

**Internal Control and Organizational Performance of Selected Deposit Money
Banks in Nigeria.**

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**Being a Thesis Submitted to the Department of Management and Accounting
Faculty of Management and Social Sciences, Lead City University, Ibadan,
Oyo State, Nigeria.**

**In Partial Fulfillment of the Requirements for the Award of Master of Science
Degree (M.Sc.) in Accounting.**

Certification

This is to certify that Iyabode Kurfilat Hassan with Matriculation number LCU/PG/000505 carried out this research work titled “Internal Control and Organizational Performance of Selected Deposit Money Banks in Nigeria” in Department of Management and Accounting, Faculty of Management and Social Sciences, Lead City University, Ibadan, Oyo state, for the award of Master Degree (M.Sc) in Accounting and that this has not been previously submitted.

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Dedication

This research work is dedicated to God Almighty, the giver of life.

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Acknowledgement

It is with a joyful heart that I give thanks to God Almighty for a successful completion of this Master's Degree Programme in Accounting at Lead City University. I am much grateful for this opportunity given to me present my project to this a suit and erudite panel today. Notwithstanding that your comments and observations have challenged me to always put in my best in further project or academic work I delve into, I have also learnt and gained more from the experiences of members of the panel in this brief but engaging interaction.

I sincerely appreciate Dr Joshua. Adewale. Adejuwon for supervising this thesis, his criticism and corrections brought this project to success. I would like to say a big thank you to all my lecturers for their dedication and resilience, thank you all for making my study worthwhile.

Many thanks go to my parent, Mr. and Mrs. Boladale Hassan who believes that Education is important to equip children for life-to read, to write and to think-to appreciate values. Your spiritual support has really helped in accomplishing my ambition.

To my Senior brothers and junior Sisters, Dr Akeem Kolawole, Engr. Kayode Hassan, Engr. Taofeek Adegoke Hassan, Bukola Fatimoh Hassan (Director of Budget) Ibadan North local govt. Olanike Haminat Hassan (MD Taniz Clothing and Mart) Mariam, Hairat and Zainab, I sincerely salute your perseverance and understanding.

My gratitude also goes to Barr. Akinsola Akinyele Ige, Barr. Tunde Oyebamiji and Chief. Adebayo Adekola Adelabu who mentored me and encouraged me to be successful in the course of this program. Their pillar of support is highly recognized.

Finally, I am indebted to the management and staff of First Bank Nigeria and my Lecturers Dr. Adejumo, Dr. Olaleye, Dr Ajayi (CIBN) and Prof. Oyedokun Godwin Emmanuel for granting me an enabling environment to pursue this programme and my CIBN to become a Chartered Banker.

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Abstract

This study investigated the relationship between internal control and organizational performance of selected deposit money banks in Nigeria with specific objectives to determine the impact of risk assessment on the performance of DMBs in Nigeria; evaluate the relationship between monitoring activities and performance of DMBs in Nigeria; and establish the impact of control activities on the performance of DMBs in Nigeria. It is expected that effective internal control mechanisms in any organization assist to improve the achievement of organization's goals and objectives. As it is yet to be determined whether or not the internal control mechanism has a major impact on performance of DMBs in Nigeria, this study was prompted by the fact that there are still numerous unresolved issues in Nigeria's DMBs' internal control mechanisms. Primary data was collected using questionnaires administered to top level employees and other employees of 11 banks using a purposive random sample of 150 respondents out of which 97 responses were collected. The data were analyzed using descriptive statistics, correlation analysis, exploratory factor analysis and regression with aid of Statistical Package for Social Sciences (SPSS) version 26. The result of the analysis shows that risk assessment, monitoring activities and control activities each have a positive and significant impact on financial, non financial and overall organizational performance DMBs in Nigeria. Based on the research findings it can be concluded that internal control mechanism is a significant predictor of organization performance and that effective internal control systems must incorporate the effects of risk assessment, monitoring and control activities to enhance organizational performance of DMBs. The study therefore recommended that internal control systems especially risk assessment, monitoring activities and control activities are significant areas and management of DMBs in Nigeria should give great attention to them in order to improve organizational performance.

Keywords: Risk assessment, Monitoring Activities, Control Activities, Financial performance, Non financial performance.

Word Count: 295

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Chapter One

Introduction

1.1 Background to the Study

Deposit money banks occupy a central position within the nation's financial system and are essential agents in the development process of the economy. Just like every other organizations, they are setup with the primary aim of making profits, therefore, profitability and/or customer satisfaction are generally used to evaluate their performance. Lots of interest are being generated as a result of the several changes taking place in the banking sector, with regards to how effective is the internal control system in the sector due to the key role it plays in ensuring achievement of organization's goals.

To perform excellently, organizations must critically examine how they treat customers and all other stakeholders in their business and choose the best way to continue meeting the needs of these crucial stakeholders¹. Due to this, organizations must continuously improve their service systems through enhanced service quality, asset accumulation, value generation, and the maintenance of a flexible internal control system that is integrated with the organization's operational activities. This is most effective when the internal control plans integrated into the organization's system become an integral part of the organization's success in terms of continual performance improvement as a component of the organization's competitive advantage².

A company's financial performance is measured by the return on its investment in resources. The performance of banks is a good indicator of how effectively management is allocating resources. Good financial and non-financial performance is

desired in any organization, and every effort is made to improve it over time. The existence of every organization is dependent on how effectively and efficiently it utilizes the resources it has at its disposal. Poor internal control of an organization's processes has been implicated in the failure of some businesses in the past. Corporate failures like Parmalat in Europe, Enron and WorldCom in the US, intercontinental Bank and Afri Bank in Nigeria, and others similar cases around the world are examples of corporate disasters. Effective internal control systems failure and subsequent evasion of internal controls by top management executives of these companies accounted for the corporate scandals. It's hard to find a better example than Enron's in the US. Prior to Enron's downfall in 2001, the company had only made a little over \$200 million in revenue. Meanwhile, Enron is estimated to be worth billions of dollars based on stock market information. On the other hand, Enron's stock price rose as a result of deceptive financial management and accounting techniques. By the ending of the year, it had been determined that the corporation had inflated its profitability over the previous four years and owing its lenders around \$6 billion. After the collapse, employees lost their jobs, many investors lost their money and even employees' pensions were wiped out because the pension plan of the corporation had invested in its own shares³.

The WorldCom case is the best example in America. Back in 2002, an unethical accounting practice was confirmed by the telecommunication giant. Some of which include hiding bad debt and backdating of contracts and costs underestimation. Additionally, Global Crossing which is a communication service company was found guilty of inflating earnings. Similar to the Enron case, the Global Crossing disaster resulted in a huge loss for investors and the forgoing of the company's employees' retirement savings. Majority were surprised at the fraud encountered by these companies being that these companies had external and internal

audit, and other important controlling systems in place. Yet none was able to uncover the real circumstances of things till their bankrupt³. So, could there be that internal control has no effect on the business operation?

Over the years there have been numerous crises and failures in the banking industry globally. Bank failures are a major source of concern for governments and central banks because of their systematic nature, which can exacerbate recessions and serve as a trigger for financial crises in the nations affected. Poor and ineffective internal control mechanisms have been linked to some of these bank disasters. Internal control issues have plagued the banking industry in the past and continue to do so now, allowing dishonest traders to wreak havoc on the economy. When it came to money laundering controls before 2013, some of Europe's largest financial firms admitted to having lapses and were fined \$1.9billion by the US Senate as a result. This is comparable to Ethiopia's banking industry, which has seen its share of bank collapses and crises throughout the years. A lack of internal controls in Nigeria's banking system has necessitated numerous reforms. Failures like those at Intercontinental Bank Plc and AfriBank Plc are all too typical. It is important for any organization's internal control systems be applicable in respect to significant risks, and controls are integrated into daily operations rather than being considered as a separate effort. In order to prevent fraud and errors, a successful internal control system must be able to adapt in real time to changes in the business environment.

It is critical for any organization to have effective internal control mechanisms in place. Internal controls are the processes designed and implemented by those in charge of governance in the organization, management and other employees to provide reasonable assurance about the achievement of the entity's objectives in terms of financial reporting reliability, financial and non-financial performance, efficiency

and effectiveness of operations and compliance with applicable regulations and laws⁴. Systematic internal control is critical to the success of any organization since it aids in the fulfillment of financial performance objectives. Every organization must have a strong internal control system in place, since if it fails, the entire organization will be ruined. An organization's governance system and ability to assess and manage risk are intertwined and depend on an effective internal control system. In respect to important risks, internal accounting control systems are applicable to every organization, and the control is incorporated in the activities so that it is not treated as a distinct activity is. To prevent fraud and errors, an organization's internal accounting control system must be flexible. The internal control system is usually a set of written instructions and procedures that may be found in most organizations' governance policies and procedures. They may not be favorably received by the entire organization if these guidelines/procedures are implemented. If relevant hazards are understood clearly by organization members and they are well informed on how to mitigate the risk, internal controls work well. For this reason, managerial systems operationalizing internal controls should receive homogeneous information via formal and informal channels. Key stakeholders in organizations, such as financial information users, tend to be informed about the quality of procedures, policies, and arrangements taken by managers to protect the assets and benefits of the organization against the misuse of resources and encourage employees to follow approved rules. In order to achieve strategic and operational goals such as performance, companies must deal with a lot of ambiguity. Choosing which risks to take in order to meet their performance targets would be challenging for them. Information produced by internal control systems is critical to the success of an organization's decision-making process⁷. The execution of necessary controls to attain the requisite profitability level can be aided by an

effective internal control system and adequate risk appraisal.

Banks play a critical role in every economy since they offer a wide range of services to consumers and manage enormous amounts of money that are required in daily operations. There can be no economic activity without a strong financial sector, hence the need for a strong internal control system in banks cannot be overstated⁸. In order to ensure a safe and sound banking system, an effective internal control system is required. An effective internal control system can help ensure that banks meet their strategic goals and objectives, and that the bank will be able to achieve and maintain long-term stability while meeting long-term profitability targets⁹. Effective system helps banks comply with relevant laws, regulations, policies and internal processes and rules and significantly reduces the chance of unanticipated losses or damage to a bank's reputation/image. Directors and senior management of the bank will be able to protect their resources, assure systems that create trustworthy financial reports, improve financial performance, and comply with banking laws and regulations as a result of this project.

An effective system of internal control in a company ensures that the goals of the company are met. Creating, increasing, and safeguarding the value of the organization's stakeholders is part of this process as well. An efficient internal control system also helps to reduce the likelihood of significant errors and irregularities in banking activities and aids in the early detection of fraud, errors and irregularities in banking operations¹⁰. In addition to frauds or willful non-compliance with laws and procedures, a good internal control system can uncover mistakes caused by negligent employees, personal diversions, errors of judgment, or incorrect instructions. As a result, in the banking industry, employees must be well-versed in the necessary internal controls and implement them consistently if they are to improve performance.

Rotation of employees, division of labor and power levels are only a few examples of the controls used to keep things under control¹¹.

To ensure effective internal control in the banking industry, each bank must have an internal audit department. The internal audit department's responsibility is to ensure that accounting systems provide a reliable and efficient means of recording and reporting financial information/transactions, providing management with reliable information, and safeguarding the company's resources against misappropriation and fraud¹². Internal control systems are one of the most effective and dependable methods of identifying fraud in organizations. Without a competent and effective internal control system in place and being followed, organizations will face several problems and hazards. If the scenario persists, it will result in disagreements about the company's growth, a reduction in performance, a terrible image, employee and customer unhappiness, investor loss, insolvency, and lastly, problems that may require government intervention¹³.

Internal control has been viewed as a single idea during the last decade. Internal control has recently been viewed as a unified idea with the maximum effectiveness in an organization. As a result, risk management is a critical component of an effective internal control system. Risk management is the process through which an organization evaluates opportunities and threats and implements procedures for coping with hazards and maximizing the advantages of opportunities. The sustainability of an organization's performance is contingent upon its ability to integrate internal control and risk management with a broad set of strategic systems that have a positive impact on performance¹⁴. As a result, organizations must maintain effective and relevant internal control systems in today's business contexts.

Environmental and business models have shifted substantially over the world, with a

greater reliance on outsourced service providers and shared services. Additionally, there has been an increase in stakeholder expectations, a large increase in business risks, and regulations and an increased reliance on technology, all of which have put the pressure on businesses. The control environment is a collection of processes, standards, and structures that serve as the foundation for internal control and its system implementation throughout the organization. The executives; the board of directors; and senior management are accountable for setting the tone at the top regarding the extent and relevance of internal control, as well as the expected norms of conduct inside the organization. Senior management is accountable for enforcing expectations at all organizational levels¹⁵.

Therefore, this study investigates if internal control and organizational performance of selected deposit money banks (DMBs) in Nigeria.

1.2 Statement of the Problem

Banks are critical in every economy because they store deposits from the general public and provide a means of payment for products and services, as well as funding business expansion and development. Increasing attention has recently been focused on internal controls systems in many operational banks as a result of recent technology breakthroughs, globalization of the economy, and examples of fraudulent financial reporting. As expensive as it may be to put in place and maintain, internal control systems have evolved with time. The most rapid change has been seen in the commercial world. In addition to the complexity of business approaches, the growing scale of business units has promoted the adoption of methods while boosting the efficiency of the company, acting as a shield against errors and frauds⁷.

The establishment of a well-designed and dependable accounting system is essential

in any organization because it aids effective procedures, improves performance, and identifies as well as prevents and detects fraud and errors. As a result, a successful system of internal control is much more than just an instrument for preventing fraud and dictating accounting mistakes, but also as a whole management strategy. Internal control systems that worked incorporated the checks and balances put in place by management⁶. Internal control systems should not be sought as an end itself, but as a basis of ensuring that the organization's goals are achieved⁷. Internal control systems that are both effective and efficient provide organizations confidence in their capacity to complete a certain task¹⁶. Another benefit is the prevention of mistakes and losses due to the monitoring, enhancement, and compliance with relevant procedures as well as legal requirements and rules of organizational performance and financial reporting. Research shows that internal control has a major impact on financial performance. Also, the internal control system has a positive and significant association with financial success¹⁴. According to the findings of the study, the current competitive environment, the difficulties of obtaining resources and allocating them efficiently, the tendency of investors and owners to be aware of management performance, the increasing complexity and development of economic units, and the need to achieve micro and macro-objectives have all led to the establishment of an effective internal control system in organizations. Every organization requires effective internal control based on the organization's goals and missions in order to achieve performance objectives, including profitability, customer happiness, and movement to eradicate abnormality¹⁴.

Internal control systems include risk assessment, control environment, control activities, and information and communication, all of which have a substantial impact on financial performance⁶. However, according to the findings of the study, a

company's bad financial performance is due more to inadequate financial management practices than flaws in internal control systems. Meanwhile, it was explained that an organization's solid financial management procedures necessitate the presence of robust internal control systems. It has been suggested that when adequate internal control is in place, the company's performance level will rise above the desired level⁵. As a result, the firm may not be able to reap the benefits of the cost-benefit analysis because fraud is occasionally committed by a senior management who is supposed to put up an effective monitoring system in the organization⁴. There is a strong link between a bank's internal accounting control system and its overall performance. The research found that banks' management must improve their internal accounting control systems, with a focus on internal checks, internal audits, and test checks because these have a major impact on bank performance. Effective internal checks and confirmations at the bank have been shown in the study to boost bank performance. As a result, banks must make sure they have robust internal control mechanisms in place for monitoring their activities.

Furthermore, investors must have faith in a company's financial reporting if the company wishes to raise funds through the public securities markets. In order to meet its financial reporting responsibilities and improve the profitability of the organization, management's capacity to create and implement processes and safeguards over the accounting and financial reporting system was deemed to be critical¹¹. Financial reporting to key stakeholders would be impossible for most organizations without such strong controls. This is especially true for DMBs, which have various section branches, operations, and processes. Despite the fact that no control system can guarantee that financial reporting will never contain serious misstatements, effective internal control over financial reporting can significantly minimize the risk of such

financial inaccuracies and misstatements in the financial statements of a firm⁴. Organizations that want to improve performance must create an effective system of internal control to help them meet their goals. Significant operating losses experienced by various organizations may have been averted if these organizations had an effective internal control system in place that allowed for early identification and prevention of acts that result in loss and reduced the business's damages¹⁷. The worry should be with the specialists who operate and monitor the internal control system⁵, not with the system itself. Firms were advised to populate all critical departments and units with world-class personnel. This is most likely to be ensured if the selection and recruitment process is transparent and available to the public. The organization's departments and units should all have sufficient numbers of competent and qualified employees. Professionally trained auditors with a good reputation should audit the company's financial information and other accounting processes.

It is necessary for organizations to build up internal control systems in order to aid in the achievement of their strategic and operational goals, to boost organizational compliance with financial rules and regulations, and to guard against asset losses¹⁸. To improve the accuracy and reliability of financial reporting, effective internal control is a critical instrument for corporate governance. Controls of this type would offer organizations with additional certainty that their profitability goals will be met. Internal control systems in Nigerian banks were examined for their efficacy as a treatment for distress, with the study focusing on internal control systems as a primary instrument used by banks to prevent misuses of assets, misappropriation, and fraud and error detection¹³.

The absence of a culture of internal control makes it more likely for mistakes to go undetected or for improprieties to develop, even if it doesn't guarantee success. The

Generally Accepted Accounting Principles (GAAP) are not followed in commercial transactions as well (GAAPs). As a result, a company's assets are not properly safeguarded, records are insufficient, and information is erroneous, resulting in deceptive financial statements that cannot be trusted by the firm's stakeholders¹¹. Meanwhile the absence or failure of critical control structures and activities, such as segregation of duties, approvals, verification and reconciliation has been considered to have played a crucial part in the enormous losses that have occurred to the companies¹².

It has been shown that a lack of adequate internal controls in the banking sector has the unintended consequence of weakening the industry's ability to effectively provide needed services while also encouraging fraudulent activities such as collusion, the conversion of real and deliberate mistakes into financial assets, and the embezzlement of funds⁷. The growing interest in internal control systems and their ongoing nature might be attributed to an investigation into the factors that contributed to large losses suffered by numerous African banks¹⁹. This sector must therefore develop efficient internal control in their everyday activities in order to achieve and strengthen their purpose and goals in the banking industry.

Hence, the key driving force behind this research was a need to evaluate how effective internal control mechanisms affect the performance of a sample of Nigeria's DMBS²⁰. It should be possible to increase the level of organizational performance if internal control systems exist to assist organizations in achieving their goals and objectives, reducing the risk of loss, promoting efficiency, and ensuring the reliability of financial statements and compliance with laws and regulations²¹. Whether or not Nigeria's DMBS can improve their performance will be a key topic to be answered at the study's conclusion. In light of the foregoing and the noted issues, it appears that

the establishment and implementation of an effective internal control system are essential for any deposit money bank. Due to this, it has yet to be determined whether or not the internal control system has a major impact on performance. This research was prompted by the fact that there are still numerous unresolved issues in Nigeria's DMBs' internal control systems.

1.3 Aim and Objectives of the Study

The aim of this study is to establish the relationship between internal control and organizational performance of selected deposit money banks in Nigeria. To achieve this, the specific objectives of the study are to:

- i. determine the impact of risk assessment on the performance of DMBs in Nigeria;
- ii. evaluate the relationship between monitoring activities and performance of DMBs in Nigeria; and
- iii. establish the impact of control activities on the performance of DMBs in Nigeria.

1.4 Research Questions

An effective system of internal control in organizations is considered necessary in the current global technological and competitive environment, given the increasing complexity of economic units and the challenges of obtaining and allocating scarce resources, as well as the tendency of key stakeholders to continue evaluating and assessing management performance in terms of asset protection and achieving the company's goals. Based on the identified research problems, the following research questions are necessary:

- i. How does risk assessment affect the performance of listed Nigerian DMBs?
- ii. How does performance and monitoring activities relate among the listed Nigerian

DMBs?

- iii. What impact does control activities have on performance among Nigeria's DMBs?

1.5 Hypotheses of the Study

In order to confirm the link between internal control and performance of listed DMBs in Nigeria, the following research hypotheses were developed.. The study hypotheses are stated in Null (H_0) forms.

H₀₁: Risk assessment has no significant impact on the performance of DMBs in Nigeria.

H₀₂: There is no significant relationship between monitoring activities and the performance of DMBs in Nigeria.

H₀₃: There is no significant impact of control activities on the performance of DMBs in Nigeria.

1.6 Scope of the Study

The scope of this study is limited to the deposit money banks in Nigeria. Deposit money banks are financial institutions that perform the function of accepting deposit from the general public and giving loans for investments to earn profit in the form of interests. The study covers all the deposit money banks with international authorization in Nigeria. According to the Central Bank of Nigeria report, the deposit money banks with international authorization in Nigeria are Access Bank Plc, Fidelity Bank Plc, First City Monument Bank Limited, First Bank of Nigeria Plc, Guaranty Trust Bank Plc, Union Bank of Nigeria Plc, United Bank for Africa Plc, Zenith Bank Plc, Stanbic IBTC, Polaris Bank, Eco Bank, and Sterling Bank.

1.7 Significance of the Study

The purpose of this research is to determine the association between internal control systems and deposit money bank financial performance in Nigeria. The performance of banks is critical to an economy's overall growth. As a result, this research will have a significant impact on the development of the Nigerian economy, as it will highlight the current state of internal control systems in Nigerian deposit money institutions, as well as the relationship between reporting and performance. This will aid in the development of recommendations that, if implemented, will be extremely useful to companies. This study will aid bank executives in determining the impact of internal control on performance and the repercussions of that impact. Furthermore, the findings of this study will assist managers in reducing risk and fraud within their firms in order to boost shareholder confidence.

Academics, students, and other interested parties will benefit from the research because they will learn about the impact of internal control on performance. In addition, the study will open their eyes to the fact that manufacturing companies face numerous internal control issues that, if not addressed, could jeopardize the organization's overall goal. In addition, the research will seek to add to the body of knowledge that may be used by organizational employees to guard against fraud and other dangers within the company.

This study would help other policymakers formulate policies linked to financial performance and internal control system. A broad area of study for scholars to explore is the effect of internal control on financial performance. As a result, this study would aid researchers by expanding their research beyond the focus of the current study and having an impact on the knowledge they already have. Internal control's effect on financial performance will also aid practitioners like as tax practitioners, auditors,

auditors, and others in boosting their credibility.

1.8 Limitations of the Study

This study would be investigating the relationship between internal control and performance of DMBs in Nigeria, using a questionnaire to obtain the data from the respondents. Bank operations require some level of confidentiality, some of the respondents might not be willing to give the certain required information. Also, because of the high level of competition in the banking industry, some information might be of competitive or economic importance. Furthermore, when using questionnaires, there is a chance that some questions will be ignored or left unanswered.

1.9 Operational Definition of Terms

Control Activities: These are the rules, procedures, and processes in place to guarantee that the management's orders are followed correctly.

Control Environment: These are the beliefs, policies, behaviors, and management styles that shape and direct a company's day-to-day operations.

Current Ratio: The current ratio is a calculation that compares current liabilities to current assets. It's a liquidity ratio that assesses a business's capacity to meet short-term obligations.

Deposit Money Bank: This is a type of financial institution that takes deposits and provides individuals and small companies with basic financial products such as certificates of deposit and savings accounts.

Internal Controls: Internal controls are procedures that organizations put in place to guarantee that the organization's objectives, goals, and purpose are met.

Monitoring: Assessing the quality of the internal control structure over time.

Recapitalization: This is the process of altering a company's debt (leverage) and equity financing balance without affecting the overall amount of capital.

Return on Asset: Return on assets is a measure of a company's profitability in relation to its total assets. It's calculated by dividing profit after taxes by total asset value..

Return on Equity: Return on equity is the amount of net income returned as a percentage of shareholder's equity.

Risk assessment: This involves assessing, identifying, and analyzing the probability of a loss occurring and the potential impact if the risk does occur in achieving a target objective.

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Endnotes

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Chapter Two

Literature Review

This chapter reviews the relevant literature for the study. It is subdivided into; the review of relevant concepts, theoretical review and review of past studies. In addition, the chapter includes the conceptual framework, model specification and the summary of gaps in literature.

2.1 Conceptual Review

This section reviews the relevant concepts of the study which include; concept of concept of financial performance, internal control, and elements of internal control.

2.1.1 Internal Control

Internal control is a process that those in charge of governance, management, and other staff design and influence in order to provide reasonable assurance about an entity's goals in terms of operational efficiency and effectiveness, compliance with applicable laws and regulations, and financial reporting reliability¹. It includes everything from financial reporting to operational proficiency and effectiveness to compliance with all applicable laws and regulations according to the Committee of Sponsoring Organizations (COSO) definition of internal control, which is extensive. It also helps to ensure that financial reporting information is reliable and that a business complies with laws and regulations. Internal control is derived from a series of procedures and rules, which can be seen as a process that is never finished. Cost/benefit analysis based on judgment and non-financial and financial activity considerations are part of the approach. Within organizations, the COSO framework identifies five areas of internal control². These include: the control

environment, the entity's risk assessment process, the information and communication system, control activities, and monitoring

2.1.1.1 Objectives of Internal Control

The objectives of internal control are: efficiency and effectiveness; reliability of financial reports; and compliance with applicable laws.

1. Efficiency and effectiveness of operations

Efficiency involves the ability to maximize the use of available resources, i.e., making sure that the resources utilized have a positive relationship with the outcomes produced, while effectiveness means meeting the specific goals specified and achieving desired outcomes. Controls in the context of an organization are aimed at maximizing a company's objectives by encouraging effective and efficient use of resources, especially personnel². Accurate information for internal decision making is a critical aspect of these controls. Protecting assets and data plays a significant role in ensuring efficacy and efficiency. The organization's physical assets can be misused, stolen, or destroyed mistakenly if they are not safeguarded by sufficient controls. same scenario holds for non-physical assets like critical documents (contracts that are confidential), account receivable, and records (journals and general ledger). hence, internal controls are built to give organizations the capacity to systematically carry out its operations in manners that are effective and efficient².

Financial Reports Reliability

Financial reports provide insight into the assets, liabilities, and equity of a company. Control measures are required to ensure that financial reports contain and transmit accurate information to aid users in making sound economic decisions². International financial reporting standards (IFRS)

and generally accepted accounting principles (GAAP) are among the reporting requirements that internal controls help to guarantee information is presented fairly.

2. Adherence with Applicable Regulations and laws

Many rules and regulations must be complied with by organizations both within and outside of the jurisdictions in which they operate. For instance, money laundering restrictions, environmental rules, income tax regulations, civil rights legislation, and so on may all demand compliance by a company. Compliance with applicable rules and regulations necessitates the use of internal controls to identify and prevent noncompliance, which could result in fines and damages to the company².

