

**Internal Control System and Performance of Listed Money Deposit Bank in Nigeria**

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## Certification

This is to certify that **Florence Okpoanwan ITA** with the matriculation number **LCU/PG/002230** carried out this research work titled: **Internal Control System and Performance of Listed Money Deposit Bank in Nigeria** in the Department of Management and Accounting Lead City University, Ibadan, Nigeria for the award of Master Degree (M.Sc.) in Accounting and this has not been previously submitted.

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## **Dedication**

This research work is dedicated to God Almighty and my supportive family.

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## Acknowledgment

The researcher is grateful to the institution - Lead City University, Ibadan, Oyo State librarian that gave me the access to information I used in this research work.

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“Even though the above-mentioned institutions and persons have assisted in the process of this research work, I alone stand responsible for the errors, if any, found in the work”.

## Abstract

The aim of the study is to investigate into the Internal Control System and Performance of Listed Money Deposit Banks in Nigeria, with a particular emphasis on the impact of COSO components of internal control on the performance metrics of bank efficiency, operational performance, and asset safety in Nigerian listed money deposit banks (MDBs). The study was guided by both control theory and agency theory, particularly anchored on agency theory. The study employed a descriptive survey research approach, with a population of 1,502 staff members from all head offices of the eight selected DMBs with international authorization. The sample size for this study was 316, determined using the Taro Yamane sampling size technique. The study focused on all staff members at the head offices of the eight selected DMBs with international authorization. Purposive sampling was utilized to target at least one branch of each of the eight DMBs in Nigeria that have international permission. Simple percentages, correlation analysis, and regression analysis were used to examine the data gathered. Positive relationships are found between internal control system components and bank efficiency, operational performance, and asset safety ( $p < 0.05$ ). Risk assessment enhances bank efficiency and operational performance, but has little influence on asset safety. The internal control system has a substantial effect on bank efficiency ( $F(5, 305) = 36.880, p.001$ ), operational performance ( $F(5, 305) = 29.361, p.001$ ), and asset safety ( $F(5, 305) = 38.998, p.001$ ). Finally, the internal control system has a significant impact on the performance of Nigerian deposit money banks (DMBs), with the Control Environment, Monitoring Activities, Risk Assessment, Control Activities, and Information and Communication variables all playing important roles in improving bank efficiency. It is advised that DMBs undertake frequent training and development programs, incorporate best and trending evaluation approaches, and create partnership with regulatory agencies to further improve their performance efficiency.

**Keywords:** Internal Control System, Internal Control Components, Performance, Bank Efficiency, Operational Performance, Asset Safety

**Word Count:** 300

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## List of Acronyms

### Abbreviations

### Meaning

ARIC	Audit reports implementation committee
ANOVA	Analysis of Variance
COSO	Committee of Sponsoring Organizations
CBN	Central Bank of Nigeria
CBE	Commercial Bank of Ethiopia
DMBs	Deposit Money Banks
FGN	Federal Government of Nigeria
GDP	Gross Domestic Product
GAAP	Generally Accepted Accounting Principles
HAE	Human assets efficiency
ICAN	Institute of Chartered Accountants of Nigeria
IFRS	International Financial Reporting Standards
ICS	Internal Control System
NSE	Nairobi Securities Exchange
NFPI	Non-Financial Performance Indicators
PLS-SEM	Partial Least Square Structural Equation Modeling
RG	Revenue Growth
ROA	Return on Asset

ROE	Return on Equity
SACCOs	Savings and Credit Cooperative Organizations
SPSS	Statistical Package for the Social Sciences
SAE	Structural Assets Efficiency
TAE	Total Assets Efficiency
VAIC	Value Added Intellectual Coefficient

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