not interfere into the affairs of internal auditors because sometimes management would want the auditor for fear of losing his job would do those things.

Question Twelve: What problem does the internal audit department in your organization often encounter?

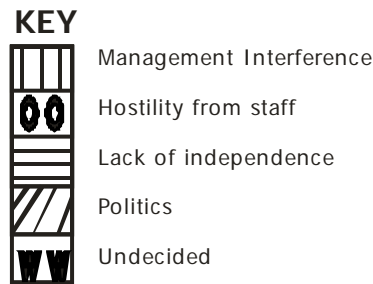
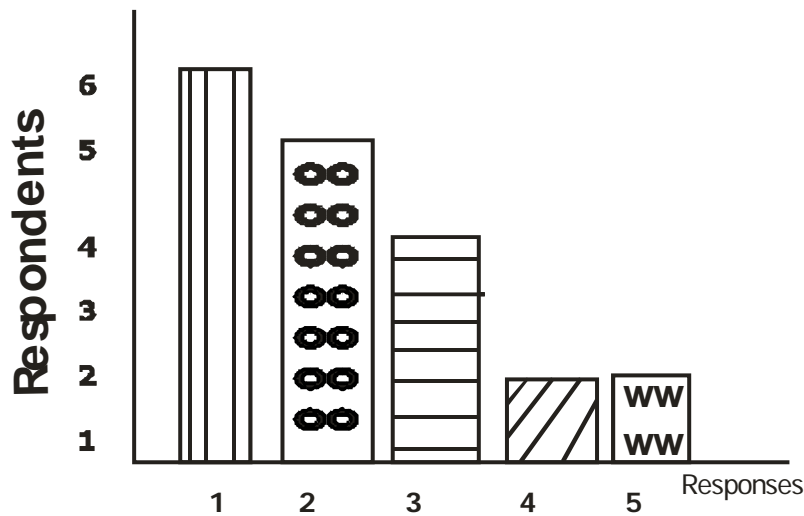
Table 4.2.1

Problems of internal audit department	No of respondent	Percentage
Management interference	6	33.3%
Hostility from staff	5	27.85
Lack of independence	3	16.7%
Politics	2	11.1%
Undecided	2	11.1%
Total	18	100%

Source: Field survey 2014

Analysis: From the above table it can be seen that 33.3% of the respondents revealed that the problem encountered by the internal auditor in the course of doing his work is management interference, 27.8% indicate that the problem encountered is hostility from the staff of the organization while 16.7% showed that it is lack of independence of internal auditors 11.1% are of the opinion that it is as a result of politics, 11.1% again were undecided as to what problem is the cause.

It can be concluded therefore that the internal auditors encounter problem of interference of management into their affairs. This table can also be shown in a bar chart below:



Question Thirteen: How often are the accounts of the hotel audited?

Table 4.2.2

Auditing of account	No of respondent	Percentage
Regularly	4	22.2%
Once in a year	10	55.6%
Twice a year	3	16.7%
Quarterly	1	5.6%
Once in a blue moon	-	-
Total	18	100%

Source: Survey field 2014

Analysis: From the table 22.2% respondents are of the opinion that the accounts of the company are audited regularly, 55.6% indicated that they are audited once in a year while 16.7% revealed that they are audited twice in a year, 5.6% said the accounts are audited quarterly, nobody however said they are audited once in a blue moon.

It can be concluded from the above analysis that the accounts of the hotel are audited once a year. This has helped the organization to keep adequate records and make adequate report.

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Question Fourteen: What is the present staff strength of the internal audit department?

Table 4.2.3

Staff strength of internal audit department	No of respondents	Percentage
2 staff	4	22.2%
3 staff	11	61.1%
4 staff	2	11.1%
Undecided	1	5.6%
Total	18	100%

Source: Field Survey 2014

Analysis: From the table above 22.25% of the respondents said that the staff strength of the internal audit department is two staff while 61.1% said that the staff strength is four staff and 5.6% were undecided.

It can be concluded that the staff strength of the audit department is three staff.

Question Fifteen: The issue of qualification of an internal auditor is very vital and important in the work of an internal auditor, yes or No?

Table 4.2.4

Qualification is important	No of respondents	Percentage
Yes	15	83.3%
No	3	16.7%
Total	18	100%

Source: Field Survey 2014

Analysis: From the table above 83.3% of the respondents revealed that for the internal auditor to do his work effectively and efficiently he needs a good qualification of academic standard, 16.7% of the respondents however stated that the issue of academic qualification is not important.

It can therefore be concluded that the issue of academic qualification of an internal auditor is very important in deciding who should be an internal auditor and who should not.

Question Sixteen: What qualities or quality is required of an internal auditor of your organization?