2.1.1.2 Internal Control Components

An entity's risk assessment process, information and communication systems, control actions, and monitoring of controls are all included in the COSO framework for internal control². The five internal control components must be incorporated into management procedures across the entire organization if an organization is to meet its objectives³. It was revealed in another study where a model that integrated information and communication technology was developed that judging the efficacy of internal control is based on whether or not the six key control components described by the model exist and are working⁴.

1. Control Environment

The management provision of a comfortable environment that impacts on the control consciousness of its employees is known as control environment³. The components of control environment include ethical values, competencies, and integrity of the people that makes up an

entity, which is the bedrock for the development of other internal control factors as it makes available the structure and discipline in which the organization operates. The control environment establishes the tone for the organization and has an effect on employee consciousness; it serves as the foundation for all other components of the internal control system. The control environment encompasses all employees' attitudes, integrity, awareness, and ethical ideals, as well as the activities of management and directors, as well as those responsible with governance, with respect to the entity's internal controls and their significance within the institution⁵.

Control environment as used in another study incorporates all the factors that are effective in determining by either decreasing or increasing policies effectiveness, methods, procedures peculiar to a process.

An organization's attitude toward problems, strategy to solving problems, and perspective on moral principles are all examples of how the top management of the firm has implemented a control environment⁶. Elements of control environment include but not restricted to; style of operation and corporate philosophy; ethical values, management and employee integrity; code of conduct existence and implementation; attitudes of financial attitudes; level of emphasis on attaining performance targets; organizational structure of the company; procedure of allocating duty and authority; policy and practices of human resources; commitment of the entity to competence, through training and retaining; informal and informal job description; procedures for employees' sanction and reward; duties and presence of the function of internal audit; and board audit committee membership and operation⁶.

A solid control environment is a critical component of an efficient internal control system. In order to underline the importance of internal control, the board of directors and senior management must

do so by their actions and words. This includes the ethical ideals displayed by management in their commercial operations, both inside and outside the corporation. Senior management and the board of directors have a significant impact on the company's integrity, ethics, and other control culture elements⁶. Internal control is a shared responsibility that affects everyone in a company to varied degrees. Almost every employee contributes to the internal control system by providing information or doing other actions. All employees must recognize the importance of performing their responsibilities effectively and communicating to the appropriate level of management any problems in operations, instances of non-compliance with the code of conduct, or any other policy violations or illegal actions that are observed as an essential component of a strong internal control system. Companies should avoid policies and practices that could unintentionally give incentives for unethical behavior when promoting ethical ideals. Overly focusing on short-term results while ignoring long-term risks are some examples of such policies and practices. Others include compensation plans that place too much emphasis on short-term results, a lack of effective job segregation or other controls that could allow resource misuse or concealment, and penalties that are either insignificant or excessively onerous for wrongdoing⁷.

Management Oversight and the Control Environment

It is the board's job to approve and review the company's overall business strategies and significant policies on a regular basis, to understand the major risks that the company faces, to set acceptable levels for these risks, and to ensure that senior management takes the steps necessary to identify, measure, monitor, and control these risks⁸. The board should also approve the organizational structure and ensure that senior management is monitoring the effectiveness of it. Senior management is governed, guided, and overseen by the board of directors. It is in charge of reviewing and approving the organization's general business strategies and important policies, as

well as the organizational structure. An efficient system of internal control must be established and preserved by the board of directors. Inquisitiveness, competence, and objectivity are required of board members, as well as knowledge or expertise in the firm's operations. Those countries where it's possible should have a board with members who aren't tied to the company's daily operations⁹. One of the most important mechanisms for ensuring that problems that could impair internal control system effectiveness are corrected is a powerful board with an engaged membership and effective communication channels up the corporate ladder, as well as competent financial, legal, and internal audit functions.

Many companies throughout the world employ the option of forming an independent audit committee to assist the board of directors in fulfilling its duties. By establishing an audit committee, information and reports can be thoroughly examined without taking up the time of all directors. Internal control and financial reporting are normally the responsibilities of the audit committee. As part of this role, the audit committee is often in charge of overseeing the operations of the company's internal audit department and acting as a major point of contact for the company's external auditors as well.

2. Risk Assessment

It's essential to have an efficient internal control system in place if a company wants to fulfill its objectives without running into problems. This risk assessment should include all threats the company faces. Any new or previously controllable risks may necessitate revisions to internal controls. As a result, it's critical that these risks are identified and monitored as part of an organization's internal control system⁷. A risk assessment should identify and analyze the internal and external elements that could have a negative impact on the performance, information, and

compliance goals of the manufacturing organization from the standpoint of internal control. To be effective, this approach should address all of the company's risks and be implemented at all levels. There are differences between this approach and the risk management process, which often focuses more on the evaluation of business strategies established to maximize the risk/reward trade-offs within the various departments of the company⁷.

Internal and external factors (such as technological advancements, industry changes, and changing economic conditions) can all have a negative impact on the firm's ability to achieve its goals, and an effective risk assessment takes these into account when identifying and evaluating those factors. One of the internal control components is risk assessment. Risks put the accomplishment of goals in jeopardy. To identify and address business risks, an organization's risk assessment process identifies them, and then responds to them. In Risk Assessment, potential errors are identified, and processes, policies, and controls are implemented to detect and avoid those errors¹⁰. Risk assessment can also be defined as the process of identifying and analyzing hazards that may have an impact on the achievement of goals. It can be summarized thus way: risk assessment is the process of discovering, appraising, and planning for the things listed above. Every level of an organization's objectives can be thwarted by external and internal threats. According to the COSO framework, any organization, whether private or public, large or little, has risks from both external and internal sources that must be evaluated. Because of this, management is responsible for preventing these dangers. Even yet, management may be powerless to prevent a danger from occurring. It's up to management to decide whether or not to accept the risk, reduce it to an acceptable level, or avoid it altogether in certain instances¹¹. To identify low-probability dangers and limit or eliminate them, an organization builds an early warning system. The following risk assessment principles which organization should consider the following¹²:

- i. Changes that could have a significant impact on the organization's internal control system should be assessed and detected. Control operations include a wide range of tasks. As a result of these activities, there are: physical controls (such as determining whether or not necessary measures are being taken to reach assets and records), performance assessment (to compare actual operations with the company's objectives), information processing controls; assessments of changes in leadership, assessments of modifications to the business model, and assessments of modifications to internal controls (for instance custody assets and registration procedures; different tasks should be assigned to different employees such as assets procurement)¹².
- ii. The organization should take into cognizance the possibility of fraud when examining potential risks to the actualization of its goals. the organization's objectives should be clearly stated in order to facilitate the identification and evaluation of risks associated to their objectives. To comply with externally established standards and frameworks, as well as laws and regulations, the organization should consider risk tolerance and required a level of precision/materiality. Management's choices, activities, operations and financial performance goals form the basis for committing resources. It should also take into account the different methods in which fraud may occur, as well as risk factors, incentive and pressures, opportunities, and attitudes and rationalizations¹².
- iii. Identifying and analyzing threats to the organization's objectives throughout the entire entity should serve as a starting point for identifying how such risks should be addressed. This can be accomplished by involving relevant levels of management, such as divisions, subsidiaries, functional levels, and operating units; analyzing both external and internal factors; then determining how to respond to risks, and estimating the magnitude of the risks discovered.

- iv. The organization identifies and assesses risks associated with its objectives by defining them clearly. There are a number of factors to take into account, such as risk tolerance and the required level of precision/materiality. Other factors include conforming to external standards and frameworks, laws and regulations, management choices, and entity activities, as well as operational and financial performance goals¹².

Measurable and non-measurable aspects of risks are both taken into account in an effective risk assessment, as well as weighing the cost and benefits that they bring. To establish which risks are controllable and which are not, the company must conduct a risk assessment¹¹. Risks that can be controlled require the firm to weigh the benefits of accepting those risks against the costs of implementing processes to reduce those risks to an acceptable level. It is up to the company to determine whether or not to accept the risks associated with commercial activities of interest. Internal control can only be effective if risk assessment and, by extension, the system of internal control are continuously evaluated and adjusted to changing situations. Any new or previously controllable risks may necessitate revisions to internal controls¹¹. Firms must assess the risks associated with new financial instruments and market transactions when they emerge as a result of financial innovation.

3. Information and Communication System

Obtaining information horizontally and vertically, as well as ensuring communication, are both important components of the internal control system (ICS). Only when the management information system is organized in a systematic and responsive manner can this be achieved¹³. All personnel at all company levels should be involved in effective communication. The quality and nature of information required for effective control are emphasized in information and

communication, as are the reports required to properly disseminate this information. Reports generated by information systems include operational and financial data, as well as information on regulatory compliance. Customers, suppliers, regulators, and shareholders all need to be communicated effectively with¹³.

Compliance, operational, and Internal financial information, as well as external market information concerning events and conditions important to decision making, are all required for an effective internal control system. Reliable, timely, accessible, and consistent information should be delivered. In order for an internal control system to work properly, it needs to have adequate information and good communication. When it comes to information being valuable in manufacturing, it has to be all of these things: relevant, reliable, timely, and presented in a comprehensive manner. Information contains financial, operational, and compliance data from within the organization, as well as information from the external market concerning current events and situations essential to decision making¹⁴. A record-keeping process should include set rules for record retention as well as internal information.

Establishing and maintaining management information systems that span all of a company's activities is essential. For the most part, this data is made available in both electronic and non-electric formats¹¹. Information processing in electronic form necessitates organizational and internal control needs, as does the need for a proper audit trail. Unreliable or deceptive information given by poorly designed and controlled systems may have a negative impact on management decision-making. Firms must effectively handle the risk associated with electronic information systems and the usage of information technology if they are to avoid business interruptions and significant losses. To keep up with the growth of mission-critical business functions, distributed systems have replaced mainframe computer environments with a greater variety of security

concerns. Both general and application controls should be included in controls over information systems and technology. In the absence of effective control over information systems and technology, companies risk losing data and programs as a result of faulty physical and electronic security arrangements, equipment or system failure, and insufficient in-house back-up and recovery procedures. Risks associated with the loss or protracted disruption of services due to events outside the control of an organization are also an inherent risk. Delivering corporate and customer services, as well as managing reputation, are all crucial business tasks that can be jeopardized if things go wrong⁶.

One of the most important requirements for an effective internal control system is that all employees understand and follow the policies and procedures affecting their responsibilities, as well as that any other relevant information is delivered to the appropriate personnel via effective channels of communication. Information is worthless if it cannot be shared effectively. Firms' top management sets the tone and creates channels of communication that provide the right information to the right individuals⁶. This data pertains to both an organization's operational policies and processes as well as information on the organization's actual operational results. Organizational structure in a company should make it easy to communicate both upward and below in the organization as well as throughout the entire organization. Information should flow upstream from the board of directors and top management through structures designed to make this possible. A company's objective, plans, expectations, and established policies and procedures are communicated to lower-level management and operations staff when information flows down through the organization. This exchange of information is critical if the organization is to make a concerted effort to attain its goals².

4. Control Activities

A firm's daily operations should include control activities. An effective internal control system necessitates the creation of a control structure that clearly defines control activities at each organizational level¹⁵. Management directives help guarantee that essential actions are made to handle the risks associated in achieving the entity's objectives through control activities such as processes and policies. For the purposes of accomplishing an organization's goals or mission, control activities include manual and automated instruments for mitigating or eliminating hazards. To effectively and efficiently achieve the organization's goals and missions, management needs set up control activities¹⁵. The following should be included: appropriate activity controls for different departments or divisions; high-level reviews, physical controls; a system of approvals and authorizations; checking for compliance with exposure limits and following up on non-compliance; and a verification system for balancing the budget. Firm-identified risks are addressed by control activities established and performed as part of the risk assessment process described above.

The control activities involve two steps¹⁶:

- i. Development of Control procedures and policies
- ii. Verification of compliance with control rules and procedures. A company's entire workforce is involved in control operations, from senior executives to entry-level employees. Top-level reviews, activity controls, physical controls, compliance with exposure limits, approvals and authorizations, and verification and reconciliations are some examples of control activities to mention.

As long as management and other employees see control activities as an integrated part of daily

operations, rather than something separate, they will be most effective¹⁶. It is common for controls to be perceived as an add-on to daily operations, making them appear less necessary. This can lead to them being neglected when people are under time constraints. An efficient internal control system necessitates the separation of duties and the avoidance of overlap in the responsibilities of employees.

Identifying and minimizing any conflicts of interest should be a priority, as should implementing strict independent oversight procedures. Supervisors often discover that inadequate segregation of duties is a key cause of major losses caused by weak internal controls. A person who is given conflicting duties has access to valuable assets and can alter financial data to his or her advantage or hide losses¹⁷.

This means that some tasks inside an organization should be distributed among several people to minimize the danger of financial data manipulation or asset misappropriation. Separation of roles isn't just for circumstances when one person is in charge of the front and back offices at the same time. In cases where a person is responsible for the: transaction in the trading books of the company; customer and proprietary account; approval of the disbursement of funds and the actual disbursement; unofficially giving customers information regarding their positions during marketing; and in some other aspects where critical clash of interest can emanate and not prevented can lead to serious problems.

There should be a clear understanding of the areas of possible conflict, and those areas should be monitored closely by a neutral third party. Key individuals' roles and functions should be reviewed on a regular basis to make sure they are not in a position to hide improper actions¹⁷.

5. Monitoring Activities

Monitoring the overall efficacy of the company's internal control is essential. Internal audit and business lines should monitor important risks on a regular basis, and the firm should also conduct periodic appraisals. Monitoring is a procedure that evaluates the quality of the performance of the internal control system over time¹⁸. How successful the management's internal controls system is can only be determined by the results of sufficient monitoring¹⁸. Monitoring is done when the control is evaluated, not when ordinary management and supervisory controls and other routine statutory tasks are carried out.

Ongoing monitoring efforts, independent reviews, or a combination of the two can be used to evaluate the effectiveness of internal control systems over time and identify any flaws. A company's internal control system and the way it applies controls evolve with time. In some cases, this is because new employees have arrived, processes or supervision aren't being implemented as effectively as they should be, or there are time and resource limits. Observation's goal is to find out if internal control is working as intended, is being effectively implemented, and is appropriately designed¹. All five internal control components (Control Environment, Control Activities, Information and Communication, Risk Assessment, and Monitoring) must be present and working well for internal control to be considered adequate in design and execution. Changes inside the organization and among personnel may introduce hazards, and it is necessary to have internal controls in place while also monitoring for continuity. The focus of management should be on monitoring internal control efforts and results. In order to assess the design and operational actions and controls to be adopted, monitoring should be done on a regular basis¹⁹. This encompasses the assessment of internal control quality. To achieve organizational goals, it is necessary to keep a close eye on the internal control system and spot any deviations. Aside from that, keep an eye on internal controls to see whether they need to be tweaked or if they are working as intended.

Employees need to know the organization's goals, mission, and duties, as well as their own personal risk tolerance levels, in order to be most effective in their monitoring.

The following attributes under monitoring should be considered by organizations¹⁹:

- i. The organization develops, selects, and continuously performs and distinct evaluations when determining whether or not internal controls are in place and working. This can also be accomplished by adjusting the scope and frequency of the assessments, evaluating objectively, integrating the evaluations with business processes, employing experienced employees, and taking into account the rate of change.
- ii. Internal control shortcomings are quickly evaluated and communicated to those with responsibility for corrective action, such as senior management and the board of directors, as necessary, by the business. This can also be accomplished by assessing results, communicating inadequacies to management, and reporting them to the top management board of directors.

2.1.1.3 Benefits of Internal Control

The following have been stated as the benefits of internal control system in an organisation¹⁹:

- i. Helping to protect asset and reduce the possibility of fraud
- ii. Improving the efficiency in operation
- iii. Increasing financial reliability and integrity
- iv. Ensuring compliance with laws and statutory regulations

- v. Establishing monitoring procedures
- vi. They prevent errors and frauds or material misstatement
- vii. They detect errors and frauds or material misstatement
- viii. They ensure complete and adequate recording of transactions
- ix. They ensure that all recorded transactions are real, properly valued, related to the correct period properly classified, correctly authorized and posted
- x. They provide management with reasonable assurance that goals and objectives will be met.

2.1.1.4 Internal Control Limitations

A very important characteristics of any organization is internal controls. However, efficient administration, accuracy and completeness of records cannot be guaranteed by any internal control system nor can it safeguard against fraudulent activities that are linked to people in authoritative position⁷.

Factors that can restrict internal control systems effectiveness in managing the finances of an organization are given below⁷:

- i. The overdoing of controls by management when it does not satisfy their personal interests.
- ii. Fraud done by someone who has thoroughly researched an organization's system.
- iii. Abusing duties by exploiting the position held to do or carryout unlawful activities.

- iv. Cunning of certain persons who specialize in emasculating computer codes meant to prevent public access, regardless of how safe they may be.
- v. Potential human errors of employees of an organization caused by sheds of carelessness, excess alcohol, and distractions among others instead of non-routine transactions.
- vi. The chance that internal controls could be circumvented because they're focused on ordinary transactions rather than criminal activity. Collusion can occur within a company, but it can also happen outside of it.
- vii. The possibility that changing conditions would lead processes to become ineffective or procedure compliance to deteriorate over time. This is especially true when a business is expanding.

2.1.1.5 Determinants and Factors of Success of an Internal Control System

The following are the factors that can limit the success of an internal control system⁴

- i. The nature: size and volume of transactions
- ii. The geographical distribution of the enterprise
- iii. The control exercised personally by individual members of management
- iv. The cost of setting up controls and the benefits obtained therefore
- v. Management's attitude to control.

2.1.2 Organizational Performance

The term performance in business is an essential one, it relates to how firm behave in term of its growth and financial stability. Basically, firm performance can be categorized into two: financial performance and non-financial performance.

2.1.2.1 Financial Performance

A company's financial performance is based on the efficiency of the company, which is typically shown in the company's comprehensive income and financial position statement². When it comes to financial performance, it's all about making as much money as possible, returning as much on your assets as possible, and maximizing shareholder wealth. Another way to look at financial performance is via the lens of return on investment, dividend yield, residual income, market capitalization, earnings per share, and increase in sales figures.

2.1.2.2 Non-Financial Performance

The performance of a company can be measured based on some variables which are non-financial. Non-financial performance in a company can be measured based on level of productivity, returns, growth, customer satisfaction.

Non-financial metrics that indicate the quality of management, corporate culture, executive compensation effectiveness, and the quality of the system for interacting with shareholders must be used in addition to financial indicators when analyzing a company's success. It's becoming popular to evaluate performance based on value creation, with sustainable development as the overarching objective².

2.1.2.3 Measurement of Financial Performance

The performance of a firm reflects how effectively the firm has been managed and utilized its resources. It can be measured in terms of the value of the firm and the use of profitability and efficiency ratios.

The measurement of financial performance is dependent upon the information introduced in the measurement system and the instruments employed¹⁹. The classical indicators use in financial analysis to measure performance are the return on investment (ROI), leverage, capital efficiency, liquidity, cash flow, inventory turnover, receivables turnover ratio.

The modern value creation indicators also includes²⁰:

- i. Net profit/earnings per share, operational profit, Return on Assets (ROA), and Return on Equity (ROE) are all accounting indicators.
- ii. Hybrid indicators (accounting and financial): economic value added (EVA); Return on Investment (ROI)
- iii. Financial indicators: Net Present Value (NPV)
- iv. Market indicators: Market Value Added: Total Shareholder Return.
- v. Total revenue (or sales)

A company's success indicates how well it has been managed and utilized its resources. It may be assessed in terms of the firm's worth, efficiency profitability and ratios, investor/shareholder

ratios, and solvency ratios, among other things. The choice of alternatives of ascertaining performance may be influenced by the firm's objective.

1. The Value of the Firm

Though the concern of equity holders is the value of equity, the value of firm focuses more on running assets of the firm. In valuation of a firm: two inputs are needed: these are; the running assets and the firm's value estimates²⁰

A firm ' s value can be established as defined below²¹

Equity Options: the values of a firm ' s issued equity options should be included in the total market value of equity, including an estimated value of non-traded management options. If estimation of a firm's total market value is the objective, the value of equity options should be added to the market capitalization to arrive at the market value of equity.

Cum-cash or Ex-cash: Add the market value of equity and debt to get the standard measure of the value of a firm. This estimate of the firm's value comprises all of the company's assets, including cash on hand. When you subtract cash from firm value, you get enterprise value, which is the market worth of the company's only functioning assets. That is,

Firm Value = Market value of Equity + Market value of Debt

Enterprise Value = Market value of Equity + Market value of Debt – Cash Holdings.

Distinction between excess cash and operation cash (running cash) has been drawn by some experts, with only excess cash being removed to get to enterprise value.

Cross Holdings: When a company has cross holdings, it means it owns a stake in another business. There are numerous instances where corporations own stock in the profits of their rivals, but have no say in how those profits are managed. Cross holdings can be a problem when comparing the worth of a firm with the value of the entire enterprise. The estimated market values of a company's minority and majority gross holdings in other companies are included in its overall worth.

The common mistakes that analysts make in dealing with cross holdings that often result in misleading conclusion are:

- i. Enumeration of cash and debt instead of equity portion of minority holdings. This inaccuracy comes from the fact that the parent company's equity market value incorporates the projected minority holdings market value in other companies but values of cash and debt do not, being that they are from the statement of financial position of parent company²¹.
- ii. The entire market value of the consolidated company is obtained by adding the minority interest from the statement of financial position to the enterprise value. In other words, a parent company must consolidate its financial accounts completely if it owns 55% of a subsidiary. Consequently, to compute enterprise value, all of the subsidiary's debt and cash is included (rather than just the 55 percent holding), but only the 55 percent holding is reflected in the market value of its stock. A issue arises when the value of a minority stake is added to the overall company value. Minority interest is commonly included in the book value of a subsidiary's equity, which artificially inflates its market value. Instead of discounting the expected value of minority interests from the enterprise value, the discounted cash flow valuation factors this in to provide a more accurate estimate of overall

value²¹.

1. Profitability and Efficiency Ratios

A company's overall value and the value of the shares it issues are both heavily influenced by the company's capacity to earn a profit on the cash it has spent. Profitability reveals a company's market position and the caliber of its leadership²⁰. Sources of earnings and revenue and expense components will be revealed by a company's income statement. If the company makes a profit, it can distribute it to shareholders or keep it for investing in the business. Evaluating the company's future profitability is critical, as the company needs to be profitable in the long run to be successful.

The profitability ratios which can be used to measure firm's performance. These are; Change in Revenue (Total Revenue); Gross Profit Margin; Operating Profit Margin; Net Profit; Margin; Return on Assets; Return on Total Capital; Return on Equity and Return on Capital Employed²⁰.

a. Total Revenue (TR): the sum total of the proceeds gotten from the normal operations of an organization is known as total revenue. The sale inventory of goods bought for resale or rent of assets and sale of finished goods or services are ways of generating revenue. A firm's performance is measured by the amount of revenue it generate²¹.

b. Gross Profit Margin: This indicates the percentage of revenue that is available to cover the expenditures. Higher gross profit margin indicates the firm is able to charge price (per unit) that is above the cost price (per unit). The ability to charge higher price depends on the firm competitive power/advantage, therefore, a firm with competitive advantage will be able to determine the

market price. Gross profit margin is obtained by dividing Gross Profit Margin by Revenue, expressed as a percentage.

c. Operating Profit Margin: To determine operating margin, operating costs are less from gross margin. When operating margin increases at a rate faster than gross margin means the company is able to control its operating costs. But when there is a decrease in operating margin, this could indicate deterioration of control over operating costs.

d. Net Profit Margin: Net profit, also known as net income, is computed by subtracting revenue from all costs. Both recurring and non-recurring components are included in net income. The net profit margin after non-recurring expenses is claimed to provide a more accurate picture of a company's future profitability. It's calculated by taking Net Profit and dividing it by Revenue/Turnover.

e. Return on Assets: The return on assets (ROA) is a metric that evaluates how much money a firm makes on its assets. The greater the ratio, the more revenue a particular amount of assets generates. Profit after Tax (PAT) divided by Total Assets is Return on Assets..

f. Return on Total Capital: Return on total capital measures the profit that is earned by the company on all the capital employed. It is obtained by dividing Profit before Tax by Capital employed.

g. Return on Equity: Return on equity refers to the profit a firm makes on its equity capital, which includes minority, preferred, and common stock. Divide Profit after Tax (minus preferred dividend) by Shareholders/Equity Fund to get it.

f. Return on Capital Employed: This metric measures the company's total profitability. It demonstrates the management's effectiveness in utilizing the resources at its disposal. Because of its significance in determining a company's profitability and efficiency, this ratio is referred to as the main ratio. Total Comprehensive Income (PAT plus additional comprehensive income) is divided by Net Assets/ Shareholders Fund to get return on capital utilized.

3. Investors / Shareholders Ratios

The market value of an investment in common shares of a publicly traded corporation determines the investment's worth, and investment ratios must take this market value into account when analyzing investments²⁰. It is important to look at investor ratios as a major predictor of stock market performance and how the company's stock is performing. Investors in stocks and bonds, as well as their advisors, will find it more beneficial. Dividend per share (DPS), price/earnings ratio (P/E ratio), dividend cover, dividend yield, and earnings per share (EPS) are all measures used by investors and shareholders to assess a company's profitability²⁰.

Earnings per share (EPS) shows the amount of profits after taxes and preferred dividends that are attributable to each of the ordinary shares issued and ranked for dividend at the end of the year. Profit for the year less preferred dividend is divided by the number of ordinary shares in circulation to get earnings per share (EPS). This ratio tells you how long it will take for your capital investment to be recouped, either through dividends received or capital growth, or both, based on the current level of profits you're expecting. A high price-to-earnings ratio implies great shareholder trust in the company and its future, whereas a low price-to-earnings ratio suggests poor confidence. As the name implies, Dividend Cover shows how much a company's profits are covered by its dividend payout. For each share of earnings, the dividend is multiplied by this

number. It is more likely that the company has reinvested a larger amount of its profits rather than paying out dividends, if the dividend cover is higher. An insufficient dividend cover will show that the polarity has flipped.

2.2 Theoretical Review

A principle or statement used to give an explanation or describe a phenomenon or facts particularly one that has consistently been tested or generally accepted and is suitable for forecasting natural phenomena is known as a theory². Four theories utilized to give an explanation to the link between the variables (dependent and independent) considered in the study. These are agency theory, attribution theory, stewardship theory, and the positive accounting theory. However, this study was anchored on agency theory to give an explanation of the variables used.

2.2.1 Agency Theory

In 1976, Jensen and Meckling proposed the agency hypothesis. According to the idea, an agency relationship is a contract in which one or more persons (the principals) hire another person (the agent) to do a task on their behalf, entrusting the agent with certain decision-making authority. The theory gives an analysis of the association between the managers and investors. The principal (investors) agrees to compensate the agent (manager) for doing specific responsibilities. The agency theory maintains that a firm is a collection of contracts between the owners (principal) and managers (agent) of economic resources who are in charge of exploiting and controlling those resources²².

The theory holds that agents have more knowledge (information) than principals, which makes it difficult for principals to judge if the agents are doing what they're supposed to be doing. Thus, the theory views firms as necessary entities to keep contracts in place, which makes it possible to exert

control over the opportunistic behaviors of agents²². The theory posited that, to ensure that the interests of the principal and the agent are aligned, a complete contract should be drafted to fulfill the needs of both parties. The link between the principal and the agent is reinforced when the principal uses the services of an expert and systems to monitor the agent²². The theory acknowledges that any information regarding an agent's interest, relationship, or work performance that is missing is a potential moral hazard. Moral hazard and adverse selection have a negative impact on their output, because the agent lacks necessary knowledge about what should be done and because they do not do their duties exactly as assigned²².

Internal control is one of numerous techniques used by organizations to handle the agency problem by reducing agency expenses, which influence both the overall performance of the partnership and the principal's benefits. Internal control improves the principal's (shareholder's) access to more knowledge about the agent's (management's) actions, eliminates information asymmetry, and lowers investor risk and revenue.

2.2.2 Stewardship Theory

The theory of stewardship is rooted in psychology and sociology. According to the theory, stewardship is defined as the protection and optimization of the wealth of stakeholders through solid performance, since the utility functions of the steward is maximized²². Instead of emphasizing individualism, stewardship theory emphasizes the role of top management as stewards, integrating their goals into the organization as a whole. From the stewardship perspective, stewards are motivated and satisfied when the organization they work for succeeds. A person's aspirations are suppressed when agency theory views them as economic beings²². On the contrary, the stewardship theory values structures that give the steward maximum autonomy and are based on mutual trust⁷. It emphasizes the importance of empowering employees and executives to act on

their own initiative in order to increase shareholder value. Many people believe that CEOs and directors manage their careers in order to be viewed as good stewards of the companies in which they are employed. Managers return money to investors to develop a good name for the company. This allows them to re-enter the market for future investments. When the owner is actively involved in the company's management, the owner's interests are naturally matched with the company's growth potential and risks, making it easier to deal with agency concerns. By looking at what has been stated thus far, it is clear that stewardship theories are diametrically opposed to one another and emphasize the importance of monitoring or bearing agency costs, including the internal audit function⁷.

The steward theory is supported in the study due to the fact that listed companies' managers in Nigeria play the role of a steward to shareholders, creditors, suppliers, employers, and consumers of these institutions⁵⁸.

2.2.3 Positive Accounting Theory

In accounting studies, it is categorized as either normative or positive studies. Positive research tends to forecast and search for explanations for a given phenomenon. Theories linked to such research are known as positive theories⁶.

Watts and Zimmerman are credited with creating the positive accounting theory (1986). The purpose of positive accounting theory is to explain why things are done in the accounting world the way they are. Its purpose is to explain and forecast which firms will utilize a certain accounting style and which will not, but it does not specify which strategy a company should use. The founding assumption of the theory is that self-interest is the motivation for individual actions and Individuals will always act opportunistically in order to grow their wealth⁶.

It's predicted by the positive accounting theory that organizations will try to reduce behaviors motivated by self-interest. This is necessary in order to align the interests of company managers (agents) with those of the company's owners (principals). In the agency relationship, the monitoring cost is the cost of dealing with issues and creating suitable systems.

2.2.1 Attribution Theory

The attribution theory rooted in the sociopsychology theory that examines the way behaviors and events are interpreted by people and how they assign causes to behaviors and events. Attribution theory studies analyzes the utilization of social environment information to explain behaviors and events. The responsibility of an outcome is attributed to the person when evaluators believe that comparable persons would have responded differently to a situation. on the other hand, the responsibility of an outcome is attributed to the situation when evaluators believe that comparable individual act similarly. Earlier research indicates that people are prone to ascribe others' behavior to dispositional tendencies and their own behavior to contextual factors²³ This is frequently the case when observed conduct is negative. As a result, assessors are likely to interpret the auditor's failure to detect internal controls over income creation as a dispositional tendency, concluding that auditors are negligent. To a greater extent, if auditors fail to find frequent misappropriations that reduce earnings, they put themselves at risk of being sued². Auditors are more likely to be held accountable for failing to uncover fraudulent activity after being alerted to it as a possible fraud risk. According to studies, auditors' responsibilities rise when an audit fails, even though auditors identified the committed crime as a fraud risk and undertook steps to investigate the identified fraud risk^{55,57}. Auditor reports should include information on the effectiveness of an organization's internal control system, as dictated by attribution theory. Since internal controls must be evaluated for both design and implementation, auditors must have a thorough understanding of them before performing evaluations to determine

their operational effectiveness. Auditor dependence and likely reduction in other substantive audit procedures required to obtain requisite income makes this measure necessary⁵⁶.

The significance of this theory to this study is that it is believed that the parties identified should be the perpetrators when fraud happens, and that the auditors who act as "watch dogs" are extremely likely to be the perpetrators if inadequate audit services are supplied and detected by evaluators⁵³.

2.3 Empirical Review

Internal control and financial performance have been the subject of numerous research studies. Some of the studies that were reviewed are discussed in more detail below, with the goal of creating a connection between them and the current study, as well as pointing out differences.

The association between internal control and the financial performance of quoted companies in the security exchange of Nairobi was examined with the goal of studying the effect of internal control systems on the financial performance of quoted companies in Nairobi security exchange. Structured questionnaire was used in collecting primary data. The study found a significant link between internal control and financial success, and the researchers concluded that a strong internal control system predicts strong financial performance. There is evidence to show that internal control systems, particularly risk management and corporate governance are important areas in which management of organizations should focus in order to improve their financial performance¹⁶.

A study was carried out in Kisumu city, Kenya, in order to investigate how the internal control system affected the financial performance of small and medium-sized businesses. One of the main goals of the research was to determine how well the internal control system worked in relation to investment returns. 117 small and medium-sized businesses in Kisumu city, Kenya, were surveyed using a cross-sectional survey research approach for the study. Data was acquired through the use

of a structured questionnaire and interviews, as well as stratified and basic random sampling approaches. The findings of the studies showed that having an internal control system had a considerable impact on small and medium-sized businesses' financial performance. It came to the conclusion that internal controls had a major impact on small and medium-sized businesses' financial performance and recommended that small and medium-sized business owners be educated about the significance of internal control²⁴.

A study on internal control systems and firms' performance was conducted in Nigeria in order to find out how methods of accounting control affect the financial performance of government-owned company in Rivers state, Nigeria. The study used a correlational research approach and collected data through a standardized questionnaire and interviews. According to the findings, there was only a minimal correlation between government-owned company financial performance and accounting controls. Accounting control measures were found to be inadequate and poorly implemented in the majority of companies surveyed, according to the author's findings. Accounting control techniques have only a small impact on the financial performance of state-owned enterprises, according to the results of this research. According to the findings, government-owned enterprises should adhere to correct budgeting methods in order to improve their financial performance²⁵.

Another study looked at the impact of Uganda's non-governmental organizations' internal control system on their financial performance. The study aimed at finding out how nonprofit organizations in Uganda's capital city, Kampala, fared financially under different control environments, control activities, and monitoring. The study used a survey design and collected data through interview and structured questionnaire. Internal control measures (control environment, control activities, and monitoring) were discovered to be highly correlated with

financial performance.

The research recommended that the control environment, control activities, and monitoring be enhanced in order to improve the financial performance of the International Union for Conservation of Nature¹⁵.

The purpose of a study on the impact of internal control on the financial performance of manufacturing businesses in Kenya was to determine the link between internal control systems and financial performance. A total of twenty (20) distinct manufacturing businesses were included in the study's sample. Primary and secondary sources of data were used in the research.. A structured questionnaire was used to collect primary data, and the financial statements of the manufacturing companies examined served as a secondary data source. A multiple regression analysis was adopted to the data. It was found that most manufacturing surveyed had an effective control environment, and this contributed positively to the companies' financial performance. A comparison of the financial performance of manufacturing companies with and without strong internal control systems revealed that the former outperformed the latter. The study recommended that the audit committee in collaboration with the governing body of the manufacturing companies regularly monitor and assess the internal control system¹⁴.

Using a case study approach, the influence of internal control efforts on tertiary institutions' financial performance in Nigeria was investigated. The study used a survey design and adopted questionnaires and an interview to gather data. Data was analyzed using percentages, tables, the correlation coefficient, and z-scores. Findings from the study showed that there is regular management review of financial transactions, adequate segregation of roles, and stringent budget adherence, but personnel are not properly trained in the implementation of the accounting and

financial control system. The study found that management initiates all College operations, that the finance and accounting departments have distinct responsibilities, and that College executives routinely oversee their subordinates' work, all of which indicate to the institution's presence of an internal control system.. The study recommended that management may benefit from holding frequent training sessions for employees on such mechanisms¹³.

The impact of internal control on microfinance institutions' financial performance was examined in the Kenyan constituency of Kisumu central. The association between Micro-Finance Institutions' internal control and financial performance in Kenya was studied using a descriptive and correlation research approach. The convenience sample technique was used in selecting study participants. Data was collected data from the Micro-Finance institutions considered in the study using a semi-structured questionnaire and audited financial statements. Findings from the study show that there is a positive association between Micro-finance Institution internal control and financial performance (Pearson correlation coefficient: 0.447). Based on the findings, Micro-finance Institutions' financial performance is impacted by internal control by 44.7% and by other factors by 55.3%. The study concluded that implementing more effective management information systems should be a top priority¹¹.

A study in Kenya study looked at the impact of tertiary training institutions' internal control systems on financial performance. Many Kenyan governmental institutions are struggling financially, and this has led to the closure of some of them despite the fact that they have the resources to continue operating. Internal controls, previously neglected in the company's poor financial performance, were the focus of the investigation. Internal control and financial performance at Kenyan tertiary institutions were the primary focus of the research. There was only one institute included in the research. Findings from the study showed that the majority of

respondents believed that internal control and financial management did indeed go hand in hand. This means that organizations with strong internal control systems were more likely to effectively manage their finances, which enabled them to meet their financial as well as other important commitments with ease. According to the results of the research, most training institutes had a severely understaffed internal audit department. The study came to the conclusion that the financial performance of the institution was influenced by the size of the internal audit department²⁶.

A study was carried out in Cross River State College of Education Akampka, Nigeria, to examine the link between internal control activities and financial performance. The study showed that all College activities are started by upper-level administrators. When it comes to control activities, the research showed that the institution's finance and accounting departments have clearly defined roles, and the College's higher-ranking officers often monitor the work of their lower-ranking colleagues. The survey also discovered that external auditors review the institution's financial statements on a yearly basis. According to the findings, there is no correlation between Cross River State College of Education's internal control operations and its financial performance. The findings of the inquiry suggested that suitable checks and balances be implemented in all financial activities. To cut down on theft, as well as threats to life and property, an effective and efficient security network is needed. The research also recommended that the institution's management provide regular training for its employees on control mechanisms⁹.

Another study looked at how internal control methods affected Kenya's Baringo County government's financial management. Multiple regression analysis was employed to evaluate the hypothesis that had been pre-set for the investigation. The study's findings revealed that financial management is greatly influenced by monitoring and control. As a result, control actions affect

how well financial statements forecast changes. But it turned out that the control environment had no effect on the county government's financial management²⁷.

The audit process was examined for the impact of effective internal controls. The study used a questionnaire to collect data and draw conclusions about the link between the study's dependent and independent variables. 104 Iranian Audit Organization constituted the sample of the study. findings revealed that internal controls do not reduce audit time and cost but they can reduce incidental auditing during the timeframe. Findings also showed that internal controls can improve audit quality and boost detection of serious errors and distortions. The study also found that the efficacy of internal controls can boost financial statements' credibility²⁸.

The objective of carrying out a study on fraud and performance of deposit money banks was to investigate the impact of fraud on deposit money banks in Nigeria. The positivist research philosophy guided this investigation. The study used an ex-post facto quantitative research design. The NDIC annual reports for the years 2006 through 2016 were used to compile the statistics. Following the fulfillment of major regression assumptions, the Ordinary Least Square (OLS) was employed to forecast the impact of fraud on DNBs. Findings showed that total fraud cost was negative, but had a negligible impact on DNB performance; the number of reported cases had a significant and positive impact on DMB performance; finally, the total number of employees had a significant and positive impact on DNB performance in Nigeria. the study concluded that fraud in the banking sector had a negative impact on the performance of Nigeria's DMBs, CBN and NDIC oversight of DNBs should be tougher in order to curb the rising incidence of fraud³⁸

An investigation on the influence of internal controls on financial performance was conducted in Nigeria. The study looked at how internal controls influenced the financial performance of a small

sample of businesses. The study used a survey research approach. To collect statistical data, 150 questionnaires were distributed among chosen employees at the five (5) businesses that were the focus of this study. A few of these are Wapco PLC, Guinness Nig Plc, and Dangote Cement PLC as well as PZ Nig Ltd, and Beta Glass Nigeria Plc., a Nigerian glass manufacturer. Purposive sampling was used to choose these businesses, and the survey data was analyzed in SPSS using multiple regression statistical methods. The study's findings revealed a strong correlation between internal control and fraud in the company. Internal control can boost an organization's financial performance by reducing fraud. An analysis using SPSS showed that P-value (0.002) was less than the significance value of 5 percent stated for this study, which corroborated the findings of the study. The study also found that internal control has a significant role in achieving the organization's goals and objectives, as evidenced by the fact that the P-value obtained through regression analysis (i.e.0.000) was less than the 5% significance threshold given in SPSS. As a result, management must find new ways to boost the internal control department if the firm hopes to progress quickly. On the basis of this finding, the researchers proposed that management devise new methods for ensuring the effectiveness and efficiency of internal control in order to dramatically minimize fraud within the organization⁹.

Management oversight, risk awareness and assessment, and control culture was studied in an investigation on the internal control system of selected banks in Asaba, Delta State. Simple random sampling procedures were used to choose samples from 80 employees from Fidelity Bank Plc. and First Bank Plc, Plc. Data was analyzed using chi-square statistical method. Management oversight and activity inspection in the banking business were found to be inadequate for uncovering anomalies and misappropriations, as evidenced in the findings the study recommended that when it comes to making sure employees are performing at their best, management oversight

and inspection should happen on a frequent basis. Furthermore, to minimize centralization, clerical errors, and foreign manipulations, duties and authority should be separated³⁹.

A study investigated the internal Control Systems and Firm Performance in Kericho County, Kenya the study aimed at determine whether improved banking organization performance might be linked to improved internal accounting control systems. The research was guided by theories of agency and contingency. To see if the hypotheses were correct, the study at whether or not there was a connection between internal audits and bank performance, whether or not test checks affected performance, and whether or not internal audits affected bank performance at the tier one level. A sample of 141 employees from tier one banks in Kericho town participated in the survey. Questionnaires were used to collect data, which was then analyzed using descriptive statistics and multiple regression. According to the findings, there was a strong correlation between tier (1) one bank performance and the effectiveness of the internal accounting control system. Since it had a major impact on their results, the study suggested that the management of Tier (1) one banks tighten their internal accounting control systems. This includes internal audits as well as test checks. In the study, it was shown that banks with strong and effective internal check procedures in monitoring their operations saw a boost in the performance of Tier (1) one banks. The study concluded that tier (1) one institution with robust internal audits performed better⁴⁰.

The effectiveness of Ethiopia's commercial banks' internal control system was also examined in a study. A mixed research approach was adopted in this study. A self-administered survey was used to gather data, and it included both open-ended and closed-ended questions. Internal auditors and controllers from Ethiopian commercial banks were given the questionnaire at various levels. SPSS was used to examine the data. The study found that the company's internal control is effective in following internal components; the company under study has clear codes of conduct; the

company's management reviews policies and procedures on a regular basis; the company under study has clear objectives, which are communicated to all employees for risk assessment guidance; and the company under study has an adequate and strong internal control system. Based on the findings, it was concluded that, even though the bank has a human resource development plant, it needs strengthening and should take precedence over all other business concerns. It was recommended that controlling environment needs to be revised to keep pace with the latest fraud detection and prevention techniques⁴¹.

Health institutions in Ghana's upper west area were examined for the impact of internal control systems on financial performance, with the help of 50 respondents. In order to find out how much the independent variable affected the dependent, the response was analyzed using regression. The results showed that internal controls have a positive impact on financial performance. Few control variables had p-values more than 5%, as the researchers explained in their subsequent paper. The study also found that maintaining an efficient internal control system has been repeatedly and heavily stressed in organizations due to the benefits it brings to financial performance. It is possible to prevent and detect fraudulent actions in an institution when there is effective internal control. As a result, policy makers' efforts to adopt policies that would strengthen the ministry of health's internal control system have given appalling outcomes in terms of financial performance in health institutions in Ghana's Upper West Region²⁹.

Using 66 local government unit tools from 15 districts and cities in Indonesia, researchers looked at how the internal control system and internal audit influence financial statement quality. The study's goal was to determine the impact of local government financial statement quality on internal control systems and internal audit. Internal control adoption, internal audit effectiveness, and financial report quality can all be benefited from research as an input. Data collected from 66

local government units in Indonesia's 15 districts and cities, using a data collection technology. Path analysis is used to analyze the data collected during the fieldwork. The results show that the quality of financial statements is improved in part because the internal control system and internal audit work together to check for weaknesses³⁰.

A survey methodology was used to investigate the impact of internal control on commercial banks' performance in Nigeria. 382 questionnaires were given to selected members of the staff using stratified random sampling. The data was analyzed using regression analysis, and it was discovered that the four elements of internal control (control environment, control activities, monitoring, and risk assessment) have a positive and substantial association with bank performance. While it was discovered that communication and information had a negligible impact on bank performance³².

Internal control activities at Nigeria's Cross River State College of Education, Akamkpa, were examined for their effect on financial performance. An extensive review of relevant documents and articles was conducted alongside the use of questionnaires and interview guides to gather data. Survey design was used for data collection, and stratified sampling was used for questionnaire distribution. Correlation coefficients and z-scores were used to analyze the data. Simple percentages and tables were also used. In the study, it was discovered that all of the College's activities are started by the top executives. In terms of control activities, the study found that the finance and accounting departments of the institutions have clearly defined roles, and the College's senior officers regularly supervise the work done by their subordinates. The study also discovered that external auditors check the financial statements of the institution on a yearly basis¹³.

An investigation on how internal control affects commercial bank performance in Nigeria aimed to find out if there was a link between the two. The study's goal was to determine the impact of

internal control systems on commercial banks' performance in Nigeria. The study used a survey method and stratified random sampling, in which 382 questionnaires were given to workers in the Nigerian commercial banks' operations, marketing, and security departments. The questionnaire uses a 5-point Likert scale, and the obtained data was analyzed with SPSS version 23 (v23) and Smart PLS 3 (Statistical Package for Social Sciences). Internal control was found to have a favorable and significant association with bank performance. Despite this, the association between bank performance and access to information and communication was determined to be minor. The study recommended that future research should include other variables such as risk culture and corporate governance. Also, future studies can also take into account variables such as bank size, bank age, and so on³³.

Using a COSO framework, the impact of internal controls on the performance of selected tertiary institutions in Ekiti state, Nigeria was investigated. A survey research approach was used for this project. Multiple regression analysis was used to assess the primary data. The study's findings revealed a considerable favorable impact of COSO internal control components on the performance of selected tertiary institutions in Ekiti state. To be specific, Control activities had a significant and positive impact on the organizational performance at the selected postsecondary institutions, while Control environment had a positive but insignificant impact on organizational performance ($t = 0.570 > 0.05$, $p = 0.570 > 0.05$), and risk assessment had an insignificant but positive impact on organizational performance ($t = 0.446$, $p = 0.656 > 0.05$), and RA had an insignificant but positive impact on organizational performance). The study concluded that internal control had an impact that was statistically significant. The study recommended that individuals in charge of overseeing tertiary institutions tighten the internal controls identified in the study⁴

Vihiga County, Kenya's public higher education institutions were assessed for their impact on the

county's financial performance utilizing theories such as agency and stewardship theory. The study employed an explanatory research approach to conduct the investigation. The study included 96 personnel from each of the four institutions, with a target population of 140. A sample population was surveyed using semi-structured questionnaires in order to get primary data. Multiple regression analysis and descriptive statistics were both employed to examine the data. Study results showed acceptable and effective control activities in financial and accounting departments, including internal audit reports and physical controls to avoid overallocation of funds, at the institutions studied. Researchers discovered that control efforts improved the financial health of the institutions they studied. An examination of risk assessment tools and management systems revealed that the institutions under investigation used adequate techniques for assessing risks and regularly, timely, and thoroughly audited their organizations. It was discovered that risk assessment improved the financial performance of the institutions they studied. It was also found that the institutions studied had a strong internal control system in place. The finance and audit divisions had a suitable number of employees who were well-versed in the accounting and financial management systems. Institutional financial performance improved significantly when placed in a controlled environment. A review of the institutions revealed that they had good mechanisms for exchanging information and communicating with one another. A study conducted on the financial institutions indicated that a smooth flow of information and communication improved financial accountability and performance. Audit departments were independent, and institutions' spending was closely scrutinized. Furthermore, it was discovered that financial monitoring improved the financial health of the institutions they studied. The study recommended regular and timely financial audits help organizations detect any weaknesses in their financial systems and their overall financial performance³⁴.

The relationship between fraud control and fraud prevention was studied in a number of Nigerian commercial banks. The study's methodology was solely based on primary data collected from a random sample of 150 people who received questionnaires in the mail. Statistical methods such as Ordinary Least Square, Durbin Watson, and P-value in EViews were utilized to examine the data and interpret the hypotheses in this research. Using EViews' critical value for this analysis, the results showed a strong correlation between fraud control and fraud prevention because of the low P-values found in the study for management control, internal audit, and whistle blowing, which were all considered proxies for fraud control and prevention. The study recommended that management practices should be able to strengthen commercial bank fraud control while also strengthening commercial bank fraud prevention³⁵.

The robust system of internal controls in Nigeria's banking industry as an antidote to its hardship identifying the role of an effective internal control system in reducing or completely eliminating distress in Nigeria's banking sector is required. A survey research design was utilized in the study, using data obtained from 56 employees of selected deposit money banks via questionnaire. Four research hypotheses were developed and examined: with the demographic data of the respondents being analyzed using basic percentages and the hypotheses being tested using t-test statistics at a significant level of The testing of hypotheses revealed that the existence of an effective internal control system has a positive impact on the elimination of fraud in banks; the effectiveness of the internal control system can be accurately determined, the effectiveness of the internal control system has a significant impact on the accuracy and reliability of bank records; and distresses in banks can be traced to a failure to adhere to the established internal control system. It was recommended, based on the findings, that banks hire competent professional accountants to handle their internal control functions, as only a functional/effective internal control system can serve as a

means of thoroughly checking and preventing mismanagement in the banking industry, which usually lead to distress³⁶.

Internal control systems have an influence on Kenya Farmers' Association Limited's financial performance. The influence of KFA Ltd's internal control system was investigated by looking at the company's financial performance. Internal controls were represented in both the control environment and the control actions in this investigation. The target audience for the study was 78 managers. The study employed the Census design. The data was analyzed using both inferential and descriptive statistics. Accounting and financial management systems were not adequately implemented, and security systems failed to identify and safeguard organizational assets, according to the study's findings. In addition, the findings revealed a significant correlation between KFA limited's financial performance and the company's internal control systems. 61.3 percent of the variance in financial performance was attributable to the control environment and control actions. Findings also showed that KFA limited's management is not actively devoted to the company's internal control systems. It was also discovered that KFA Ltd's management is not devoted to the organization's internal control systems and does not actively participate in monitoring and supervising KFA Ltd's activities, KFA Ltd's senior managers initiate all of the company's actions. An internal audit office that lacks objectivity, independence, and an active role in conducting regular audit activities was found to have a negative impact on the company's control environment. There was no clear separation of roles from supervision of activities by senior staff, shortcomings were not addressed and there was no training program for increasing capacity in the organization, based on the findings on control activities. furthermore, there was also a lack of information exchange within the firm, as well as no security procedures in place to protect the company's assets. The study concluded that management should devote more time and resources to monitoring

internal control systems and hiring more recent college graduates³⁷.

In Vihiga County, Kenya, an investigation was conducted on the internal control systems and financial performance of public higher education institutions. The study was based on theories such as positive accounting, agency, attribution, and stewardship. A descriptive research approach was adopted in the study. The total number of respondents in the four institutions studied was 140, however only 96 employees were included in the study's sample. Semi-structured questionnaires were used to acquire primary data from a sample group. Findings from the study showed that institutions had adequate and effective control actions in place, including regular internal audit reports, adequate job separation in the finance and accounting divisions, and physical measures to prevent the allocation of excessive cash. The financial performance of the institutions under study improved significantly as a result of the control measures. Because the institutions under investigation conducted ongoing financial assessments of their organizations along with regular, timely, and thorough audits, the researchers discovered that they possessed adequate risk assessment tools and a risk assessment management system. The financial performance of the institutions studied benefited significantly by risk assessment. Findings showed that the institutions studied had a strong control environment. In addition, the research indicated that the organizations' financial accountability and performance were improved by an efficient flow of information and communication. Institutional expenditures were closely scrutinized, and the audit offices itself were completely independent. The financial performance of the institutions under study improved significantly and positively as a result of financial monitoring. The recommended that public university administrators to conduct prompt and regular financial audits to find any flaws in their financial systems and to improve their financial performance⁶.

Medical Sciences University of Golestan's financial affairs employees viewed the relationship

between the internal control system and financial performance. Internal control system and Medical Sciences University of Golestan's financial performance were compared. There are 112 people in the study that work in financial matters in the city of Gorgan. 86 persons are chosen at random using Cochran's methodology. To the study used a questionnaire divided into two parts to gather information. Cronbach's alpha scores indicate a reliability of the questionnaire at 0.88. Statistical tests such as the t-test and Pearson's correlation coefficient are employed, as well as descriptive, frequency and mean statistics were the methods of analysis used in the study. Medical Sciences University of Golestan's internal control system and financial performance were found to be positively and significantly associated from the perspective of university financial employees, and dimensions of internal control were found to be associated with control environment, control activities, and internal audit with financial performance⁴².