Table 4.2.5

Quality of internal auditor	No of respondents	Percentage
Honesty	11	61.1%

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Courage of his conviction	6	33.3%
Independent mind	1	5.6%
Total	18	100%

Source: Field Survey 2014

Analysis: From the table above it can be seen that 61.1% of the respondents revealed that honesty is the most important quality of an internal auditor, 33.3% said it is courage of the auditor convictions while 5.6% were of the view that independence of mind is the only quality required of an internal auditor.

It can be concluded that honesty is the most important quality that an internal auditor is required of to perform his job.

Question Seventeen: How do you assess the management responses to the report of the internal audit department?

Table 4.2.6

Management response to report	No of respondents	Percentage
They act based on the auditor's suggestion	9	50%
Management make their own suggestion and the auditors work with it	5	27%
They both agree together on suggestions made by both of them	3	16.7%
Undecided	1	5.6%
Total	18	100%

Source: Field Survey 2014

Analysis: From the table above, 50% of the respondents revealed that the management act based on the suggestions made to it by the internal auditor, 27.8% indicated that they make suggestions and the internal auditors act on those suggestions, 16.7% however were of the opinion that both management and the internal auditor agree and act based on suggestions made by each one. 5.6% were undecided.

It can be drawn from the above analysis that the management of the hotel act based on suggestions made by the internal auditors.

Question Eighteen: Do you think that the internal control system of the hotel is satisfactory?

Table 4.2.7

Options	No of respondents	Percentage
Yes	14	77.8%

No	4	22.2%
Total	18	100%

Source: Field Survey 2014

Analysis: From the table above, 77.8% revealed that the internal control system of the hotel is satisfactory while 22.2% did not believe that the internal control system was satisfactory. It can be concluded that the internal control system is satisfactory.

4.2. Summary of Findings

Based on personal interviews administered and the questionnaires given out at the hotel, the following findings were made:

- i. That the hotel operates an internal audit department even though the department is not quite distinct or separate from the office of the accountant general of the organization. Both the account department and the internal audit department are merged together.
- ii. That the audit department is under the internal auditor and he direct its reports to management.
- iii. The management appraisal of the department has been good though, their responses to the report of the department have always been late.
- iv. That the main reason for the existence of the department is to help management in a proper internal control system and to see to the proper management of the hotels finances.
- v. A lot of the employees (especially junior staff) of the hotel do not understand the purpose of the existence of the internal audit department, some do not even know whether it exist at all. As such the functions or roles of the department are misunderstood.

5. Summary, Conclusion and Recommendations

5.1. Summary

It is clear from the research work that the hospitality industry occupies a vital position in the overall economic activities of the nation. The industry aims at creating a conducive environment of providing leisure services for people to carryout business transactions and other activities. To achieve this aim the industry needs a lot of professionalism and control in all aspect of its financial decisions. The role of internal system is therefore vital and crucial in providing all aspects of control for effective utilization of resources. Auditing (internal auditing) to a great extent serves as a basic tool for internal control in any organization including the hotel industry of which Benue hotel is part of. It is however, to be noted that the internal auditor's independence is often grossly hampered due to his position in relation to other operating departments. This is mostly the case where the auditors reports directly to the finance director or the chief accountant. It is also important to understand that there is no statutory provision for the establishment of internal audit department in an organization. But

the internal auditor has a great responsibility in ensuring that the internal control of any organization is in conformity with management policies.

5.2. Conclusion

The aim of the research has been to highlight the function of internal audit as regards internal control system. Several issues under internal control system have been discussed although it does not cover effectively the detailed operation of an internal control system.

In conclusion, the researcher hopes that this research work will serve as handbook and reference point for organizations wishing to establish an internal audit department as well as on internal control system. The researcher also hopes that the research will help organization operating and internal audit departments and internal control system improve system improve on their operations especially where there are inefficiencies. It is hoped that the research will not just serve this two purposes but other related purpose as well.

5.3. Recommendations

Based on what has been discussed in the previous chapters the following recommendations are necessary:

- i. Statutory provision: The Company's Act of 1968 should be amended to provide for the establishment of internal audit department in every corporate organization and the position internal auditors be made statutory. It should also provide guidelines for the internal auditor's duties.
- ii. Auditors independent: Independence is an important concept in auditing which can never be overlooked. The internal auditors should be independent of their activities. In addition, the internal audit as a unit should be sufficiently independent to enable the auditor performs their duties effectively.
- iii. Internal audit programmes: In most instances, where an internal control system is either weak or unsatisfactory, the internal audit unit should initiate some programmes to strengthen such control. The management should also support these programmes.
- iv. The internal control system should be reviewed from time to time to highlight any weakness. There should also be well defined internal control system in all organization.
- v. The internal audit under review should create awareness for the employees to actually know what internal audit is all about.
- vi. There is a need for an internal audit unit to be distinctly separated in Benue Hotel and other hotels where non-exist as this will serve as eyes to management of such hotels.
- vii. The internal auditor/control officer should review the procedures and records for their adequacy in accomplishing intended objectives and appraise policies and plans of the activity of function under audit review.

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