The impact of internal control systems on financial performance in public higher education institutions in Nairobi: Kenya: was examined with the purpose of identifying the impact of internal control systems on financial performance in public higher education institutions in Nairobi City county. The study's specific objectives were to look into the financial performance of Nairobi City County's institutions of higher learning and the impact of control activities: risk assessment: control environment, information and communication, and monitoring. The study employed agency theory, stewardship theory, positive accounting theory, and attribution theory. In this study, a descriptive research design was used Using a sample research technique, the study's target demographic was various sorts of workers in various departments of Public Institutions of Higher Learning in Nairobi City County: Kenya. The test group consisted of 96 employees. To collect primary data from the sample population, open-ended and closed-ended questionnaires were used. The information was in statistical formats after descriptive statistics were used to examine the data.

Multiple linear regression was used to look into the relationship between the dependent and independent variables. The control environment, risk assessment, control activities: and information and communication as indicators of internal control systems all had a significant impact on the financial performance of Nairobi City County's higher education institutions, according to the study. The factors accounted for 99.1% of the variances in the financial performance of the institutions. According to the study⁴³, institutions' internal control systems should be enhanced, and organizational resources should be held accountable⁴³.

The effect of the Nairobi Securities Exchange's internal control environment on the financial performance of firms listed there was examined. In order to determine how internal control systems impacted the performance of companies listed on the Nairobi Securities Exchange, the study's aim was to (NSE). To achieve the study's purpose, researchers focused on the control environment, internal audit, risk management, and internal control activities, as well as the impact of corporate governance controls on the financial performance of Kenyan publicly traded companies. A survey research technique was employed in this investigation. All 62 NSE-listed companies took part in the research. From a pool of 62 companies registered on the NSE, the researchers selected 38 for the study. The sample was selected using a stratified random sampling strategy. The research made use of both primary and secondary data. Secondary data came from audited annual reports, publications, and document analysis, whilst primary data came from structured surveys. The data was analyzed using descriptive and inferential statistics. ANOVA, chi-square, and correlation analysis were used to evaluate the hypotheses. Frequency tables were also constructed and averages were determined. The data was analyzed with SPSS version 21.0, a statistical program for social scientists. The research shows a strong connection between financial performance and the internal control environment⁴⁴.

Nigerian microfinance banks' financial performance was evaluated using ex-post facto to determine the link between internal audit and financial performance. Ordinary least squares were used to examine data gathered from primary and secondary sources. This study's findings support our a priori expectations because the regression parameters' estimated coefficient is positive. As a result of this symbol, the variables Return on Asset, Profit Margin, and Return on Equity have a positive influence on the internal audit proxy by value of fraud. Findings also indicated that the value of fraud has a strong link to Return on Asset, Profit Margin, and Return on Equity. Based on the findings of the study it was recommended that in order to detect and control fraud successfully in microfinance banks, bank management should guarantee that internal audit is well understood and developed in all departments to match microfinance banks. Furthermore, only competent and experienced accountants should be chosen head of the microfinance bank's internal audit department, according to the recommendation⁴⁵.

Kenyan commercial banks' financial performance was scrutinized to see how internal controls affected it. Internal controls were evaluated using the Treadway Commission's five-element framework, and financial performance was evaluated using the historical average of Return on Equity. A descriptive research method was chosen because of its ability to describe the connection between Internal Controls and Financial Performance. The research included 43 Kenyan commercial banks. A structured questionnaire was used to gather primary data. Descriptive statistics, correlation and regression analysis was employed. Findings from the study showed that banking sector financial performance is robust in part due to the implementation and maintenance of efficient internal controls. The banking industry's highly regulated and organized environment can be blamed for the presence of effective internal control. The study recommended that due to the nature of the banking sector's riskiness and its impact on financial performance, banks should

adopt and maintain adequate internal controls⁴⁶.

Money transfer company performance in Mogadishu, Somalia was studied quantitatively with a descriptive research methodology to see how internal control system practices affected it. There were 15 remittance organizations in the Bakara market that were part of the study's sample. There were 402 individuals employed by these companies. Surveys were used to collect primary data, which were then analyzed with SPSS version 23. In the study, it was discovered that strengthening the control environment, risk assessment, and control activity of remittance companies in Mogadishu led to better organizational performance⁴⁷.

Health Institutions in Ghana were used as case studies to study the impact of internal control systems on financial performance. A sample fifty (50) respondents was considered in the study. An ordered logistic regression model was used to estimate the impact of internal control on financial performance at health facilities in the region. The ordered logistic regression model's findings revealed a link between health facilities' internal controls and their financial performance. Internal control effectiveness and efficiency are used to evaluate financial performance. What this means is that increasing the independent variables led to an increase in health institutions' finances is clear. A positive correlation could be found for all five of the internal control variables tested (i.e. positive relationship with financial performance). Only three internal control factors (control environment and information and communication) exhibited a significant positive connection with financial performance (p-values less than 5%), while the other two (control environment and information and communication) had no influence on financial performance. Internal controls have a substantial influence on the financial performance of Ghanaian health institutions, according to the study's findings. Internal control systems at health care facilities should be checked on a regular basis by the governing body of the institution, potentially with assistance from the audit

reports implementation committee (ARIC)⁴⁸.

Regarding the link between internal control and corporate financial performance, the studies gave varied results. The majority of internal control research focuses on individual institutions/companies that demonstrate unique traits or tangible flaws in their internal control systems. Prior research has largely focused on risk assessment, monitoring, and information and communication as proxies for assessing internal control, with control actions and the control environment receiving little attention. Because most studies have been unable to establish the contribution of monitoring and control activities, this study will employ monitoring and control activities as proxies to fill in the gaps^{52,54}.

2.4 Summary of Gaps in Literature

Past studies have examined the effect of internal control on organizational performance with focus on selected internal control components for different sectors in the economy and performance have been measured with only financial performance using secondary data. However, organizational performance can be both financial and non-financial. The non-financial performance include customer attraction, customer satisfaction, employees retention, and employees motivation and others. There is need to study each of the internal control components and its effects on both financial and non-financial performance of organizations. Also, little studies had only been carried out in the financial sector, therefore there is need for more studies on the performance of financial sector especially the deposit banks using both the financial and non-financial indicators.

2.5 Theoretical Framework

The theoretical framework for this study is based on agency theory. This is because it resonates with the focus of this study, internal control and the performance of deposit money banks in

Nigeria. The Agency theory was advanced by Jensen and Meckling in 1976 and has become one of the most widely cited theories in finance, management and accounting research. The theory establishes that contracting is used by principals and agents to increase their resources. The theory explained that the agent is working for the principal and one of their duty is to give the information on the performance of the business. Proponents of this theory were of the view that there is persisting conflicts of interest between principals and managers of resources which brings about principal-agent relationship. This is because in an attempt to increase their own resources, the agents can face a dilemma of working against the interest of their principals. In order to resolve this agency problem, internal management should be used as a safety net⁴⁹.

This conflict of interest between principal and agents precipitates the need for implementation of internal control systems to checkmate the activities of the agents which has been shown to influence the company's efficiency thereby improving performance⁵⁰. This means that the maximization of organizational performance both financial and non financial performance is subject to effective internal control system put in place by the principal. This relationship can be expressed as follows;

$$\text{PERF} = f(\text{Internal Control}) \quad (2.1)$$

Where, PERF is the organizational performance.

However, owners of resources have measured the indicators of internal control based on international standards following the COSO framework components of internal control which include:

firstly, control environment (CE) that is Internal control is a process that those in charge of governance, management, and other staff design and influence in order to provide reasonable assurance about an entity's goals in terms of operational efficiency and effectiveness, compliance

with applicable laws and regulations, and financial reporting reliability. Secondly, a risk assessment (RA), this is the components of control environment include ethical values, competencies, and integrity of the people that makes up an entity, which is the bedrock for the development of other internal control factors as it makes available the structure and discipline in which the organization operates. Thirdly monitoring activities (MA) identifies and analyze the internal and external elements that could have a negative impact on the performance, information, and compliance goals of the manufacturing organization from the standpoint of internal control. Fourthly, Control activities (CA), appropriate activity controls for different departments or divisions; high-level reviews, physical controls; a system of approvals and authorizations; checking for compliance with exposure limits and following up on non-compliance; and a verification system for balancing the budget. And lastly information and communication (IC) this is the quality and nature of information required for effective control are emphasized in information and communication, as are the reports required to properly disseminate this information. The equation 2.1 can therefore be modified by including the components of internal control as measures of internal control^{51,59}. Thus, COSO framework components of internal control and agency theory was adapted for the conceptual and theoretical model of this study.

$$\text{PERF} = f(\text{CE, RA, MA, CA, IC}) \quad (2.2)$$

Endnotes

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Chapter Three

Methodology

This chapter comprises sections that talk about the study's research design, its population, sample and sampling technique, the validation and reliability of instrument, the procedural for the collection of data, pilot study, research instrument, and data analysis technique.

3.1 Research Design

A survey design-based approach is used in this research, focusing on data collection through the use of questionnaire. This study used survey design because survey design is good for ensuring a coherent research instrument for gathering data and generating information that will be drawn on the study. Survey research design is adopted to appropriately provide procedures for administering a survey to sample in order to effectively describe the essential attitudes, opinions and characteristics of the study's population from the sample.

3.2 Population of the Study

The population for this study is DMBs (for instance, Deposit Money Banks) registered and operational in Nigeria. Specifically, the population of this study is all the deposit money banks with international authorization in Nigeria.

The CBN (for instance, Central Bank of Nigeria) recognizes are eight (8) DMBs that have the approval to conduct international transactions in Nigeria. These banks are Access Bank Plc, Fidelity Bank Plc, First City Monument Bank Limited, First Bank of Nigeria Plc, Guaranty Trust Bank Plc, Union Bank of Nigeria Plc, United Bank for Africa Plc and Zenith Bank Plc. Deposit money banks with international

authorization are used because of their global experience and scope of operations.

3.3 Sample and Sampling Techniques

This study used the eight deposit money banks with international authorization in Nigeria. These deposit money banks were used because of their international authorization, global experience and scope of operations. Questionnaires was administered on 150 respondents who will be staff of the selected banks. The study used simple random sampling technique to select the needed sample from the population. The researcher chose simple random sampling because it is objective and unbiased.

3.4 Description of the Instrument

To collect data from the study's participants, the research utilized a structured closed-ended questionnaire. The questionnaire for this study was titled "Internal Control and Performance of Listed DMBs in Nigeria". The Research Questionnaire had Section A and Section B. Section A focused on the essential personal characteristics of the respondents, while Section B focused on internal control and bank's performance. Each question of the questionnaire in the Section B was in Likert Scale which required the respondents to grade their options on a scale of 1 – 5. The questions had scaled responses as of Very Large Extent (coded 5), Large Extent (coded 4), Some Extent (coded 3), Minor Extent (coded 2) and Not At All (coded 1). The choice of questionnaire as the research instrument is due to the fact that questionnaire is cost effective, also it places less pressure on the respondents for immediate response which provide respondents with the opportunity sufficient and reliable information.

3.5 Pilot Study

The researcher conducted a pre-test of the questionnaire using four (4) listed DMBs. The banks selected for this pilot was the deposit money banks without international authorization in Nigeria. Pilot study is necessary in this study as it assisted in designing the questionnaire, determining the readiness of the respondents, and it also present the researcher with the reactions of the respondents as well as ascertain the reliability and validity of the research instrument.

3.6 Validation of the Research Instrument

Validity refers to how well an instrument examines the phenomena under inquiry. To ensure the validity of this study research instrument, a complete literature review relating to the topic was done, which fulfilled the theoretical validity. The researcher's supervisor looked over the instrument to determine if it showed any signs of content validity.

3.7 Reliability of the Instrument

A reliability scrutiny was done to verify the reliability level of the variables used in the study. The study adopted a test-retest method, which involved giving an instrument the second time to the same group of respondents. Reliability would therefore be confirmed through correlation between the scores on the two independent instruments. The output was calculated using Cronbach' s Alpha with Statistical Package for Social Science (SPSS) software version 26.

3.8 Administration of Instrument

The study's variables were subjected to a reliability analysis to ensure that they were reliable. The study used a test-retest approach, which entailed administering an instrument to the same set of people a second time. Correlation between the scores on

the two independent measures would therefore show reliability.

3.9 Method of Data Analysis

This study had the objective of establishing the association between internal control management and performance of listed Nigerian DMBs. To achieve this objective, the study adopted the descriptive and inferential analysis. The inferential analysis was carried out to investigate the association between internal control management and performance of listed Nigerian DMBs using the correlation and the regression analysis. Also, descriptive analysis was conducted to show variations in responses and opinions of the respondents using frequencies and percentage denotations. The data for the study was analyze using version 26 of the SPSS (Statistical Package for Social Sciences) software.

3.10 Model Specification

The objective of this study is to examine the relationship between internal control system and organizational performance among the listed deposit money banks in Nigeria. The model for the study is based on the theoretical framework in the previous chapter which establish the relationship between internal control and organizational performance. The equation 2.2 is then re-expressed in its econometric form as;

$$PERF_t = \beta_0 + \beta_1 CE_t + \beta_2 RA_t + \beta_3 MA_t + \beta_4 CA_t + \beta_5 IC_t + \mu_1$$

(3.1)

Where,

PERF = a vector of Financial, Non financial and Overall organizational performance of DMBs in Nigeria

CE = Control environment

RA = Risk assessment

MA = Monitoring Activities

CA_t = Control activities

IC = Information and communication

β₁- β₅ = Coefficient of the parameter estimate

μ_t = Error term

β₀ = The intercept

t = Time dimension

Model for the analysis of the impact of risk assessment on performance of DMBs in Nigeria

The equation 2.2 expressed performance of DMBs as a function of risk assessment.

PERF = $f(RA)$

$$PERF_t = \beta_0 + \beta_1 RA_t + \mu_1 \quad (3.2)$$

Where,

PERF = a vector of Financial, Non financial and Overall organizational performance of DMBs in Nigeria

RA = Risk assessment

β₁ = Coefficient of the parameter estimate

μ_t = Error term

β₀ = The intercept

t = Time dimension

Model for the analysis of the impact of monitoring activities on performance of DMBs in Nigeria

The equation 2.2 expressed performance of DMBs as a function of monitoring activities.

$$PERF = f(MA)$$

$$PERF_t = \beta_0 + \beta_1 MA_t + \mu_1 \quad (3.3)$$

Where,

PERF = a vector of Financial, Non financial and Overall organizational performance of DMBs in Nigeria

MA = Monitoring Activities

β_1 = Coefficient of the parameter estimate

μ_t = Error term

β_0 = The intercept

t = Time dimension

Model for the analysis of the impact of control activities on performance of DMBs in Nigeria

The equation 2.2 expressed performance of DMBs as a function of control activities.

$$PERF = f(CA)$$

$$PERF_t = \beta_0 + \beta_1 CA_t + \mu_1 \quad (3.4)$$

Where,

PERF = a vector of Financial, Non financial and Overall organizational performance of DMBs in Nigeria

CA = Control Activities

β_1 = Coefficient of the parameter estimate

μ_t = Error term

β_0 = The intercept

t = Time dimension

3.11 A priori Expectations

A positive relationship is expected between risk assessment, monitoring activities, control activities and organizational performance of DMBs in Nigeria. An increase in the practice of risk assessment, monitoring activities and control activities is expected to increase the organizational performance of deposit money banks in Nigeria.

3.12 Ethical consideration

Conducting research requires not only expertise and diligence but also honesty and integrity. This is done to recognize and protect the right of human subjects. To render the study ethical, the right to self-determination, anonymity, confidentiality and informed consent was observed. Scientific honesty is regarded as a very important ethical responsibility of the researcher. Dishonest conduct includes manipulation of design and methods, retention or manipulation of data. The researcher avoided any form of dishonesty by using data as obtained with the research instrument

Chapter Four

Results and Discussion of Findings

This chapter presented the data collected from the survey. The data were analyzed and interpreted in accordance with the objectives of the study. The analysis and interpretation of data were based on the questionnaires administered and retrieved. This chapter revealed the responses of 97 respondents out of 150 participants considered for this study, which consisted of male and female respondents from 12 selected deposit money banks in Nigeria.

4.1 Demographic Data Analysis

The table 4.1 shows the demographic statistics of the participants in the survey carried out. It revealed that majority of the respondent were male representing 58.8% while the remaining 41.2% were female. It further shows that majority of the respondents are married (52.6%) followed by singles (44.3%) with only 3.1% divorced. With regards to academic qualification, majority of the participants are HND/B.Sc holders (73.2%) followed by M.Ed/M.Sc (17.5%) and NCE/OND (6.2%), while the least represented were the PhD holders with 1%. In addition, it was also discovered that majority of the respondent do not have any professional qualification (56.7%), however, 21.6% had ACA/ANAN/ACCA, 6.2% had CIBN, those with CITN were 3.1%, NIM were 4.1%, while those with other form of professional qualifications were 8.2%.

Table 4.1.1 Demographic Characteristics of Respondents

Variable		Frequency (n)	Percentage (%)
Gender	Male	57	58.8
	Female	40	41.2
	Total	97	100
Marital Status	Single	43	44.3
	Married	51	52.6
	Divorced	3	3.1
	Total	97	100
Academic Qualification	NCE/OND	6	6.2
	HND/B.Sc	71	73.2
	M.Ed/M.Sc	17	17.5
	PhD	1	1
	Others	2	2.1
	Total	97	100
Professional Qualification	ACA/ANAN/ACCA	21	21.6
	CIBN	6	6.2
	CITN	3	3.1
	NIM	4	4.1
	Others	8	8.2
	None	55	56.7
	Total	97	100
Work Experience	Less than 5 Years	53	54.6
	5-10 Years	30	30.9
	11-15 Years	9	9.3
	16-20 Years	1	1
	20 Years and above	4	4.1
	Total	97	100
Years of Experience in the Banking Industry	Less than 1 Year	19	19.6
	1-3 Years	36	37.1
	3-5 Years	21	21.6
	5-10 Years	12	12.4
	More than 10 Years	9	9.3
	Total	97	100

Source: *Field Survey 2022*

With regards to work experience, the survey report as shown in the table 4.1, revealed that majority are still relatively new at their respective banks as participants with less

than 5 years work experience account for 54.6%, followed by 30% of those with 5 to 10 years work experience. Those with 11 to 15 years work experience were 9% followed by 20 years and above, while the least represented were those with 16 to 20 years (1%). Furthermore, years of experience in the banking industry is another indicator, it was shown in the table 4.1 that those with 1 to 3 years (37.1%) are the majority, followed by those with 3 to 5 years (21.6%). Those with less than a year experience in the banking industry had 19.6%, 5 to 10 years experience account for 12.4% while the least were those with more than 10 years experience in the banking industry (9.3%).

Table 4.1 is presented pictorially as follows:

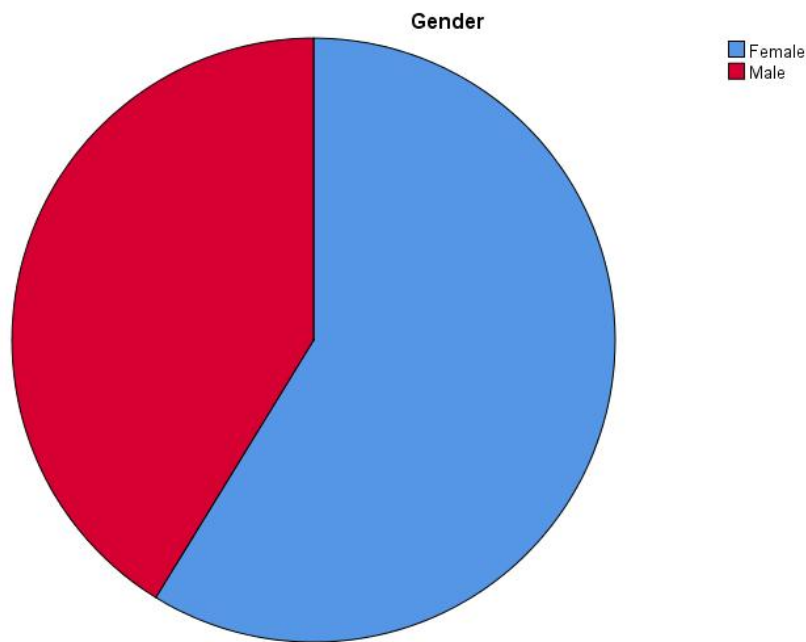


Figure 4.1.1: Gender
Source: *Field Survey 2022*

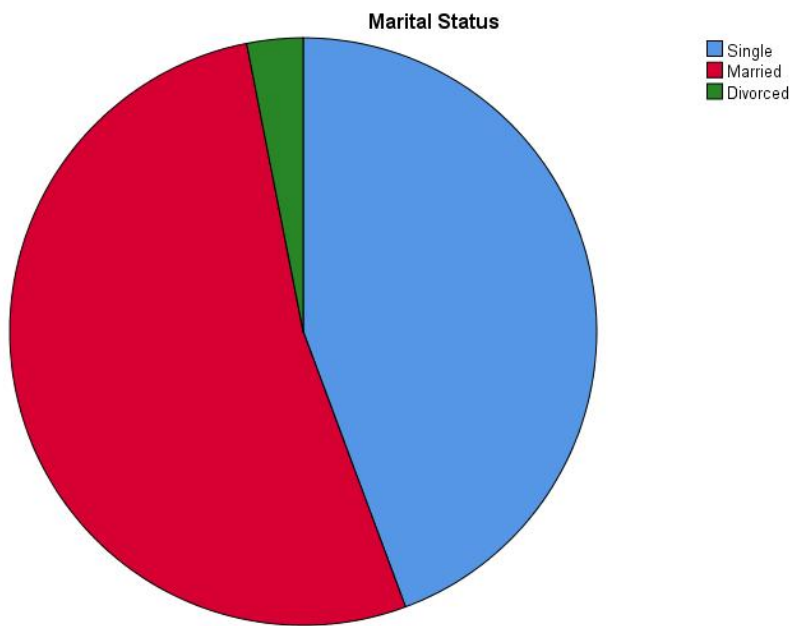


Figure 4.1.2 Marital Status

Source: *Field Survey 2022*

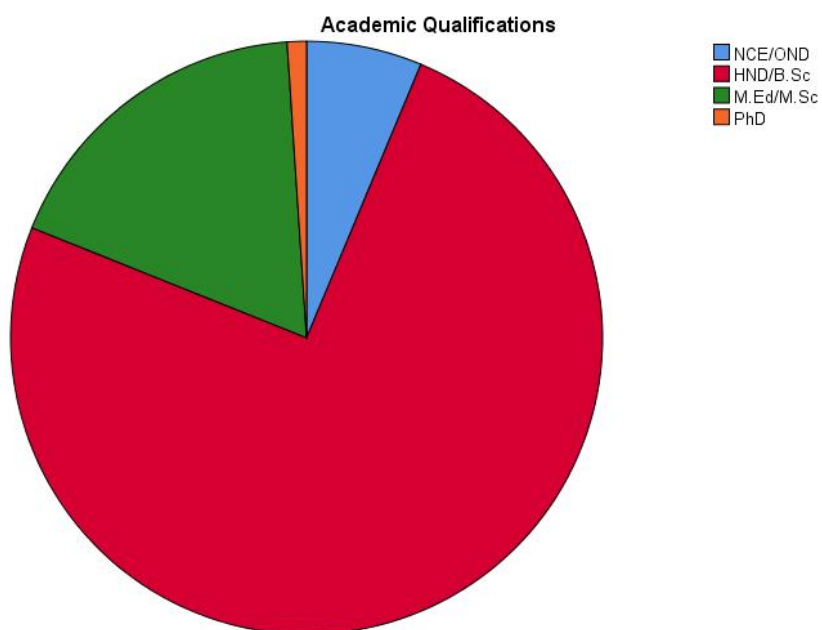


Figure 4.1.3: Academic Qualification

Source: *Field Survey 2022*

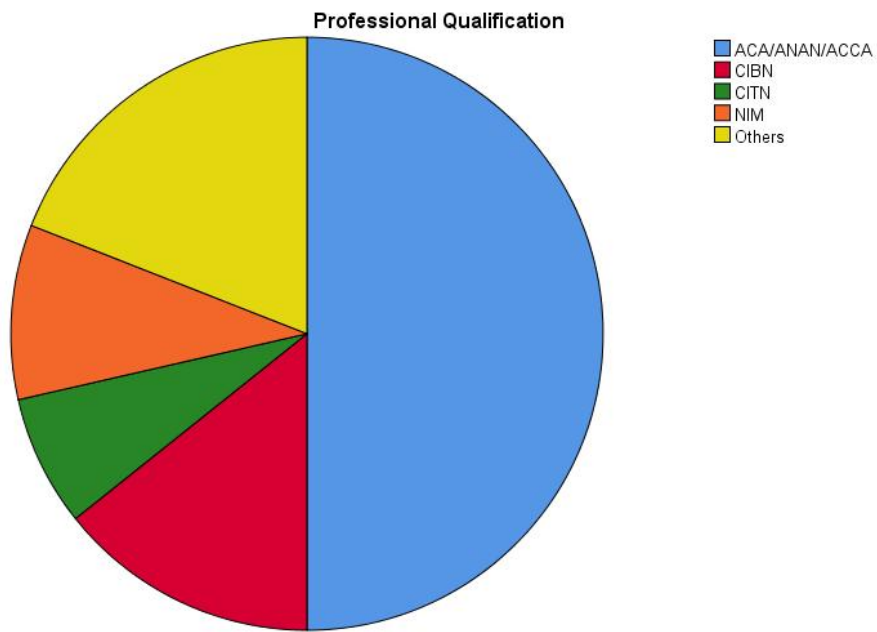


Figure 4.1.4: Professional Qualification

Source: *Field Survey 2022*

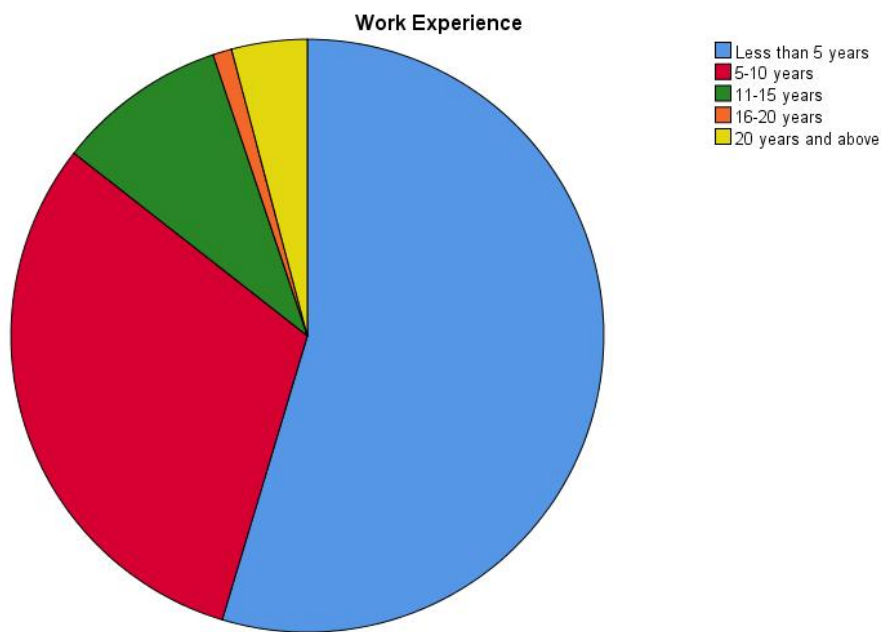


Figure 4.1.5: Work Experience

Source: *Field Survey 2022*

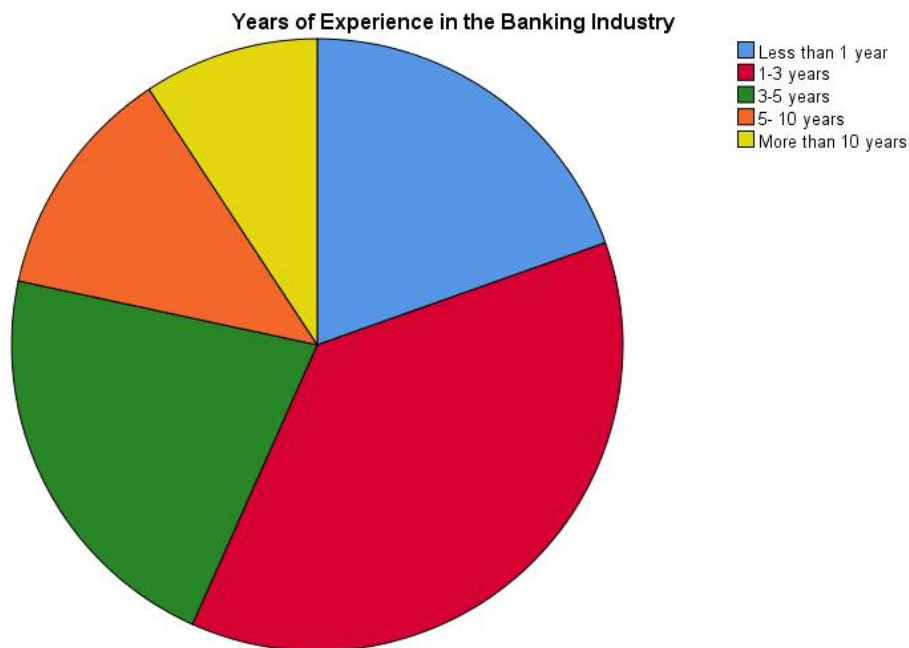


Figure 4.1.6: Years of Experience in the Banking Industry

Source: *Field Survey 2022*

4.2 Descriptive Analysis

The study collected data on the five components of internal controls namely; control environment, risk assessment, control activities, information and communication and monitoring activities as well as organizational performance measures which include financial and non-financial performance of deposit money banks in Nigeria. The frequency distribution of the respondents per question expressed in percentages are depicted in the tables below.

Table 4.1.2 Control Environment: Frequency Distribution of Respondents

S/N	Questions	Percentage of Respondents				
		VL E	LE	SE	M E	NA A
1	The board of directors and management's commitment to integrity and ethical behaviour communicated effectively throughout the organization, both in words and deeds.	52.6	35.8	8.4	0	3.2
2	The organization have a process to evaluate the performance of individuals and teams against its standards of conduct.	37.5	49.0	7.3	5.2	1.0
3	The organization periodically analyze issues to identify trends and root causes to evaluate whether modification of policies, communication, training or controls are necessary.	29.2	45.8	24.0	1.0	0
4	Audit committee have adequate resources and authority to discharge its responsibilities.	39.4	40.4	16.0	3.2	1.1
5	The organizational structure appropriate for the size, operating activities and locations of the organization to enable management to carry out their oversight responsibilities	32.3	40.6	19.8	5.2	2.1
6	Reporting lines evaluated periodically, and do they enable the execution of authorities and responsibilities and the flow of information to manage the entity's activities	31.6	41.1	22.1	4.2	1.1
7	There is a mechanism in place to regularly educate and communicate, to management and employees, the importance of internal controls, and to raise their level of understanding of internal control.	31.6	47.4	17.9	1.1	2.1
8	There adequate policies and procedures for authorization and approval of transactions by the appropriate level?	38.5	37.5	18.8	5.2	0
9	There are standards and procedures for hiring, training, motivating, evaluating, promoting, compensating, transferring and terminating the employment of personnel that are applicable to all functional areas	24.0	59.4	10.4	5.2	1.0
10	Management demonstrate a commitment to provide sufficient accounting and financial personnel to keep pace with the growth and/or complexity of the business	38.5	37.5	19.8	1.0	3.1

Source: *Field Survey 2022*

Table 4.2 shows the description of respondents opinion with regards to control environment. It was observed that majority of the respondents (52.6%) agree to a very large extent that the board of directors and management's commitment to integrity and ethical behaviour communicated effectively throughout the organization, both in words and deeds while only 3.2% are in opposition. 49% of the respondents agree to a large extent that the organization have a process to evaluate the performance of

individuals and teams against its standards of conduct. This is followed by those that agreed to a very large extent (37.5%) while those that not at all are only 1%. With regard to the organization periodically analyzing issues to identify trends and root causes to evaluate whether modification of policies, communication, training or controls are necessary, majority of the responded agreed to a large extent (45.8%), although none is of the opinion of not at all, the least are those who agree with the question to a minor extent (1%). As for the question, audit committee have adequate resources and authority to discharge its responsibilities, 40.4% of the respondents who are the majority agree with the question to a large extent closely followed by those that agreed to a very large extent (39.4%), the least are those who do not agree at all.

The question stating that the organizational structure appropriate for the size, operating activities and locations of the organization to enable management to carry out their oversight responsibilities, and the question stating that reporting lines evaluated periodically, and do they enable the execution of authorities and responsibilities and the flow of information to manage the entity's activities as well as the question stating that there is a mechanism in place to regularly educate and communicate, to management and employees, the importance of internal controls, and to raise their level of understanding of internal control revealed similar responses where the majority of the responses shows agreement to a large extent (40.6%, 41.1% and 47.4% respectively), they also showed that 32.3%, 31.6%, 31.6% respectively agreed to a very large extent whereas the least responses are those who do not agree at all (2.1%, 1.1% and 1.1% respectively).

In the same way, the question stating that there adequate policies and procedures for authorization and approval of transactions by the appropriate level shows similar response with the question on management demonstrate a commitment to provide

sufficient accounting and financial personnel to keep pace with the growth and/or complexity of the business. Here the majority of the respondents for the two questions agreed to a very large extent (both 38.5%) which is closely followed by those who agree with the question to a large extent (both 37.5%). More than half of the respondents agreed to a large extent (59.4%) that there are standards and procedures for hiring, training, motivating, evaluating, promoting, compensating, transferring and terminating the employment of personnel that are applicable to all functional areas while only 1% do not agree at all.

Since for each of the questions under the control environment, the majority of the respondent either agree to a large extent or very large extent, it can be concluded that each of the questions contributes to the improvement of control environment of deposit money banks in Nigeria.

Table 4.1.3 Risk Assessment: Frequency Distribution of Respondents

S/N	Questions	Percentage of Respondents				
		VL E	LE	SE	M E	NA A
1	The organization periodically review and update its understanding of the requirements of the applicable financial reporting framework.	44.8	44.8	7.3	2.1	1.0
2	Management establishes a materiality threshold for the purpose of identifying significant accounts and disclosures.	32.3	54.2	9.4	2.1	2.1
3	The organization have a process to evaluate the range of its activities to assess whether all material activities are appropriately reflected in the financial statements	30.5	41.1	26.3	2.1	0
4	The organization identify risks to the achievement of financial reporting objectives at all levels of the entity.	31.3	46.9	15.6	5.2	1.0
5	The risk identification is comprehensive and it include all significant interactions internal to the bank and between the bank and its relevant business partners and outsourced service providers	26.3	49.5	21.1	1.1	2.1
6	Risk assessment is revisited on an appropriate interval	25.3	45.3	25.3	3.2	1.1
7	The organization perform a risk assessment to consider risk related to fraudulent financial reporting, management override, potential loss of assets and corruption	39.6	32.3	24.0	3.1	1.0
8	There are measures in place to identify and react to risks that occur to due changes in regulations, politics or economic by	30.2	51.0	13.5	3.1	2.1

the bank.

9	Audit personnel or other internal control experts are involved in control related activities or decision making in fight against fraud.	51. 6	38.9	7.4	2.1	0
10	There are processes in place to inform appropriate levels of management about changes with possible significant effects on the entity.	34. 7	55.8	4.2	4.2	1.1

Source: Field Survey 2022

Table 4.3 shows the frequency distribution of respondents with regards to risk assessment. From the report of the responses, it was observed that equal percentage of the respondents (44.8%) agreed to a very large extent and to a large extent that the organization periodically review and update its understanding of the requirements of the applicable financial reporting framework, whereas only 1% do not agree at all.

As for the question, management establishes a materiality threshold for the purpose of identifying significant accounts and disclosures, more than half of the respondent (54.2%) believed to a large extent followed by those that agreed to a very large extent (32.3%) while the least are those that agreed to a minor extent and those that do not agree at all (both 2.1%). Also, 41.1% of the respondent agreed that the organization have a process to evaluate the range of its activities to assess whether all material activities are appropriately reflected in the financial statements, whereas those that agreed to a minor extent are the least (2.1).

Furthermore, 46.9%, 49.5%, and 45.3% of the respondent agreed to a large extent that the organization identify risks to the achievement of financial reporting objectives at all levels of the entity, that the risk identification is comprehensive and it include all significant interactions internal to the bank and between the bank and its relevant business partners and outsourced service providers and that risk assessment is revisited on an appropriate interval respectively. This is closely followed by those that

agreed to a very large extent (31.3%, 26.3% and 25.3% respectively), whereas those that do not agree at all are the least of the respondents.

Most of the respondents also agree to a very large extent that the organization perform a risk assessment to consider risk related to fraudulent financial reporting, management override, potential loss of assets and corruption and that audit personnel or other internal control experts are involved in control related activities or decision making in fight against fraud (39.6% and 51.6% respectively) while the least were those that do not agree at all (1% and 0% respectively).

Majority of the respondents agreed to a large extent that there are measures in place to identify and react to risks that occur to due changes in regulations, politics or economic by the bank and that there are processes in place to inform appropriate levels of management about changes with possible significant effects on the entity (51% and 55.8% respectively), while the least of the respondents are those that do not agree at all (2.1% and 1.1% respectively).

From the report, it could be seen that majority of the respondents agreed to each of the questions to a very large extent and to a large extent, this implies that each of the questions contribute to the improvement of risk assessment in the deposit money banks in Nigeria.

Table 4.1.4 Control Activities: Frequency Distribution of Respondents

S/N	Questions	Percentage of Respondents				
		VL E	LE	SE	ME	NA A
1	The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.	38.5	44.8	12.5	1.0	3.1
2	The organization selects and develops general control activities over technology to support the achievement of objectives.	30.2	55.2	10.4	3.1	1.0

3	The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.	32.6	53.7	10.5	2.1	1.1
4	Appropriate personnel involved in the process of designing and implementing controls to respond to the identified risks.	31.6	46.3	18.9	2.1	1.1
5	The controls identified address the completeness, accuracy and validity of transactions processed.	34.7	48.4	11.6	4.2	1.1
6	Controls exist at various levels within the organization from transaction level controls to entity-level management review controls.	37.6	40.9	18.3	3.2	0
7	There are processes in place to select, develop, operate and maintain the organization's technology.	26.0	52.1	15.6	6.3	0
8	Accounting and closing practices that are followed consistently at interim dates.	35.4	40.6	19.8	4.2	0
9	Management review key performance indicators (e.g., budget, profit, financial goals operating goals) regularly (e.g., monthly, quarterly) and identify significant variances.	42.7	37.5	15.6	3.1	1.0
10	The organization review its policies and procedures periodically to determine whether they continue to be appropriate for the organization's activities and refresh them when needed.	38.5	43.8	13.5	2.1	2.1

Source: *Field Survey 2022*

Table 4.4 shows the frequency distribution of the respondents with respect to control activities in deposit money banks in Nigeria. It was observed that more than half of the respondent agreed that the organization selects and develops general control activities over technology to support the achievement of objectives, also that the organization deploys control activities through policies that establish what is expected and procedures that put policies into action and that, there are processes in place to select, develop, operate and maintain the organization's technology (55.2%, 53.7% and 52.1% respectively). For each of the three question, the least of the respondents are those that do not agree at all (1.1%, 1.1% and 0% respectively).

For the question on management review key performance indicators (e.g., budget, profit, financial goals operating goals) regularly (e.g., monthly, quarterly) and identify significant variances, 42.7% which is the majority agreed with the question to a very large extent, while 37.5% agreed to a large extent, only 1% do not agree all.

Meanwhile for the remainder of the questions on control activities which are; the organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels, appropriate personnel involved in the process of designing and implementing controls to respond to the identified risks, the controls identified address the completeness, accuracy and validity of transactions processed, controls exist at various levels within the organization from transaction level controls to entity-level management review controls accounting and closing practices that are followed consistently at interim dates and the organization review its policies and procedures periodically to determine whether they continue to be appropriate for the organization's activities and refresh them when needed, majority of the respondents agreed to a large extent for each of the questions (44.8%, 46.3%, 48.4%, 40.9%, 40.6% and 43.8% respectively) whereas, for each of them, the least respondents are those that do not agree at all.

As a result of the population of the respondent that agreed to a large extent and those that agreed to a very large extent, the implication is that each of the questions contribute to the improvement of control activities in deposit money banks in Nigeria.

Table 4.1.5 Information and Communication: Frequency Distribution of Respondents

S/N	Questions	Percentage of Respondents				
		VL E	LE	SE	M E	NA A
1	The organization has established information requirements to support the effective operation of internal control.	42.7	50.0	6.3	1.0	0
2	The organization's information systems generate information that is of sufficient quality to support the effective operation of controls.	37.5	51.0	8.3	3.1	0
3	Organization periodically review the quality of information to assess its reliability and timeliness.	41.7	41.7	15.6	1.0	0
4	The organization implemented policies and procedures that facilitate effective internal communication, including individual internal control authorities and responsibilities and standards of conduct across the organization.	37.5	44.8	15.6	1.0	1.0

5	Internal audit have a direct line of communication to the audit committee.	34.7	44.2	18.9	2.1	0
6	There are periodic evaluation of the effectiveness of communications to ensure the methods are working.	34.0	46.8	13.8	4.3	1.1
7	The organization's messaging reinforce to all employees their roles in ensuring that internal control responsibilities are taken seriously.	27.1	51.0	19.8	2.1	0
8	The organization have a process in place to approve formal external communications prior to their release.	30.5	44.2	18.9	5.3	1.1
9	There is a process for tracking communications from customers, vendors, regulators, and other external parties and sharing it internally.	30.2	52.1	13.5	3.1	1.0
10	Information from external parties about the organization's activities that relates to matters of internal control are evaluated by management and, where appropriate, communicated to the board of directors or the audit committee	46.3	42.1	10.5	0	1.1

Source: Field Survey 2022

Table 4.5 shows the frequency distribution of the respondents with respect to information and communication in the deposit money banks in Nigeria. More than half of the respondents agreed to a large extent on four of the questions, the organization has established information requirements to support the effective operation of internal control (50%), the organization's information systems generate information that is of sufficient quality to support the effective operation of controls (51%), the organization's messaging reinforce to all employees their roles in ensuring that internal control responsibilities are taken seriously (51%) and there is a process for tracking communications from customers, vendors, regulators, and other external parties and sharing it internally (52.1%). This was followed by those that agreed to a very large extent (42.7%, 37.5%, 27.1% and 30.2% respectively). Those that do not agree at all are the least respondent with 0%, 0%, 0% and 1% respectively.

46.3% which is the majority agreed to a very large extent that information from external parties about the organization's activities that relates to matters of internal control are evaluated by management and, where appropriate, communicated to the board of directors or the audit committee, this was closely followed by those that

agreed to a large extent (42.1%) whereas, the least are those who agree to a minor extent (0%).

The response of the participants to the rest of the five questions which are (Organization periodically review the quality of information to assess its reliability and timeliness, The organization implemented policies and procedures that facilitate effective internal communication, including individual internal control authorities and responsibilities and standards of conduct across the organization, Internal audit have a direct line of communication to the audit committee, There are periodic evaluation of the effectiveness of communications to ensure the methods are working and The organization have a process in place to approve formal external communications prior to their release. The majority of the respondents agree to a large extent to each of the questions (41.7%, 44.8%, 44.2%, 46.8% and 44.2%). while those that do not agree at all have the least frequency.

With the majority of the respondents agreement to a large extent, this means that each of the questions contribute to the enhancement of information and communication in the deposit money bank in Nigeria.

Table 4.1.6 Monitoring Activities: Frequency Distribution of Respondents

S/N	Questions	Percentage of Respondents				
		VLE	LE	SE	M E	NA A
1	Management have suitable monitoring processes in place to assess whether controls across the entire control framework are present and functioning as intended.	36.8	58.9	4.2	0	0
2	The results of monitoring activities considered over time to determine the basis for future monitoring activities.	33.7	42.1	23.2	1.1	0
3	The organization's monitoring activities provide for the establishment of the understanding of the design and current state of the internal control system.	18.9	54.7	24.2	2.1	0
4	The results of monitoring activities are considered over time to determine the basis for future monitoring activities.	38.3	36.2	23.4	1.1	1.1
5	The scope of internal audit activities appropriate given the nature, size and structure of the organization.	29.5	45.3	21.1	4.2	0

6	There a process in place to accumulate and evaluate matters identified by the organization's monitoring activities.	25.0	51.1	19.6	2.2	2.2
7	Management take adequate and timely actions to correct deficiencies reported by the internal audit function and by other monitoring activities.	29.5	48.4	20.0	2.1	0
8	Management respond timely and appropriately to the findings and recommendations of the independent auditors regarding internal control and policies and procedures of the organization.	32.6	47.4	16.8	2.1	1.1
9	There is a process in place to track unremediated control deficiencies and a protocol to escalate them to higher levels of management if necessary.	32.6	44.2	21.1	2.1	0

Source: Field Survey 2022

The table 4.6 shows the frequency distribution of respondents with regards to monitoring activities. It revealed that majority of the respondents, more than half (58.9%, 54.7% and 51.1%) agreed to a large extent that management have suitable monitoring processes in place to assess whether controls across the entire control framework are present and functioning as intended, that the organization's monitoring activities provide for the establishment of the understanding of the design and current state of the internal control system and that there a process in place to accumulate and evaluate matters identified by the organization's monitoring activities. While the least of the respondents are those that do not agree at all to any of the questions (0% 0% and 2.2%).

For the rest of the questions which are, The results of monitoring activities considered over time to determine the basis for future monitoring activities, The scope of internal audit activities appropriate given the nature, size and structure of the organization, Management take adequate and timely actions to correct deficiencies reported by the internal audit function and by other monitoring activities, Management respond timely and appropriately to the findings and recommendations of the independent auditors regarding internal control and policies and procedures of the organization and There is a process in place to track unremediated control deficiencies and a protocol

to escalate them to higher levels of management if necessary. most of the respondents agree to a large extent (42.1%, 45.3%, 48.4%,47.4% and 44.2% respectively) with the exception of the question on The results of monitoring activities are considered over time to determine the basis for future monitoring activities, where most of the respondents agreed to a very large extent (38.6%). however, for each of the questions, the category of the respondents with the least frequency are those who do not agree at all, given as 0%, 0%, 1.1%, 0%, 1.1% and 2.2%.

Since it is clear that majority of the respondents agreed with each of the questions to a large extent, it implies that each of the questions contribute to influencing monitoring activities in the deposit money banks in Nigeria.

Table 4.1.7 Performance: Frequency Distribution of Respondents

S/N	Questions	Percentage of Respondents				
		VLE	LE	SE	ME	NA
Financial						
1	Profitability grows consistently yearly.	31.6	48.1	17.9	2.1	0
2	Turnover grows consistently increase yearly.	27.4	44.0	25.3	3.2	0
3	Maintenance of a strong cash flow.	27.7	48.0	20.2	3.2	0
4	Increasing return on capital.	27.4	40.0	29.5	3.2	0
5	Dividend is constantly being paid	30.9	46.8	17.0	3.2	2.1
Non-Financial						
1	Pursues customer relationships and involvement that goes beyond sales transactions.	40.0	35.8	21.1	2.1	0
2	Investment in technology to maximize efficiency and to further enhance quality of the service provided.	27.4	44.2	26.3	1.1	1.1
3	Introduction of new products and innovation of products that meet the needs of consumers	29.8	42.6	24.5	2.1	1.1
4	Increase in bank's customer base yearly.	29.5	46.3	23.2	0	1.1
5	High employee training, motivation, retention, diversity, development	22.1	48.4	25.3	3.2	1.1
6	Expansion of bank in market size and coverage	32.6	40.0	24.2	3.2	0

Source: Field Survey 2022

The table 4.7 shows the frequency distribution of the respondents with regards to the performance of deposit money banks in Nigeria which is divided into financial and non-financial performance. For the financial performance, most of the respondents

agreed to each of the questions (Profitability grows consistently yearly, turnover grows consistently increase yearly, maintenance of a strong cash flow, increasing return on capital and dividend is constantly being paid)to a large extent each with 48.1%, 44%, 48%, 40%, and 46.8% respectively. None of the respondents disagree with all of the questions under the financial performance, with the exception of the question -dividend is constantly being paid, where only 2.1% of the respondents do not agree at all.

The non financial performance shows similar results where all of most of the respondents agreed with all of the questions (Investment in technology to maximize efficiency and to further enhance quality of the service provided, introduction of new products and innovation of products that meet the needs of consumers, increase in bank's customer base yearly, high employee training, motivation, retention, diversity, development, expansion of bank in market size and coverage) to large extent with 44.2%, 42.6%, 46.3%, 48.4% and 40% with the exception of the question-pursues customer relationships and involvement that goes beyond sales transactions where most of the respondents agreed to a very large extent (40%). The least category of the respondent are those who do not agree at all with 0%, 1.1%, 1.1%, 1.1% ad 0% respectively for each of the questions respectively.

Since the majority agreed to a large extent, this means that each of the questions, for both financial and non financial performance contribute to the improvement of the performance of deposit money banks in Nigeria.

4.3 Presentation of Data

In order to achieve the objective of this study, exploratory factor analysis was carried out. Exploratory factor analysis is a statistical technique used to condense the

information contained in a large number of variables into a number of information pockets. Its statistical purpose is to determine the combination of variables that will help summarize the data and identify underlying relationships. It also collectively analyse all variables under investigation to identify underlying factors. This was carried out via principal component analysis which is a variable reduction technique with the aim of reducing a larger set of variables into a smaller set of 'artificial' variables, called 'principal components', which account for most of the variance in the original variables¹. However, this method is subject to some assumptions, as a result, the following pre-test was carried out on the whole questionnaire.

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4.3.1 Correlation

The correlation matrix result produced a huge correlation table, which was recorded in the appendix. Factor analysis checks for relationships between the data, and it is expected that there should be at least some moderate-to-high correlations in the data (for instance correlations above the value of $r=0.3$). As seen in the result of the correlation matrix for risk assessment, control monitoring, control activities, performance and other factors that affect the performance of deposit money banks in Nigeria, there are several moderate correlations which suggest that the analysis is appropriate. However, in order to avoid multicollinearity in factor analysis, any variable with a very high correlation of $r>0.9$ should be removed. In this case, there are no variables with $r>0.9$ which indicate the absence of multicollinearity.

4.3.2 Kaiser-Meyer-Olkin (KMO) and Bartlett's Test

Table 4.2.1 The Kaiser-Meyer-Olkin (KMO) and Bartlett's Test

Variables	KMO Test	Bartlett's Test	
		Approx. Chi-Square	Sig
Risk Assessment	0.805	278.472	0.000
Monitoring Activities	0.807	278.744	0.000
Control Activities	0.839	285.116	0.000
Performance	0.828	444.643	0.000
Financial Performance	0.730	194.889	0.000
Non Financial Performance	0.785	155.658	0.000

Source: Author's Computation using SPSS 26, (2022)

The table 4.2.1 presents the result of the Kaiser-Meyer-Olkin (KMO) which measures sampling adequacy for the overall data set and the Bartlett's test. The KMO test was conducted to examine the strength of the partial correlation (how the factors explain each other) between the variables. The KMO values that is considered ideal and acceptable ranges from 0.5 to 1.0, while values less than 0.5 are unacceptable. For the purpose of this study, ten (10) questions relating to risk assessment, nine (9) questions

relating to monitoring activities, ten (10) questions relating to control activities, eleven (11) questions relating to performance of deposit money banks in Nigeria, five (5) questions relating to financial performance and six (6) questions relating to non financial performance.

The result of Kaiser-Meyer-Olkin measure of sampling adequacy was 0.805 for risk assessment, 0.807 for monitoring assessment, 0.839 for control activities, 0.828 for organizational performance, 0.730 for financial performance and 0.785 for non financial performance which are all above the commonly recommended value of 0.5 for all variables. The implication of this is that there exist a strong partial correlation among the variables.

The Bartlett's test of Sphericity was used to test whether the correlation matrix is the same as the identity matrix. The purpose of this is to make sure that the correlation matrix of the variables in the data set diverges significantly from the identity matrix, so that we know a data reduction technique is suitable to use. A significant statistical test is expected to be below 0.05 to show that correlation matrix is indeed not an identity matrix which means rejection of the null hypothesis. The Bartlett's Test of Sphericity in this study is less than 0.01 for all variables of interest. With the results meeting the assumptions of the principal components analysis (PCA) test, this means that PCA test can therefore be carried out.

4.3.3 Extracted Factors and Percentage of Variance

Table 4.2.2 Total Variance Explained for Risk Assessment

Component	Total Variance Explained								
	Initial Eigenvalues			Extraction Sums of Squared			Rotation Sums of Squared		
	Total	% of	Cumulative	Total	% of	Cumulative	Total	% of	Cumulative
	Variance		%	Variance		%	Variance		%
1	3.967	39.666	39.666	3.967	39.666	39.666	2.332	23.315	23.315
2	1.203	12.030	51.696	1.203	12.030	51.696	1.981	19.814	43.130
3	1.117	11.171	62.867	1.117	11.171	62.867	1.974	19.737	62.867
4	.866	8.661	71.528						
5	.717	7.172	78.700						
6	.569	5.690	84.390						
7	.465	4.648	89.038						
8	.413	4.126	93.164						
9	.367	3.669	96.833						
10	.317	3.167	100.000						

Extraction Method: Principal Component Analysis.

Source: Author's Computation using SPSS 26, (2022)

The table 4.2.2 revealed the total variance explained for questions on risk assessment. Using both the scree plot and eigenvalues > 1 to determine the underlying components, the analysis showed three extracted factors explaining a total of 62.87 per cent of the variance in the data. However, for the purpose of regression the factor with the highest load is more relevant in defining the variable's dimension will be considered, therefore, the factor 1 mostly explain variation in risk assessment. The factor 1 is labeled Risk Assessment (RA) as a result of the high percentage of variance. This first factor explained 23.32 per cent of the variance after rotation.

Table 4.2.3 Total Variance Explained for Control Activities

Component	Total Variance Explained								
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.155	41.553	41.553	4.155	41.553	41.553	2.988	29.878	29.878
2	1.068	10.678	52.231	1.068	10.678	52.231	2.235	22.354	52.231
3	.938	9.377	61.609						
4	.856	8.558	70.166						
5	.727	7.269	77.435						
6	.613	6.132	83.567						
7	.567	5.670	89.237						
8	.463	4.626	93.863						
9	.393	3.932	97.795						
10	.220	2.205	100.000						

Extraction Method: Principal Component Analysis.

Source: Author's Computation using SPSS 26, (2022)

The table 4.2.3 depict the total variance explained for questions on control activities. Both the scree plot and eigenvalues > 1 were used to determine the underlying components. The analysis showed two extracted factors explaining a total of 52.23 per cent of the variance in the data. However, for the purpose of regression the factor with the highest load is more relevant in defining the factor's dimension will be considered, therefore, the factor 1 mostly explain variation in control activities. The factor 1 is labeled control activities (CA) as a result of the high percentage of variance. This first factor explained 29.88 per cent of the variance after rotation.

Table 4.2.4 Total Variance Explained for Monitoring Activities

Component	Total Variance Explained					
	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.214	46.821	46.821	4.214	46.821	46.821
2	.952	10.578	57.399			
3	.806	8.958	66.357			
4	.788	8.757	75.114			
5	.598	6.648	81.762			
6	.508	5.644	87.405			
7	.434	4.819	92.224			

8	.422	4.694	96.919
9	.277	3.081	100.000

Extraction Method: Principal Component Analysis.

Source: Author's Computation using SPSS 26, (2022)

Table 4.2.4 shows the total variance explained for questions on monitoring activities.

The scree plot and eigenvalues > 1 were used to determine the underlying components.

The analysis reveal that only one factor was extracted explaining 46.82 per cent of the variation in monitoring activities. This factor is labeled monitoring activities (MA) being the only factor that explains variation in monitoring activities.

Table 4.2.5 Total Variance Explained for Organizational Performance

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.702	42.744	42.744	4.70	42.744	42.744	3.11	28.272	28.272
2	1.525	13.867	56.611	1.52	13.867	56.611	2.61	23.734	52.006
3	1.124	10.222	66.833	1.12	10.222	66.833	1.63	14.827	66.833
4	.928	8.435	75.268						
5	.700	6.362	81.630						
6	.490	4.452	86.081						
7	.380	3.455	89.536						
8	.355	3.224	92.760						
9	.325	2.957	95.716						
10	.251	2.285	98.002						
11	.220	1.998	100.000						

Extraction Method: Principal Component Analysis.

Source: Author's Computation using SPSS 26, (2022)

The total variance explained for questions on organizational performance was shown in the table 4.2.5. The scree plot and eigenvalues > 1 were used to determine the underlying factor components. The result of the factor analysis showed three factors were extracted which explained a total of 66.83 per cent of the variance in the organizational performance. However, for the purpose of further analysis, the factor with the highest load is more relevant in defining the variable's dimension will be

considered. Therefore, the factor 1 mostly explain variation in control activities. The factor 1 is labeled Performance of deposit money banks (PERF) as a result of the high percentage of variance. This first factor explained 28.27 per cent of the variance after rotation.

Table 4.2.6 Total Variance Explained for Financial Performance

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of	Cumulative	Total	% of	Cumulative
		Variance	%		Variance	%
1	3.002	60.039	60.039	3.002	60.039	60.039
2	.857	17.145	77.184			
3	.586	11.720	88.904			
4	.320	6.397	95.301			
5	.235	4.699	100.000			

Extraction Method: Principal Component Analysis.

Source: Author's Computation using SPSS 26, (2022)

Table 4.2.6 shows the total variance explained for questions on financial performance. Using the scree plot and eigenvalues > 1 to determine the underlying factor components. The factor analysis reveal that only one factor was extracted which explained 60.04 per cent of the variation in financial performance. This extracted factor is labeled financial performance (FP) being the only factor that explains variation in monitoring activities.

Table 4.2.7 Total Variance Explained for Non Financial Performance

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of	Cumulati	Total	% of	Cumulati	Total	% of	Cumulati
		Variance	ve %		Total	Variance		ve %	Total
1	2.864	47.734	47.734	2.864	47.734	47.734	2.804	46.735	46.735
2	1.004	16.729	64.463	1.004	16.729	64.463	1.064	17.728	64.463
3	.878	14.630	79.093						
4	.497	8.280	87.374						
5	.418	6.971	94.344						
6	.339	5.656	100.000						

Extraction Method: Principal Component Analysis.

Source: Author's Computation using SPSS 26, (2022)

The total variance explained for questions on non financial performance was depicted in table 4.2.7. Using both the scree plot and eigenvalues > 1 were used to determine the underlying factor components. The analysis showed two extracted factors explaining a total of 64.46 per cent of the variation in non financial performance. The factor with the highest load is more relevant in defining the variable's dimension will be considered for further analysis. Therefore, the factor 1 mostly explain variation in non financial performance. The factor 1 is labeled non financial performance (NFP) as a result of the high percentage of variance. This first factor explained 46.74 per cent of the variance after rotation.

4.4 Hypothesis Testing

The pre-set level of significance for this study is 0.05. The hypotheses presumed that there was no significant influence between the variables under consideration. Therefore, if the P-value which indicates the significance or the probability value exceeded the pre-set level of significance ($P > 0.05$), the hypothesis stated in the null form was accepted, however, if the P-value was less than or equal to 0.05 ($P \leq 0.05$), the null hypothesis was rejected.

A multiple regression was run to determine the impact of internal control variables (risk assessment, control activities and monitoring activities) and other factors affecting performance on organizational performance of deposit money banks in Nigeria. Further analysis were carried out by dividing organizational performance into financial performance and non financial performance such that the impact of internal control variables on financial and non financial performance of deposit money banks in Nigeria.

4.3.1 Hypothesis One

H₀₁: Risk assessment has no significant impact on the performance of DMBs in Nigeria.

The hypothesis tests if there is a significant relationship between risk assessment and performance of deposit money banks in Nigeria. The dependent variable Performance of DMBs was regressed on predicting variable risk assessment (RA) to test hypothesis H₁.

Table 4.3.1a Model summary of test of impact of risk assessment on performance of DMBs in Nigeria

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.390 ^a	.152	.143	.92251646

a. Predictors: (Constant), Risk Assessment

Table 4.3.1b ANOVA of test of impact of risk assessment on performance of DMBs in Nigeria

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13.748	1	13.748	16.154	.000 ^b
	Residual	76.593	90	.851		
	Total	90.341	91			

a. Dependent Variable: Performance of Deposit Money Banks

b. Predictors: (Constant), Risk Assessment

Table 4.3.1c Test of impact of risk assessment on performance of DMBs in Nigeria

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.018	.096		-.191	.849		
	Risk Assessment	.390	.097	.390	4.019	.000	1.000	1.000

a. Dependent Variable: Performance of Deposit Money Banks

Source: Author's Computation using SPSS 26, (2022)

The table 4.3.1a and table 4.3.1b shows the model summary and overall fit statistics.

It was found that the correlation coefficient shows a moderate positive and moderate significant association between risk assessment and performance of DMBs: ($r= 0.390$, $p < 0.01$). This suggest that an increase in risk assessment practice will lead to an

improvement in the performance of DMBs in Nigeria. The result also showed that risk assessment account for 15.2 percent ($R^2= 0.152$) of the variations in the performance of DMBs in Nigeria. The implication of this is that the internal control variables could be used to improve the performance of DMBs in Nigeria. The test for multicollinearity examined by the variance inflation factor (VIF) which is less than 3 ($VIF = 1$) which imply the absence of multicollinearity in the model. Table 4.3.1c indicate that risk assessment has a positive and significant impact on the performance of DMBs in Nigeria ($B= 0.390$, $t= 4.019$, $p < 0.01$).

Consequently, at a level of significance of 0.05, the t-statistics is 4.019 while the p-value of the t-statistics is 0.000 which is lower than 0.05 adopted level of significance. Hence the study rejected the null hypothesis which that state that there is no significant impact of risk assessment on the performance of DMBS in Nigeria.

The study further examined the impact of risk assessment on financial and non financial performance of DMBs in Nigeria. This is shown in the table 4.3.2 below.

Table 4.3.2 Summary of test of impact of risk assessment on financial and non financial performance of DMBs in Nigeria

Response Variables	r	R ²	P-value	B	t-stat	P-value	VIF
Financial Performance	0.367	0.134	0.000	0.365	3.737	0.000	1
Non Financial Performance	0.178	0.032	0.088	0.175	1.726	0.088	1

Source: Author's Computation using SPSS 26, (2022)

The table 4.3.2 shows the summary of the analysis of impact of risk assessment on financial and non financial performance of DMBs in Nigeria. It could be observed from the result that risk assessment explains more variation in financial performance ($R^2= 0.134$) compared to non financial performance ($R^2= 0.032$). The correlation coefficient shows that there exist a moderate positive and significant relationship between risk assessment and financial performance ($r= 0.367$, $p<0.01$). Although

there's also a weak positive relationship between risk assessment and non financial performance as shown by the correlation coefficient, it is not significant at 5 percent but at 10 percent ($r=0.178$, $p < 0.1$). The variance inflation factor also shows the absence of multicollinearity in both models ($VIF < 3$). The result further shows that there exist a positive and significant relationship between risk assessment and financial performance of DMBs in Nigeria ($B= 0.365$, $t= 3.737$, $p<0.01$), whereas, there exist a positive relationship between risk assessment and non financial performance, however, it is not significant at 5 percent but significant at 10 percent ($B= 0.175$, $t= 1.726$, $p<0.10$).

This provides further evidence supporting rejection of the null hypothesis as a result of the existence of a positive and significant impact of risk assessment on the performance of DMBs in Nigeria.

4.3.2 Hypothesis Two

H_{02} : There is no significant relationship between monitoring activities and the performance of DMBs in Nigeria.

The hypothesis tests if there is a significant relationship between monitoring activities and performance of deposit money banks in Nigeria. The dependent variable Performance of DMBs was regressed on predicting variable- monitoring activities (MA) to test hypothesis H_2 .

Table 4.3.3a Model summary of test of impact of monitoring activities on performance of DMBs in Nigeria

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.403 ^a	.162	.153	.91983730

a. Predictors: (Constant), Monitoring Activities

Table 4.3.3b ANOVA of test of impact of monitoring activities on performance of DMBs in Nigeria

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.283	1	14.283	16.880	.000 ^b
	Residual	73.611	87	.846		
	Total	87.893	88			

a. Dependent Variable: Performance of Deposit Money Banks

b. Predictors: (Constant), Monitoring Activities

Table 4.3.3c Test of impact of monitoring activities on performance of DMBs in Nigeria

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.001	.098		-.011	.991		
	Monitoring Activities	.415	.101	.403	4.109	.000	1.000	1.000

a. Dependent Variable: Performance of Deposit Money Banks

Source: Author's Computation using SPSS 26, (2022)

The table 4.3.3a and table 4.3.3b shows the model summary and overall fit statistics for the test of monitoring activities impact on the performance of deposit money banks in Nigeria. It was found that the correlation coefficient shows a strong positive and significant association between monitoring activities and performance of DMBs: ($r = 0.403$, $p < 0.01$). This suggest that an increase in monitoring activities practice will lead to an improvement in the performance of DMBs in Nigeria. The result also showed that monitoring activities account for 16.2 percent ($R^2 = 0.162$) of the variations in the performance of DMBs in Nigeria. The implication of this is that the internal control variable could be used to improve the performance of DMBs in Nigeria. The test for multicollinearity examined by the variance inflation factor (VIF) which is less than 3 ($VIF = 1$) which imply the absence of multicollinearity in the model. Table 4.3.3c indicate that monitoring activities has a positive and significant impact on the performance of DMBs in Nigeria ($B = 0.415$, $t = 4.019$, $p < 0.01$).

Consequently, at a level of significance of 0.05, the t-statistics is 4.019 while the p-value of the t-statistics is 0.000 which is lower than 0.05 adopted level of significance. Hence the study rejected the null hypothesis which that state that there is no significant impact of monitoring activities on the performance of DMBs in Nigeria.

The study further examined the impact of monitoring activities on financial and non financial performance of DMBs in Nigeria. This is shown in the table 4.3.4 below.

Table 4.3.4 Summary of test of impact of monitoring activities on financial and non financial performance of DMBs in Nigeria

Response Variables	r	R ²	P-value	B	t-stat	P-value	VIF
Financial Performance	0.494	0.244	0.000	0.51	5.298	0.000	1
Non Financial Performance	0.635	0.403	0.000	0.64	7.907	0.000	1

Source: Author's Computation using SPSS 26, (2022)

The table 4.3.4 shows the summary of the analysis of impact of monitoring activities on financial and non financial performance of DMBs in Nigeria. It could be observed from the result that monitoring activities explains more variation in non financial performance (R²= 0.403) compared to financial performance (R²= 0.244). The correlation coefficient shows that there exist a strong positive and significant relationship between monitoring activities and financial performance (r= 0.494, p<0.01). Similarly, there exist a strong positive and significant relationship between monitoring activities and non financial performance as shown by the correlation coefficient (r=0.635, p < 0.01). The variance inflation factor also shows the absence of multicollinearity in both models (VIF <3). The result further shows that monitoring activities have a positive and significant impact on both financial (B= 0.513, t= 5.298, p<0.01) and non financial performance (B= 0.644, t= 7.907, p<0.01) of DMBs in Nigeria.

This provides further evidence supporting rejection of the null hypothesis as a result of the existence of a positive and significant impact of monitoring activities on the performance of DMBs in Nigeria.

4.3.3 Hypothesis Three

H₀₃: There is no significant impact of control activities on the performance of DMBs in Nigeria.

The hypothesis tests if there is a significant relationship between control activities and performance of deposit money banks in Nigeria. The dependent variable Performance of DMBs was regressed on predicting variable- control activities (CA) to test hypothesis H₃.

Table 4.3.5a Model summary of test of impact of control activities on performance of DMBs in Nigeria

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.284 ^a	.080	.070	.94703792

a. Predictors: (Constant), Control Activities

Table 4.3.5b ANOVA of test of impact of control activities on performance of DMBs in Nigeria

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.742	1	6.742	7.517	.007 ^b
	Residual	77.132	86	.897		
	Total	83.874	87			

a. Dependent Variable: Performance of Deposit Money Banks

b. Predictors: (Constant), Control Activities

Table 4.3.5c Test of impact of control activities on performance of DMBs in Nigeria

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF

1	(Constant)	.048	.101		.471	.639		
	Control Activities	.327	.119	.284	2.742	.007	1.000	1.000

a. Dependent Variable: Performance of Deposit Money Banks

Source: Author's Computation using SPSS 26, (2022)

The table 4.3.5a and table 4.3.5b shows the model summary and overall fit statistics for the test of control activities impact on the performance of deposit money banks in Nigeria. It was found that the correlation coefficient shows a weak positive and significant association between control activities and performance of DMBs: ($r=0.284$, $p < 0.01$). This suggest that an increase in control activities practice will lead to an improvement in the performance of DMBs in Nigeria. The result also showed that monitoring activities account for 8 percent ($R^2= 0.08$) of the variations in the performance of DMBs in Nigeria. The implication of this is that the internal control variable could be used to improve the performance of DMBs in Nigeria. The test for multicollinearity examined by the variance inflation factor (VIF) which is less than 3 ($VIF = 1$) which imply the absence of multicollinearity in the model. Table 4.3.5c indicate that control activities has a positive and significant impact on the performance of DMBs in Nigeria ($B= 0.327$, $t= 2.742$, $p < 0.01$).

Therefore, at a level of significance of 0.05, the t-statistics is 4.019 while the p-value of the t-statistics is 0.000 which is lower than 0.05 adopted level of significance. Hence the study rejected the null hypothesis which that state that there is no significant impact of control activities on the performance of DMBs in Nigeria.

The study further examined the impact of control activities on financial and non financial performance of DMBs in Nigeria. This is shown in the table 4.3.6 below.

Table 4.3.6 Summary of test of impact of risk assessment on financial and non financial performance of DMBs in Nigeria

Response Variables	r	R ²	P-value	B	t-stat	P-value	VIF
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Financial Performance	0.352	0.124	0.001	0.409	3.484	0.001	1
Non Financial Performance	0.344	0.119	0.001	0.363	3.423	0.001	1

Source: Author's Computation using SPSS 26, (2022)

The table 4.3.6 shows the summary of the analysis of impact of control activities on financial and non financial performance of DMBs in Nigeria. It could be observed from the result that control activities explains more variation in financial performance ($R^2= 0.124$) compared to non financial performance ($R^2= 0.119$). The correlation coefficient shows that there exist a moderate positive and significant relationship between control activities and financial performance ($r= 0.352$, $p<0.01$). Similarly, there exist a moderate positive and significant relationship between control activities and non financial performance as shown by the correlation coefficient ($r=0.344$, $p < 0.01$). There's also an absence of multicollinearity in both models as shown by the variance inflation factor ($VIF <3$). The result further shows that control activities have a positive and significant impact on both financial ($B= 0.409$, $t= 3.484$, $p<0.01$) and non financial performance ($B= 0.363$, $t= 3.423$, $p<0.01$) of DMBs in Nigeria.

This provides further evidence supporting rejection of the null hypothesis as a result of the existence of a positive and significant impact of control activities on the performance of DMBs in Nigeria.

4.4 Discussion of Findings

This study examined the impact of internal control on organizational performance of deposit money banks in Nigeria with the aim of investigating the impact of three of the components of internal control namely risk assessment, monitoring activities and control activities on organizational performance of selected banks in Nigeria.

The first objective was to investigate the impact of risk assessment on organizational performance of DMBs in Nigeria. The result of the analysis shows that risk

assessment account for 15.2 percent ($R^2= 0.152$) of the variations in organizational performance of DMBs in Nigeria. The findings of this study has also shown that risk assessment practice have a positive impact on the performance of deposit money banks in Nigeria ($B= 0.390$, $t= 4.019$, $p < 0.01$) which is in line with the a priori expectation. In addition, when organizational performance was divided into financial and non financial performance, it was found that risk assessment explains 13.4 percent ($R^2= 0.134$) and 3.2 percent ($R^2= 0.032$) of the variations in financial and non financial performance of DMBs respectively. Furthermore, risk assessment was found to have a significant positive relationship with financial ($B= 0.365$, $t= 3.737$, $p<0.01$) and non financial ($B= 0.175$, $t= 1.726$, $p<0.10$) performance of DMBs in Nigeria. The implication of this is that the more risk assessment practice employed by the DMBs, the better the performance such that for each increase in the risk assessment, there is 0.39 increase in performance DMBs in Nigeria. In the same way, an increase in the practice of risk assessment will increase financial performance by 1.365 and non financial performance by 0.175.

The findings of this study is in line with the result of some related studies. A study focusing on the association of risk management practices and bank financial performance in Nigeria using secondary data for a period of 4 years progressive annual reports and financial statements of 10 banks and adopting a panel data estimation technique. The study found a significant relationship between banks performance and risk management and therefore recommended that banks should practice prudent risks management in order to protect the interests of investors². Another study which investigated the impact of credit risk management on the performance of deposit money banks in Nigeria used five banks that had highest asset base. The researcher data set for the period 2000–2014 collated from the annual

reports and financial statement of the selected deposit money banks. It was discovered from the study that credit risk management had a positive and non-significant impact on total loans and advances, the ROA, ROE of the selected deposit money banks in Nigeria³.

Similarly, a study by some scholars examining the effect of risk management practices on Jordanian commercial banks' performance. The study utilized a quantitative approach by obtaining survey data from risk managers and employees in risk management departments of commercial banks. A partial least squares structural equation modeling (PLS-SEM) was applied on the data and the results showed that the components of risk management practices had positive and significant impacts on the performance of banks⁴.⁵The result also supported the findings of a scholar who examined the effect of risk evaluation on the performance of financial institutions. The study used explanatory research design and stratified random sampling to select respondents from target population comprising of managers of 46 commercial banks, 52 Micro Finance institutions (MFIs) and 200 SACCOs and a sample size of 239 respondents obtained. It was found that there exist a positive influence of risk evaluation [$r = .813, p < .05$] on the performance of financial institutions.

Meanwhile, in another study a negative impact of risk management on banks financial performance was found. The study examined the impact of risk management on the financial performance of the commercial banking sector in Barbados using quarterly data for the period 2000 to 2015. The empirical results indicate that Capital Risk, Credit Risk, Liquidity Risk, Interest Rate Risk and Operational Risk have statistically significant impacts on financial performance. Credit risk however was found to exert a negative impact on the banks' financial performance, thus it was suggested that

banks must ensure they adopt appropriate measures to minimize the impact of this risk⁶.

The second objective was to investigate the impact of monitoring activities on organizational performance of DMBs in Nigeria. The empirical analysis shows that monitoring activities account for 16.2 percent ($R^2 = 0.162$) of the variations in organizational performance of DMBs in Nigeria. The findings of this study has also shown that monitoring activities practice have a positive impact on the performance of deposit money banks in Nigeria ($B = 0.415$, $t = 4.019$, $p < 0.01$) which is in line with the a priori expectation. In addition, when organizational performance was divided into financial and non financial performance, it was found that monitoring activities explains 40.3 percent ($R^2 = 0.403$) and 2.44 percent ($R^2 = 0.244$) of the variations in financial and non financial performance of DMBs respectively. Furthermore, monitoring activities was found to have a significant positive relationship with financial ($B = 0.513$, $t = 5.298$, $p < 0.01$) and non financial ($B = 0.644$, $t = 7.907$, $p < 0.01$) performance of DMBs in Nigeria. The implication of this is that as more monitoring activities is employed by the DMBs, the better the performance such that for each increase in the monitoring activities, there is 0.415 increase in performance DMBs in Nigeria. In the same way, an increase in the practice of monitoring activities will increase financial performance by 0.513 and non financial performance by 0.644.

The findings of this study support the result of a similar study on the influence of monitoring activities on banks performance carried out among commercial banks in Ghana with the result indicating a positive significant influence of monitoring activities on financial performance of commercial banks in Ghana⁷. The findings of this study also supports the result of a study which examined the effects of monitoring and control activities on fraud detection in selected Nigerian quoted commercial

banks. The relationship between monitoring and fraud detection were examined, while the relationship between control activities on fraud detection were also investigated. Data were sourced from the respondents through structured and well designed questionnaires. Multiple Regression Analysis (MRA) and Analysis of Variance (ANOVA) were used to analyze data collected. The results revealed that there is significant relationship between effective and efficient monitoring and fraud detection in Nigeria commercial banks. It was also found that there is significant relationship between control activities and fraud detection in Nigeria commercial banks whenever there is incidence of fraud⁸.

Conversely, other scholars have found a different result. Some studied the effect of monitoring of staff commitment using data collected through questionnaires administered on 74 staff members of selected banks located in the popular cosmopolitan city of Ota near Lagos using both convenience and multi-stage sampling method. Frequency counts, simple percentages and regression analysis were employed to analyse the data collected. The result revealed that there is a very low positive insignificant correlation between staff monitoring and promotional opportunities for employees in the banks, with staff monitoring having only 1.6% predictive effect on promotion decisions. This implies that feedback got from monitoring activities in the workplace was not used to make important decisions that affect employee promotional opportunity. The study concluded that despite staff general awareness of its adoption, the potentials of workplace monitoring as a strategic tool of staff performance appraisal are not yet defined and fully realized⁹.

Moreover, another study also examined the effect of internal control systems on financial performance. The study reviewed literature on two internal control systems which included Information and communication and monitoring. The methodology of

the research was made up of the research design which was descriptive and quantitative data was collected using closed ended questionnaires. The target population was 300 representatives of 12 listed banks in Ghana. The data analysis made use of regression table. The result showed a weak predictability of information and communication and financial performance. The study also found a negative level of predictability between monitoring and financial performance. Furthermore, a strong predictability of internal control system to financial performance of listed banks in Ghana was found¹⁰.

The third objective was to investigate the impact of control activities on organizational performance of DMBs in Nigeria. The result of the analysis shows that control activities account for 8 percent ($R^2 = 0.08$) of the variations in organizational performance of DMBs in Nigeria. The analysis of this study also shows that implementation of control activities have a positive impact on the performance of deposit money banks in Nigeria ($B = 0.327$, $t = 2.742$, $p < 0.01$) which is in line with the a priori expectation. In addition, when organizational performance was divided into financial and non financial performance, it was found that control activities explains 12.4 percent ($R^2 = 0.124$) and 11.9 percent ($R^2 = 0.119$) of the variations in financial and non financial performance of DMBs respectively. Moreover, control activities was found to have a significant positive relationship with financial ($B = 0.409$, $t = 3.484$, $p < 0.01$) and non financial ($B = 0.363$, $t = 3.423$, $p < 0.01$) performance of DMBs in Nigeria. The implication of this is that improvement in control activities by the DMBs, will enhance their performance such that for each increase in the control activities, there is 0.409 increase in performance DMBs in Nigeria. In the same way, an increase in the practice of monitoring activities will increase financial performance by 0.513 and non financial performance by 0.363.

This result is similar to the work of some scholar who also investigated the Internal Control Components (ICC) and the Financial Performance (FP) of the Iraqi banking sector using control activities as on of the components considered. The findings of the study indicated that the Internal Control Components have a significant impact on Financial Performance and that there is a positive significant relation between control activities and the financial performance of banks in Iraq¹¹.

Conversely, this findings contradict the discoveries of other scholars who have examined the same component. The result of one of such studies showed that there was no significant effect between control activities and financial performance of banks in Ghana¹². While in the study by a researcher, with the objective of determining the effect of control environment, control activities, Information Technology and monitoring of controls on the financial performance of commercial banks listed at NSE, Kenya, The findings also indicated that there was a not significant effect between control activities such as Approvals and authorization, Verification, Reconciliation, Maintenance of records, Segregation of duties lead to increase in financial performance of commercial banks¹³. The implication of this is that results vary from country to country and region to regions. This could be as a result of the institutional structure of each country.

In summary it could be observed that the three components of internal control examined namely, risk assessment, monitoring activities and control activities were found to exert a positive and significant influence of the overall organizational performance as well as both the financial and non financial performance DMBs in Nigeria. This is similar to the findings of a study that investigated the effect of internal control systems on the performance of commercial banks in Nigeria using a survey method and stratified random sampling, in which a total of 382 questionnaires

were administered to either staff of operations, marketing, or security department in the Nigerian commercial banks. The questionnaire is a 5 point Likert-scale while the data collected was analyzed using Statistical Package for the Social Sciences (SPSS) version 23 (v23) and Smart PLS 3. The findings of the study revealed that there is a positive and significant relationship between the four components of internal control (control environment, control activities, monitoring and risk assessment) and bank performance. While information and communication were found to have an insignificant positive relationship with bank performance. The study recommended that future research should add other additional variables like risk culture, corporate governance. Likewise, control variable (s) such as bank size, bank age, etc. can also be considered by future researchers¹⁴.

Similar study sought to investigate the impact of Internal Control Components (ICC) and the Financial Performance (FP) of the Iraqi banking sector. The selected components were control environment, control activity, risk assessment, information & communication, and monitoring. The data was collected from a group of respondents comprising CFO, CEO, Accountants, Internal Auditors, and Audit Committee selected through non-random purposive sampling. The study used survey questionnaires distributed to 365 respondents, and the data were analysed using SEM to determine the impact between Internal Control Components and Financial Performance. The findings of the study indicated that the Internal Control Components have a significant impact on Financial Performance. The positive significant relation were control activity ($\beta = 0.311$, $p < 0.05$), followed by risk assessment ($\beta = 0.203$, $p < 0.05$), monitoring ($\beta = 0.176$, $p < 0.05$), control environment ($\beta = 0.164$, $p < 0.05$) and information & communication ($\beta = 0.157$, $p < 0.05$). It was

concluded that the control activity is the most dominant ICC factor that affects financial performance¹⁵.

The findings of this study contradict the result of a study which examined the effect of internal control on financial performance of banks in Ghana with a focus on control activities and monitoring activities, the study used a sample of 154 respondents selected from 5 banks, the study adopted a quantitative research approach, data was collected and analyzed using inferential statistical methods. The result of the study showed that there exist a fairly strong significant correlation between control Activities and monitoring activities. It was further shown that there was a weak significant relationship between control activities and financial performance, the study further found a weak significant relationship between monitoring activities and financial performance. The study further found that there was no significant effect between control activities and financial performance of banks in Ghana, finally there was negative significant effect of monitoring activities on the financial performance of banks in Ghana¹⁶.

Endnotes

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Chapter Five

Conclusion

This chapter discussed the summary of empirical findings as well as conclusion and recommendations, contribution to knowledge made and also suggested arrears for further study.

5.1 Summary of Findings

The banking sector plays a vital role in the financial sector of an economy by coordinating the movement of financial resources between individuals and businesses. As a result, banking organizations need to continuously improve their service quality and mitigate against risk and the achievement of this largely depend on the effectiveness of the internal control implemented by banks. The objectives of internal control are to maintain efficiency and effectiveness, reliability of financial reports and compliance with acceptable laws. In order to achieve these, banks have adopted the Committee of Sponsoring Organizations (COSO) framework which combined risk management, fraud deterrence, and internal controls. The COSO Framework is a system used to establish internal controls to be integrated into business processes. These control mechanisms collectively provide reasonable assurance that the organization is operating ethically, transparently and in accordance with established international industry standards.

Organizations are mostly successful when their control plans that are incorporated into the organization's system and become part of the organization's core essence of success in terms of ongoing performance improvement as a competitive advantage. Over the years, the banking industry has been subjected to several crises and failures around the world. As a result of their systematic character, these bank failures are of significant concern to Central Banks and governments, since they frequently worsen

recessions and function as catalysts for financial crises in the afflicted nations and these have been linked to poor and inadequate internal control mechanisms have been linked to some of these bank collapses.

This study therefore investigated the impact of internal control on the performance of deposit money banks in Nigeria. Specifically, the study was guided by the following objectives; to determine the impact of risk assessment on the performance of DMBs in Nigeria; to evaluate the relationship between monitoring activities and performance of DMBs in Nigeria; and to establish the impact of control activities on the performance of DMBs in Nigeria. Three components of internal control were used as a measure of internal control while organizational performance of DMBs were measured using financial and non financial as well as overall performance of DMBs in Nigeria. The data for the analysis were based on the questionnaires administered and retrieved. There were 97 responses out of 150 participants considered for this study, which consisted of male and female respondents from 8 deposit money banks in Nigeria with international authorization. Data was collected for the variables are risk assessment, monitoring activities, control activities, financial and non financial performance

Descriptive statistics provides a summary and fundamental basis of quantitative data. This include the demographic distribution and frequency distribution of the respondent. These shows that of the 97 respondent, 58.8 percent were male while 41.2 percent were female and 44.3 percent were single, 52.6 are married and 3.1 divorced. 73.2 percent were HND/B.Sc holders, 6.2 percent were OND/NCE holders, 17.5 percent were M.Ed/M.Sc holders while only 1 percent of the respondent were PhD holders.

This study employed the exploratory factor analysis which is a statistical technique used to condense the information contained in a large number of variables into a number of information pockets. However, checks were conducted to confirm if the exploratory factor analysis is appropriate, this include the correlation test which confirmed that the correlation matrix for risk assessment, control monitoring, control activities and performance of DMBs in Nigeria shows several moderate correlations which suggest that the analysis is appropriate. The Kaiser-Meyer-Olkin (KMO) and Bartlett's test were also carried out. The result of Kaiser-Meyer-Olkin measure of sampling adequacy was 0.805 for risk assessment, 0.807 for monitoring assessment, 0.839 for control activities, 0.828 for organizational performance, 0.730 for financial performance and 0.785 for non financial performance which are all above the commonly recommended value of 0.5 for all variables. The implication of this is that there exist a strong partial correlation among the variables. Also, the Bartlett's test of Sphericity in this study is less than 0.01 for all variables of interest. With the results meeting the assumptions of the principal components analysis (PCA) test, this means that PCA test can therefore be carried out.

For each variable, both the scree plot and eigenvalues > 1 was used to determine the underlying components and the factor component with with the highest load which is more relevant in defining the variable's dimension was considered and were used to represent each variable. Regression test were then carried out to test whether each of the internal control variable of interest namely risk assessment, monitoring activities and control activities have significant effect on organizational performance as well as financial and non financial performance of DMBs in Nigeria.

The result of the analysis established a positive and significant effect of risk assessment on financial performance ($B= 0.365$, $t= 3.737$, $p<0.01$), non financial

performance ($B= 0.175$, $t= 1.726$, $p<0.10$), and overall organizational performance ($B= 0.390$, $t= 4.019$, $p < 0.01$) of DMBs in Nigeria. The result also showed that risk assessment account for 15.2 percent ($R^2= 0.152$) of the variations in the performance of DMBs in Nigeria. The implication of this is that the internal control variables could be used to improve the performance of DMBs in Nigeria. The variance inflation factor also shows the absence of multicollinearity in both models ($VIF < 3$). As a result the first null hypothesis was rejected which stated that there is not significant impact of risk assessment on organizational performance of DMBs in Nigeria.

The second hypothesis was also tested. The result shows that there exist a positive and significant impact of monitoring activities on financial ($B= 0.513$, $t= 5.298$, $p<0.01$), non financial ($B= 0.644$, $t= 7.907$, $p<0.01$) and overall organizational performance ($B= 0.415$, $t= 4.019$, $p < 0.01$) of DMBs in Nigeria. The result further indicated that monitoring activities account for 16.2 percent ($R^2= 0.162$) of the variations in the performance of DMBs in Nigeria. The implication of this is that the internal control variable could be used to improve the performance of DMBs in Nigeria. The test for multicollinearity examined by the variance inflation factor (VIF) which is less than 3 ($VIF = 1$) which imply the absence of multicollinearity in the model. This imply a rejection of the second null hypothesis which states that there is no significant impact of monitoring activities on organizational performance of DMBs in Nigeria.

The study further hypothesized that there is no significant impact of control activities on the performance of DMBs in Nigeria. Meanwhile, when subjected to test, the result showed that there is a positive significant impact of control activities on financial ($B= 0.409$, $t= 3.484$, $p<0.01$), non financial ($B= 0.363$, $t= 3.423$, $p<0.01$) and overall organizational performance ($B= 0.327$, $t= 2.742$, $p < 0.01$) of DMBs in Nigeria. The result also showed that monitoring activities account for 8 percent ($R^2= 0.08$) of the

variations in the performance of DMBs in Nigeria. The implication of this is that the internal control variable could be used to improve the performance of DMBs in Nigeria. The test for multicollinearity examined by the variance inflation factor (VIF) which is less than 3 ($VIF = 1$) which imply the absence of multicollinearity in the model. As a result of this findings, the third null hypothesis was also rejected.

5.2 Conclusion

This study was conducted to investigate the impact of internal control on organizational performance of DMBs in Nigeria. In order to accomplish this objective, models of organizational performance of DMBs was established considering risk assessment, monitoring activities and control activities as explanatory variables. Using descriptive statistics, correlation, exploratory factor analysis and regression models, the impacts were analyzed and established. Positive and significant impact were established between each components of internal control considered and organizational performance of DMBs in Nigeria.

Based on the research findings it can be concluded that internal control system is a significant predictor of organization performance. The findings of this study, confirmed by statistical significance, indicate that increasing unit levels of risk assessment, monitoring activities and control activities have a positive effect on the financial, non financial and the overall performance of DMBs in Nigeria. Further it can be concluded that effective internal control systems must incorporate the effects of risk assessment, monitoring and control activities to enhance organizational performance of DMBs. Hence this study widens the scope of identifying measures that enhances organization performance like risk assessment, monitoring activities and control activities.

5.3 Recommendations

The findings of the study have established the importance of internal control as a practice that significantly improves the organizational performance of deposit money banks in Nigeria. Based on this findings, the following recommendations were proposed:

- i. Internal control systems especially risk assessment, monitoring activities and control activities are significant areas and management of DMBs in Nigeria should give great attention to them in order to improve organizational performance.
- ii. DMBs in Nigeria should invest in establishing strong internal control systems in all levels of the organization by the managers to enhance the organizational performance.
- iii. Better risk management in terms of managed fund, reduction in cost of bad and doubt loans and debt equity ratio results in better bank performance.
- iv. Internal control systems should be effective and comprehensive, and executed by appropriately trained and qualified staff, according to management.
- v. Management of banks should strengthen the risk management, monitoring and control activities, by enhancing the policies and procedures adopted by the banks in protecting assets and properties.

5.4 Contribution to Knowledge

The objective of this study was to examine the impact of internal control on organizational performance of DMBs in Nigeria using three of the components of internal control namely risk assessment, monitoring activities, control activities as proxies for internal control. The findings of this study have added to the body of

knowledge by establishing that in Nigeria, the organizational performance including financial and non financial performance of deposit money banks can be significantly improved by risk assessment, monitoring activities and control activities. These may be achieved through establishment and implementation of risk identification and assessment, evaluation and monitoring policy framework, and enhancement of control activities which will significantly influence performance of DMBs.

5.5 Suggested Areas for Further Research

This study focused on the Nigerian DMBs that have international authorization. To further confirm the link between the internal control and banks performance, future studies should consider the other components of internal control (control environment and information and communication) and increase the sample size and also consider some other Nigerian listed DMBs with only local authorization. In addition, future studies could consider using secondary data for analyzing the link between internal control and banks' performance.

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Appendices

Appendix 1: Frequency Distribution All Questions

The board of directors and management's commitment to integrity and ethical behaviour communicated effectively throughout the organization, both in words and deeds.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	3	3.1	3.2	3.2
	Some Extent	8	8.2	8.4	11.6
	Large Extent	34	35.1	35.8	47.4
	Very Large Extent	50	51.5	52.6	100.0
	Total	95	97.9	100.0	
Missing	System	2	2.1		
Total		97	100.0		

The organization have a process to evaluate the performance of individuals and teams against its standards of conduct.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	1	1.0	1.0	1.0
	Minor Extent	5	5.2	5.2	6.3
	Some Extent	7	7.2	7.3	13.5
	Large Extent	47	48.5	49.0	62.5
	Very Large Extent	36	37.1	37.5	100.0
	Total	96	99.0	100.0	
Missing	System	1	1.0		
Total		97	100.0		

The organization periodically analyze issues to identify trends and root causes to evaluate whether modification of policies, communication, training or controls are necessary.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Minor Extent	1	1.0	1.0	1.0
	Some Extent	23	23.7	24.0	25.0
	Large Extent	44	45.4	45.8	70.8
	Very Large Extent	28	28.9	29.2	100.0
	Total	96	99.0	100.0	
Missing	System	1	1.0		
Total		97	100.0		

Audit committee have adequate resources and authority to discharge its responsibilities.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	1	1.0	1.1	1.1
	Minor Extent	3	3.1	3.2	4.3
	Some Extent	15	15.5	16.0	20.2
	Large Extent	38	39.2	40.4	60.6
	Very Large Extent	37	38.1	39.4	100.0
	Total	94	96.9	100.0	
Missing	System	3	3.1		

Total 97 100.0

The organizational structure appropriate for the size, operating activities and locations of the organization to enable management to carry out their oversight responsibilities

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	2	2.1	2.1	2.1
	Minor Extent	5	5.2	5.2	7.3
	Some Extent	19	19.6	19.8	27.1
	Large Extent	39	40.2	40.6	67.7
	Very Large Extent	31	32.0	32.3	100.0
	Total	96	99.0	100.0	
Missing	System	1	1.0		
Total		97	100.0		

Reporting lines evaluated periodically, and do they enable the execution of authorities and responsibilities and the flow of information to manage the entity's activities

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	1	1.0	1.1	1.1
	Minor Extent	4	4.1	4.2	5.3
	Some Extent	21	21.6	22.1	27.4
	Large Extent	39	40.2	41.1	68.4
	Very Large Extent	30	30.9	31.6	100.0
	Total	95	97.9	100.0	
Missing	System	2	2.1		
Total		97	100.0		

There is a mechanism in place to regularly educate and communicate, to management and employees, the importance of internal controls, and to raise their level of understanding of internal control.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	2	2.1	2.1	2.1
	Minor Extent	1	1.0	1.1	3.2
	Some Extent	17	17.5	17.9	21.1
	Large Extent	45	46.4	47.4	68.4
	Very Large Extent	30	30.9	31.6	100.0
	Total	95	97.9	100.0	
Missing	System	2	2.1		
Total		97	100.0		

There adequate policies and procedures for authorization and approval of transactions by the appropriate level?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Minor Extent	5	5.2	5.2	5.2

	Some Extent	18	18.6	18.8	24.0
	Large Extent	36	37.1	37.5	61.5
	Very Large Extent	37	38.1	38.5	100.0
	Total	96	99.0	100.0	
Missing	System	1	1.0		
Total		97	100.0		

There are standards and procedures for hiring, training, motivating, evaluating, promoting, compensating, transferring and terminating the employment of personnel that are applicable to all functional areas

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	1	1.0	1.0	1.0
	Minor Extent	5	5.2	5.2	6.3
	Some Extent	10	10.3	10.4	16.7
	Large Extent	57	58.8	59.4	76.0
	Very Large Extent	23	23.7	24.0	100.0
	Total	96	99.0	100.0	
Missing	System	1	1.0		
Total		97	100.0		

Management demonstrate a commitment to provide sufficient accounting and financial personnel to keep pace with the growth and/or complexity of the business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	3	3.1	3.1	3.1
	Minor Extent	1	1.0	1.0	4.2
	Some Extent	19	19.6	19.8	24.0
	Large Extent	36	37.1	37.5	61.5
	Very Large Extent	37	38.1	38.5	100.0
	Total	96	99.0	100.0	
Missing	System	1	1.0		
Total		97	100.0		

The organization periodically review and update its understanding of the requirements of the applicable financial reporting framework.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	1	1.0	1.0	1.0
	Minor Extent	2	2.1	2.1	3.1
	Some Extent	7	7.2	7.3	10.4
	Large Extent	43	44.3	44.8	55.2
	Very Large Extent	43	44.3	44.8	100.0
	Total	96	99.0	100.0	
Missing	System	1	1.0		
Total		97	100.0		

Management establishes a materiality threshold for the purpose of identifying significant accounts and disclosures.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	2	2.1	2.1	2.1
	Minor Extent	2	2.1	2.1	4.2
	Some Extent	9	9.3	9.4	13.5
	Large Extent	52	53.6	54.2	67.7
	Very Large Extent	31	32.0	32.3	100.0
	Total	96	99.0	100.0	
Missing	System	1	1.0		
Total		97	100.0		

The organization have a process to evaluate the range of its activities to assess whether all material activities are appropriately reflected in the financial statements

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Minor Extent	2	2.1	2.1	2.1
	Some Extent	25	25.8	26.3	28.4
	Large Extent	39	40.2	41.1	69.5
	Very Large Extent	29	29.9	30.5	100.0
	Total	95	97.9	100.0	
Missing	System	2	2.1		
Total		97	100.0		

The organization identify risks to the achievement of financial reporting objectives at all levels of the entity.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	1	1.0	1.0	1.0
	Minor Extent	5	5.2	5.2	6.3
	Some Extent	15	15.5	15.6	21.9
	Large Extent	45	46.4	46.9	68.8
	Very Large Extent	30	30.9	31.3	100.0
	Total	96	99.0	100.0	
Missing	System	1	1.0		
Total		97	100.0		

The risk identification is comprehensive and it include all significant interactions internal to the bank and between the bank and its relevant business partners and outsourced service providers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	2	2.1	2.1	2.1
	Minor Extent	1	1.0	1.1	3.2
	Some Extent	20	20.6	21.1	24.2
	Large Extent	47	48.5	49.5	73.7
	Very Large Extent	25	25.8	26.3	100.0
	Total	95	97.9	100.0	
Missing	System	2	2.1		

Total		97	100.0		
Risk assessment is revisited on an appropriate interval					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	1	1.0	1.1	1.1
	Minor Extent	3	3.1	3.2	4.2
	Some Extent	24	24.7	25.3	29.5
	Large Extent	43	44.3	45.3	74.7
	Very Large Extent	24	24.7	25.3	100.0
	Total	95	97.9	100.0	
Missing	System	2	2.1		
Total		97	100.0		

The organization perform a risk assessment to consider risk related to fraudulent financial reporting, management override, potential loss of assets and corruption					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	1	1.0	1.0	1.0
	Minor Extent	3	3.1	3.1	4.2
	Some Extent	23	23.7	24.0	28.1
	Large Extent	31	32.0	32.3	60.4
	Very Large Extent	38	39.2	39.6	100.0
	Total	96	99.0	100.0	
Missing	System	1	1.0		
Total		97	100.0		

There are measures in place to identify and react to risks that occur to due changes in regulations, politics or economic by the bank.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	2	2.1	2.1	2.1
	Minor Extent	3	3.1	3.1	5.2
	Some Extent	13	13.4	13.5	18.8
	Large Extent	49	50.5	51.0	69.8
	Very Large Extent	29	29.9	30.2	100.0
	Total	96	99.0	100.0	
Missing	System	1	1.0		
Total		97	100.0		

Audit personnel or other internal control experts are involved in control related activities or decision making in fight against fraud.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Minor Extent	2	2.1	2.1	2.1
	Some Extent	7	7.2	7.4	9.5
	Large Extent	37	38.1	38.9	48.4
	Very Large Extent	49	50.5	51.6	100.0
	Total	95	97.9	100.0	

Missing	System	2	2.1
Total		97	100.0

There are processes in place to inform appropriate levels of management about changes with possible significant effects on the entity.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	1	1.0	1.1	1.1
	Minor Extent	4	4.1	4.2	5.3
	Some Extent	4	4.1	4.2	9.5
	Large Extent	53	54.6	55.8	65.3
	Very Large Extent	33	34.0	34.7	100.0
	Total	95	97.9	100.0	
Missing	System	2	2.1		
Total		97	100.0		

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

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	3	3.1	3.1	3.1
	Minor Extent	1	1.0	1.0	4.2
	Some Extent	12	12.4	12.5	16.7
	Large Extent	43	44.3	44.8	61.5
	Very Large Extent	37	38.1	38.5	100.0
	Total	96	99.0	100.0	
Missing	System	1	1.0		
Total		97	100.0		

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

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	1	1.0	1.0	1.0
	Minor Extent	3	3.1	3.1	4.2
	Some Extent	10	10.3	10.4	14.6
	Large Extent	53	54.6	55.2	69.8
	Very Large Extent	29	29.9	30.2	100.0
	Total	96	99.0	100.0	
Missing	System	1	1.0		
Total		97	100.0		

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

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	1	1.0	1.1	1.1
	Minor Extent	2	2.1	2.1	3.2

	Some Extent	10	10.3	10.5	13.7
	Large Extent	51	52.6	53.7	67.4
	Very Large Extent	31	32.0	32.6	100.0
	Total	95	97.9	100.0	
Missing	System	2	2.1		
Total		97	100.0		

Appropriate personnel involved in the process of designing and implementing controls to respond to the identified risks.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	1	1.0	1.1	1.1
	Minor Extent	2	2.1	2.1	3.2
	Some Extent	18	18.6	18.9	22.1
	Large Extent	44	45.4	46.3	68.4
	Very Large Extent	30	30.9	31.6	100.0
	Total	95	97.9	100.0	
Missing	System	2	2.1		
Total		97	100.0		

The controls identified address the completeness, accuracy and validity of transactions processed.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	1	1.0	1.1	1.1
	Minor Extent	4	4.1	4.2	5.3
	Some Extent	11	11.3	11.6	16.8
	Large Extent	46	47.4	48.4	65.3
	Very Large Extent	33	34.0	34.7	100.0
	Total	95	97.9	100.0	
Missing	System	2	2.1		
Total		97	100.0		

Controls exist at various levels within the organization from transaction level controls to entity-level management review controls.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Minor Extent	3	3.1	3.2	3.2
	Some Extent	17	17.5	18.3	21.5
	Large Extent	38	39.2	40.9	62.4
	Very Large Extent	35	36.1	37.6	100.0
	Total	93	95.9	100.0	
Missing	System	4	4.1		
Total		97	100.0		

There are processes in place to select, develop, operate and maintain the organization's technology.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Minor Extent	6	6.2	6.3	6.3

	Some Extent	15	15.5	15.6	21.9
	Large Extent	50	51.5	52.1	74.0
	Very Large Extent	25	25.8	26.0	100.0
	Total	96	99.0	100.0	
Missing	System	1	1.0		
Total		97	100.0		

Accounting and closing practices that are followed consistently at interim dates.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Minor Extent	4	4.1	4.2	4.2
	Some Extent	19	19.6	19.8	24.0
	Large Extent	39	40.2	40.6	64.6
	Very Large Extent	34	35.1	35.4	100.0
	Total	96	99.0	100.0	
Missing	System	1	1.0		
Total		97	100.0		

Management review key performance indicators (e.g., budget, profit, financial goals operating goals) regularly (e.g., monthly, quarterly) and identify significant variances.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	1	1.0	1.0	1.0
	Minor Extent	3	3.1	3.1	4.2
	Some Extent	15	15.5	15.6	19.8
	Large Extent	36	37.1	37.5	57.3
	Very Large Extent	41	42.3	42.7	100.0
	Total	96	99.0	100.0	
Missing	System	1	1.0		
Total		97	100.0		

The organization review its policies and procedures periodically to determine whether they continue to be appropriate for the organization's activities and refresh them when needed.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	2	2.1	2.1	2.1
	Minor Extent	2	2.1	2.1	4.2
	Some Extent	13	13.4	13.5	17.7
	Large Extent	42	43.3	43.8	61.5
	Very Large Extent	37	38.1	38.5	100.0
	Total	96	99.0	100.0	
Missing	System	1	1.0		
Total		97	100.0		

The organization has established information requirements to support the effective operation of internal control.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Minor Extent	1	1.0	1.0	1.0
	Some Extent	6	6.2	6.3	7.3
	Large Extent	48	49.5	50.0	57.3
	Very Large Extent	41	42.3	42.7	100.0
	Total	96	99.0	100.0	
Missing	System	1	1.0		
Total		97	100.0		

The organization's information systems generate information that is of sufficient quality to support the effective operation of controls.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Minor Extent	3	3.1	3.1	3.1
	Some Extent	8	8.2	8.3	11.5
	Large Extent	49	50.5	51.0	62.5
	Very Large Extent	36	37.1	37.5	100.0
	Total	96	99.0	100.0	
Missing	System	1	1.0		
Total		97	100.0		

Organization periodically review the quality of information to assess its reliability and timeliness.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Minor Extent	1	1.0	1.0	1.0
	Some Extent	15	15.5	15.6	16.7
	Large Extent	40	41.2	41.7	58.3
	Very Large Extent	40	41.2	41.7	100.0
	Total	96	99.0	100.0	
Missing	System	1	1.0		
Total		97	100.0		

The organization implemented policies and procedures that facilitate effective internal communication, including individual internal control authorities and responsibilities and standards of conduct across the organization.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	1	1.0	1.0	1.0
	Minor Extent	1	1.0	1.0	2.1
	Some Extent	15	15.5	15.6	17.7
	Large Extent	43	44.3	44.8	62.5
	Very Large Extent	36	37.1	37.5	100.0
	Total	96	99.0	100.0	
Missing	System	1	1.0		
Total		97	100.0		

Internal audit have a direct line of communication to the audit committee.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Minor Extent	2	2.1	2.1	2.1
	Some Extent	18	18.6	18.9	21.1
	Large Extent	42	43.3	44.2	65.3
	Very Large Extent	33	34.0	34.7	100.0
	Total	95	97.9	100.0	
Missing	System	2	2.1		
Total		97	100.0		

There are periodic evaluation of the effectiveness of communications to ensure the methods are working.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	1	1.0	1.1	1.1
	Minor Extent	4	4.1	4.3	5.3
	Some Extent	13	13.4	13.8	19.1
	Large Extent	44	45.4	46.8	66.0
	Very Large Extent	32	33.0	34.0	100.0
	Total	94	96.9	100.0	
Missing	System	3	3.1		
Total		97	100.0		

The organization's messaging reinforce to all employees their roles in ensuring that internal control responsibilities are taken seriously.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Minor Extent	2	2.1	2.1	2.1
	Some Extent	19	19.6	19.8	21.9
	Large Extent	49	50.5	51.0	72.9
	Very Large Extent	26	26.8	27.1	100.0
	Total	96	99.0	100.0	
Missing	System	1	1.0		
Total		97	100.0		

The organization have a process in place to approve formal external communications prior to their release.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	1	1.0	1.1	1.1
	Minor Extent	5	5.2	5.3	6.3
	Some Extent	18	18.6	18.9	25.3
	Large Extent	42	43.3	44.2	69.5
	Very Large Extent	29	29.9	30.5	100.0
	Total	95	97.9	100.0	
Missing	System	2	2.1		

Total	97	100.0		
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There is a process for tracking communications from customers, vendors, regulators, and other external parties and sharing it internally.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	1	1.0	1.0	1.0
	Minor Extent	3	3.1	3.1	4.2
	Some Extent	13	13.4	13.5	17.7
	Large Extent	50	51.5	52.1	69.8
	Very Large Extent	29	29.9	30.2	100.0
	Total	96	99.0	100.0	
Missing	System	1	1.0		
Total		97	100.0		

Information from external parties about the organization's activities that relates to matters of internal control are evaluated by management and, where appropriate, communicated to the board of directors or the audit committee

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	1	1.0	1.1	1.1
	Some Extent	10	10.3	10.5	11.6
	Large Extent	40	41.2	42.1	53.7
	Very Large Extent	44	45.4	46.3	100.0
	Total	95	97.9	100.0	
Missing	System	2	2.1		
Total		97	100.0		

Management have suitable monitoring processes in place to assess whether controls across the entire control framework are present and functioning as intended.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Some Extent	4	4.1	4.2	4.2
	Large Extent	56	57.7	58.9	63.2
	Very Large Extent	35	36.1	36.8	100.0
	Total	95	97.9	100.0	
Missing	System	2	2.1		
Total		97	100.0		

The results of monitoring activities considered over time to determine the basis for future monitoring activities.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Minor Extent	1	1.0	1.1	1.1
	Some Extent	22	22.7	23.2	24.2
	Large Extent	40	41.2	42.1	66.3
	Very Large Extent	32	33.0	33.7	100.0

	Total	95	97.9	100.0
Missing	System	2	2.1	
Total		97	100.0	

The organization's monitoring activities provide for the establishment of the understanding of the design and current state of the internal control system.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Minor Extent	2	2.1	2.1	2.1
	Some Extent	23	23.7	24.2	26.3
	Large Extent	52	53.6	54.7	81.1
	Very Large Extent	18	18.6	18.9	100.0
	Total	95	97.9	100.0	
Missing	System	2	2.1		
Total		97	100.0		

The results of monitoring activities are considered over time to determine the basis for future monitoring activities.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	1	1.0	1.1	1.1
	Minor Extent	1	1.0	1.1	2.1
	Some Extent	22	22.7	23.4	25.5
	Large Extent	34	35.1	36.2	61.7
	Very Large Extent	36	37.1	38.3	100.0
	Total	94	96.9	100.0	
Missing	System	3	3.1		
Total		97	100.0		

The scope of internal audit activities appropriate given the nature, size and structure of the organization.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Minor Extent	4	4.1	4.2	4.2
	Some Extent	20	20.6	21.1	25.3
	Large Extent	43	44.3	45.3	70.5
	Very Large Extent	28	28.9	29.5	100.0
	Total	95	97.9	100.0	
Missing	System	2	2.1		
Total		97	100.0		

There a process in place to accumulate and evaluate matters identified by the organization's monitoring activities.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	2	2.1	2.2	2.2
	Minor Extent	2	2.1	2.2	4.3
	Some Extent	18	18.6	19.6	23.9

	Large Extent	47	48.5	51.1	75.0
	Very Large Extent	23	23.7	25.0	100.0
	Total	92	94.8	100.0	
Missing	System	5	5.2		
Total		97	100.0		

Management take adequate and timely actions to correct deficiencies reported by the internal audit function and by other monitoring activities.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Minor Extent	2	2.1	2.1	2.1
	Some Extent	19	19.6	20.0	22.1
	Large Extent	46	47.4	48.4	70.5
	Very Large Extent	28	28.9	29.5	100.0
	Total	95	97.9	100.0	
Missing	System	2	2.1		
Total		97	100.0		

Management respond timely and appropriately to the findings and recommendations of the independent auditors regarding internal control and policies and procedures of the organization.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	1	1.0	1.1	1.1
	Minor Extent	2	2.1	2.1	3.2
	Some Extent	16	16.5	16.8	20.0
	Large Extent	45	46.4	47.4	67.4
	Very Large Extent	31	32.0	32.6	100.0
	Total	95	97.9	100.0	
Missing	System	2	2.1		
Total		97	100.0		

There is a process in place to track unremediated control deficiencies and a protocol to escalate them to higher levels of management if necessary.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Minor Extent	2	2.1	2.1	2.1
	Some Extent	20	20.6	21.1	23.2
	Large Extent	42	43.3	44.2	67.4
	Very Large Extent	31	32.0	32.6	100.0
	Total	95	97.9	100.0	
Missing	System	2	2.1		
Total		97	100.0		

Profitability grows consistently yearly.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Minor Extent	2	2.1	2.1	2.1
	Some Extent	17	17.5	17.9	20.0
	Large Extent	46	47.4	48.4	68.4
	Very Large Extent	30	30.9	31.6	100.0
	Total	95	97.9	100.0	
Missing	System	2	2.1		
Total		97	100.0		

Turnover grows consistently increase yearly.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Minor Extent	3	3.1	3.2	3.2
	Some Extent	24	24.7	25.3	28.4
	Large Extent	42	43.3	44.2	72.6
	Very Large Extent	26	26.8	27.4	100.0
	Total	95	97.9	100.0	
Missing	System	2	2.1		
Total		97	100.0		

Maintenance of a strong cash flow.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Minor Extent	3	3.1	3.2	3.2
	Some Extent	19	19.6	20.2	23.4
	Large Extent	46	47.4	48.9	72.3
	Very Large Extent	26	26.8	27.7	100.0
	Total	94	96.9	100.0	
Missing	System	3	3.1		
Total		97	100.0		

Increasing return on capital.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Minor Extent	3	3.1	3.2	3.2
	Some Extent	28	28.9	29.5	32.6
	Large Extent	38	39.2	40.0	72.6
	Very Large Extent	26	26.8	27.4	100.0
	Total	95	97.9	100.0	
Missing	System	2	2.1		
Total		97	100.0		

Dividend is constantly being paid

		Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	Not at all	2	2.1	2.1	2.1
	Minor Extent	3	3.1	3.2	5.3
	Some Extent	16	16.5	17.0	22.3
	Large Extent	44	45.4	46.8	69.1
	Very Large Extent	29	29.9	30.9	100.0
	Total	94	96.9	100.0	
Missing	System	3	3.1		
Total		97	100.0		

Pursues customer relationships and involvement that goes beyond sales transactions.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Minor Extent	2	2.1	2.1	2.1
	Some Extent	20	20.6	21.1	23.2
	Large Extent	34	35.1	35.8	58.9
	Very Large Extent	38	39.2	40.0	98.9
	55	1	1.0	1.1	100.0
	Total	95	97.9	100.0	
Missing	System	2	2.1		
Total		97	100.0		

Investment in technology to maximize efficiency and to further enhance quality of the service provided.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	1	1.0	1.1	1.1
	Minor Extent	1	1.0	1.1	2.1
	Some Extent	25	25.8	26.3	28.4
	Large Extent	42	43.3	44.2	72.6
	Very Large Extent	26	26.8	27.4	100.0
	Total	95	97.9	100.0	
Missing	System	2	2.1		
Total		97	100.0		

Introduction of new products and innovation of products that meet the needs of consumers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	1	1.0	1.1	1.1
	Minor Extent	2	2.1	2.1	3.2
	Some Extent	23	23.7	24.5	27.7
	Large Extent	40	41.2	42.6	70.2
	Very Large Extent	28	28.9	29.8	100.0
	Total	94	96.9	100.0	
Missing	System	3	3.1		
Total		97	100.0		

Increase in bank's customer base yearly.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	1	1.0	1.1	1.1
	Some Extent	22	22.7	23.2	24.2
	Large Extent	44	45.4	46.3	70.5
	Very Large Extent	28	28.9	29.5	100.0
	Total	95	97.9	100.0	
Missing	System	2	2.1		
Total		97	100.0		

High employee training, motivation, retention, diversity, development					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	1	1.0	1.1	1.1
	Minor Extent	3	3.1	3.2	4.2
	Some Extent	24	24.7	25.3	29.5
	Large Extent	46	47.4	48.4	77.9
	Very Large Extent	21	21.6	22.1	100.0
	Total	95	97.9	100.0	
Missing	System	2	2.1		
Total		97	100.0		

Expansion of bank in market size and coverage					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Minor Extent	3	3.1	3.2	3.2
	Some Extent	23	23.7	24.2	27.4
	Large Extent	38	39.2	40.0	67.4
	Very Large Extent	31	32.0	32.6	100.0
	Total	95	97.9	100.0	
Missing	System	2	2.1		
Total		97	100.0		

Appendix II: Pre-Estimation Test (Risk Assessment)

Correlation Matrix

	The organization periodically review and update its understanding of the requirements of the applicable financial reporting framework.	The organization have a process to evaluate the range of its activities to assess whether all material activities are appropriately reflected in the financial statements.	The organization identify risks to the achievement of financial reporting objectives at all levels of the entity.	The risk identification is comprehensive and it include all significant interactions internal to the bank and between the bank and its relevant business partners and outsourced service providers	The organization perform a risk assessment to consider risk related to fraudulent financial reporting, management override, potential loss of assets and corruption	There are measures in place to identify and react to risks that occur due changes in regulations, politics or economic by the bank.	Audit personnel or other internal control experts are involved in control related activities or decision making in fight against fraud.	There are processes in place to inform appropriate levels of management about changes with possible significant effects on the entity.			
Correlation	1.000	.285	.154	.141	.309	.067	.209	.428	.216	.523	
The organization periodically review and update its understanding of the requirements of the applicable financial reporting framework. Management establishes a materiality threshold		.285	1.000	.533	.380	.289	.203	.294	.265	.317	.329

for the purpose of identifying significant accounts and disclosures.

The organization have a process to evaluate the range of its activities to assess whether all material activities are appropriately reflected in the financial statements

The organization identify risks to the achievement of financial reporting objectives at all levels of the entity.

The risk identification is comprehensive and it include all significant interactions internal to the bank and between the bank and its relevant business partners and outsourced service providers

.154	.533	1.000	.310	.271	.226	.397	.321	.233	.317
.141	.380	.310	1.000	.438	.458	.431	.333	.389	.281
.309	.289	.271	.438	1.000	.526	.388	.492	.146	.368

Risk assessment is revisited on an appropriate interval	.067	.203	.226	.458	.526	1.000	.424	.274	.187	.298
The organization perform a risk assessment to consider risk related to fraudulent financial reporting, management override, potential loss of assets and corruption	.209	.294	.397	.431	.388	.424	1.000	.561	.260	.392
There are measures in place to identify and react to risks that occur to due changes in regulations, politics or economic by the bank.	.428	.265	.321	.333	.492	.274	.561	1.000	.198	.460
Audit personnel or other internal control experts are involved in control related activities or decision making in fight against fraud.	.216	.317	.233	.389	.146	.187	.260	.198	1.000	.273

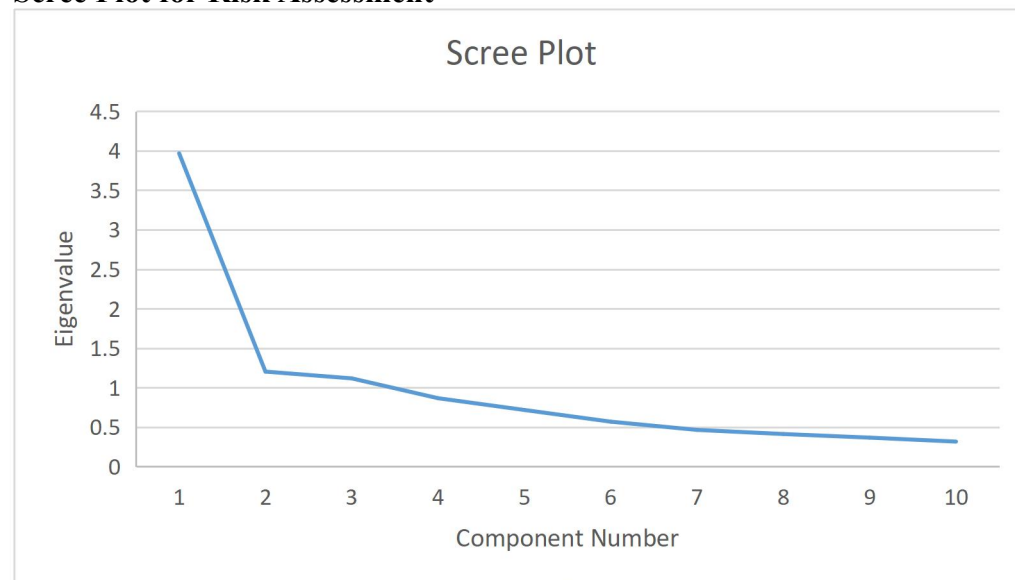
There are processes in place to inform appropriate levels of management about changes with possible significant effects on the entity.	.523	.329	.317	.281	.368	.298	.392	.460	.273	1.000
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KMO and Bartlett's Test for Risk Assessment

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.805
Bartlett's Test of Sphericity	Approx. Chi-Square	278.472
	df	45
	Sig.	.000

Scree Plot for Risk Assessment



Rotated Component Matrix for Risk Assessment

	Rotated Component Matrix ^a		
	Component 1	Component 2	Component 3
Risk assessment is revisited on an appropriate interval	.840		
The risk identification is comprehensive and it include all significant interactions internal to the bank and between the bank and its relevant business partners and outsourced service providers	.721	.360	
The organization identify risks to the achievement of financial reporting objectives at all levels of the entity.	.631		.476
The organization perform a risk assessment to consider risk related to fraudulent financial reporting, management override, potential loss of assets and corruption	.611		
The organization periodically review and update its understanding of the requirements of the applicable financial reporting framework.		.868	
There are processes in place to inform appropriate levels of management about changes with possible significant effects on the entity.		.718	
There are measures in place to identify and react to risks that occur to due changes in regulations, politics or economic by the bank.	.462	.646	
Management establishes a materiality threshold for the purpose of identifying significant accounts and disclosures.			.786
The organization have a process to evaluate the range of its activities to assess whether all material activities are appropriately reflected in the financial			.710

statements		
Audit personnel or other internal control experts are involved in control related activities or decision making in fight against fraud.		.652
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. a. Rotation converged in 5 iterations.		

Appendix III: Regression Result (Risk Assessment)

Result of the Test of Risk Assessment on Financial Performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.367 ^a	.134	.125	.92766461

a. Predictors: (Constant), Risk Assessment

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.019	1	12.019	13.966	.000 ^b
	Residual	77.451	90	.861		
	Total	89.469	91			

a. Dependent Variable: Financial Performance

b. Predictors: (Constant), Risk Assessment

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.021	.097		-.220	.826		
	Risk Assessment	.365	.098	.367	3.737	.000	1.000	1.000

a. Dependent Variable: Financial Performance

Result of the test of risk assessment on non financial performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.178 ^a	.032	.021	.97904986

a. Predictors: (Constant), Risk Assessment

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.855	1	2.855	2.979	.088 ^b

Residual	87.227	91	.959		
Total	90.082	92			

a. Dependent Variable: Non Financial Performance

b. Predictors: (Constant), Risk Assessment

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.017	.102		-.169	.866		
	Risk Assessment	.175	.102	.178	1.726	.088	1.000	1.000

a. Dependent Variable: Non Financial Performance

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Appendix IV: Pre-Estimation Test (Control Activities)

Correlation Matrix

	The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.	The organization selects and develops general control activities over the achievement of objectives.	The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.	Appropriate personnel involved in the process of designing and implementing controls to respond to the identified risks.	The controls identified address the completeness, accuracy and validity of transactions processed.	Controls exist at various levels within the organization from transaction level controls to entity-level management review controls.	There are processes in place to select, develop, operate and maintain the organization's technology.	Accounting and closing practices that are followed consistently at interim dates.	Management review key performance indicators (e.g., budget, profit, financial goals operating goals) regularly (e.g., monthly, quarterly) and identify significant variances.	The organization review its policies and procedures periodically to determine whether they continue to be appropriate for the organization's activities and refresh them when needed.
Correlation	1.000	.462	.276	.254	.239	.224	.171	.141	.077	.215

The organization selects and develops general control activities over technology to support the achievement of objectives.	.462	1.000	.585	.414	.439	.537	.477	.433	.260	.312
The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.	.276	.585	1.000	.600	.569	.438	.277	.424	.167	.251
Appropriate personnel involved in the process of designing and implementing controls to respond to the identified risks.	.254	.414	.600	1.000	.392	.399	.322	.283	.244	.367
The controls identified address the completeness, accuracy and validity of transactions processed.	.239	.439	.569	.392	1.000	.541	.351	.261	.273	.416

Controls exist at various levels within the organization from transaction level controls to entity-level management review controls.	.224	.537	.438	.399	.541	1.000	.439	.369	.257	.365
There are processes in place to select, develop, operate and maintain the organization's technology.	.171	.477	.277	.322	.351	.439	1.000	.383	.267	.284
Accounting and closing practices that are followed consistently at interim dates.	.141	.433	.424	.283	.261	.369	.383	1.000	.246	.189
Management review key performance indicators (e.g., budget, profit, financial goals operating goals) regularly (e.g., monthly, quarterly) and identify significant variances.	.077	.260	.167	.244	.273	.257	.267	.246	1.000	.356

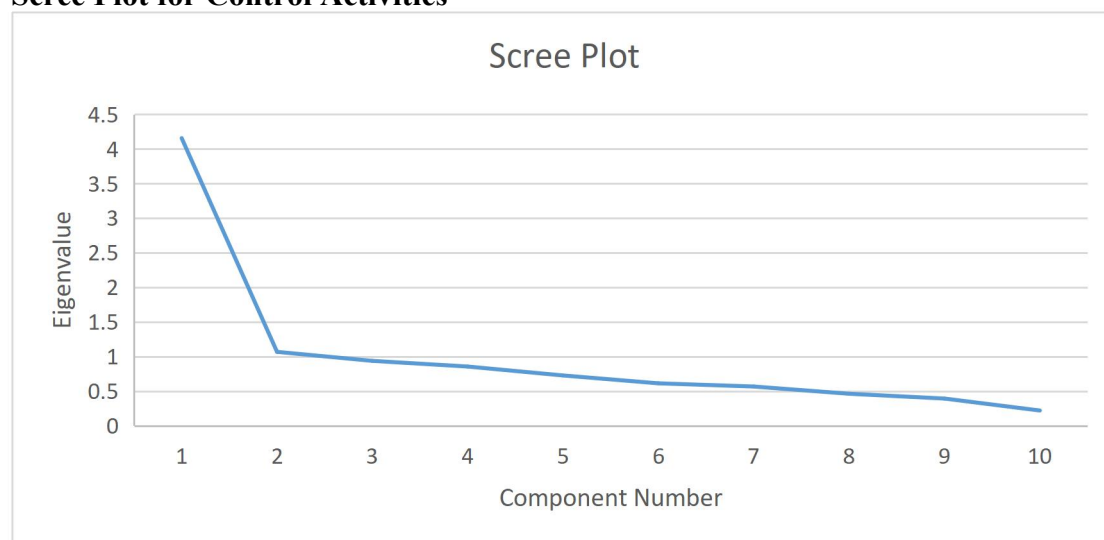
The organization review its policies and procedures periodically to determine whether they continue to be appropriate for the organization's activities and refresh them when needed.	.215	.312	.251	.367	.416	.365	.284	.189	.356	1.000
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KMO and Bartlett's Test for Control Activities

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.807
Bartlett's Test of Sphericity	Approx. Chi-Square	285.116
	df	45
	Sig.	.000

Scree Plot for Control Activities



Rotated Component Matrix for Control Activities

	Rotated Component Matrix ^a	
	Component 1	Component 2
The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.	.790	
The organization selects and develops general control activities over technology to support the achievement of objectives.	.770	
The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.	.662	
Appropriate personnel involved in the process of designing and implementing controls to respond to the identified risks.	.601	.337
The controls identified address the completeness, accuracy and validity of transactions processed.	.546	.471
Controls exist at various levels within the organization from transaction level controls to entity-level management review controls.	.545	.498
Accounting and closing practices that are followed consistently at interim dates.	.445	.373
Management review key performance indicators (e.g., budget, profit, financial goals operating goals) regularly (e.g., monthly, quarterly) and identify significant variances.		.799
The organization review its policies and procedures periodically to determine whether they continue to be appropriate for the organization's activities and refresh them when needed.		.670
There are processes in place to select, develop, operate and maintain the	.370	.535

organization's technology.

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

Appendix V: Regression Result (Control Activities)

Result of the Test of Control Activities on Financial Performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.352 ^a	.124	.114	.93015980

a. Predictors: (Constant), Control Activities

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.503	1	10.503	12.140	.001 ^b
	Residual	74.407	86	.865		
	Total	84.910	87			

a. Dependent Variable: Financial Performance

b. Predictors: (Constant), Control Activities

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.033	.099		.334	.739		
	Control Activities	.409	.117	.352	3.484	.001	1.000	1.000

a. Dependent Variable: Financial Performance

Result of the Test of Control Activities on Non Financial Performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.344 ^a	.119	.109	.95156190

a. Predictors: (Constant), Control Activities

ANOVA ^a						
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Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.608	1	10.608	11.715	.001 ^b
	Residual	78.776	87	.905		
	Total	89.384	88			

a. Dependent Variable: Non Financial Performance

b. Predictors: (Constant), Control Activities

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.054	.101		.538	.592		
	Control Activities	.363	.106	.344	3.423	.001	1.000	1.000

a. Dependent Variable: Non Financial Performance

Appendix VI: Pre-Estimation (Monitoring Activities)

Correlation Matrix										
	Management have suitable monitoring processes in place to assess whether controls across the entire control framework are present and functioning as intended.	The results of monitoring activities considered over time to determine the basis for future monitoring activities.	The organization's monitoring activities provide for the establishment of the design and current state of the internal control system.	The results of monitoring activities are considered over time to determine the basis for future monitoring activities.	The scope of internal audit activities appropriate given the nature, size and structure of the organization.	There a process in place to accumulate matters identified by the organization's monitoring activities.	Management take adequate and timely actions to correct deficiencies reported by the internal audit function and by other monitoring activities.	Management appropriately to the findings and recommendations of the independent auditors regarding internal control and policies of the organization.	There is a process in place to track unremediated control deficiencies and a protocol to escalate them to higher levels of management if necessary.	
Correlation	1.000	.310	.313	.495	.359	.361	.413	.389	.423	

The results of monitoring activities considered over time to determine the basis for future monitoring activities.	.310	1.000	.350	.343	.434	.256	.534	.409	.551
The organization's monitoring activities provide for the establishment of the understanding of the design and current state of the internal control system.	.313	.350	1.000	.478	.354	.173	.470	.345	.454
The results of monitoring activities are considered over time to determine the basis for future monitoring activities.	.495	.343	.478	1.000	.415	.347	.433	.434	.435
The scope of internal audit activities appropriate given the nature, size and structure of the organization.	.359	.434	.354	.415	1.000	.482	.260	.249	.385
There a process in place to accumulate and evaluate matters identified by the	.361	.256	.173	.347	.482	1.000	.390	.387	.392

organization's monitoring activities.									
Management take adequate and timely actions to correct deficiencies reported by the internal audit function and by other monitoring activities.	.413	.534	.470	.433	.260	.390	1.000	.523	.551
Management respond timely and appropriately to the findings and recommendations of the independent auditors regarding internal control and policies and procedures of the organization.	.389	.409	.345	.434	.249	.387	.523	1.000	.468
There is a process in place to track unremediated control deficiencies and a protocol to escalate them to higher levels of management if necessary.	.423	.551	.454	.435	.385	.392	.551	.468	1.000

KMO and Bartlett's Test for Monitoring Activities

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.839
Bartlett's Test of Sphericity	Approx. Chi-Square	278.744
	df	36
	Sig.	.000

KMO and Bartlett's Test for Monitoring Activities



Rotated Component Matrix^a

a. Only one component was extracted. The solution cannot be rotated.

Appendix VII: Regression Result (Monitoring Activities)

Result of the Test of Monitoring Activities on Financial Performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.494 ^a	.244	.235	.88172607

a. Predictors: (Constant), Monitoring Activities

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.825	1	21.825	28.073	.000 ^b
	Residual	67.637	87	.777		
	Total	89.463	88			

a. Dependent Variable: Financial Performance

b. Predictors: (Constant), Monitoring Activities

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.019	.093		-.207	.837		
	Monitoring Activities	.513	.097	.494	5.298	.000	1.000	1.000

a. Dependent Variable: Financial Performance

Result of the Test of Monitoring Activities on Non Financial Performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.635 ^a	.403	.396	.78772694

a. Predictors: (Constant), Monitoring Activities

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	36.853	1	36.853	59.391	.000 ^b
	Residual	54.605	88	.621		
	Total	91.458	89			

a. Dependent Variable: Non Financial Performance

b. Predictors: (Constant), Monitoring Activities

Coefficients ^a						
Model		Unstandardized	Standardized	t	Sig.	Collinearity

		Coefficients		Coefficients			Statistics	
		B	Std. Error				Beta	Tolerance
1	(Constant)	.002	.083		.025	.980		
	Monitoring Activities	.644	.084	.635	7.707	.000	1.000	1.000

a. Dependent Variable: Non Financial Performance

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Appendix VIII : Pre-Estimation (Non Financial Performance)

Correlation Matrix

	Pursues customer relationships and involvement that goes beyond sales transactions.	Investment in technology to maximize efficiency and to further enhance quality of the service provided.	Introduction of new products and innovation of products that meet the needs of consumers	Increase in bank's customer base yearly.	High employee training, motivation, retention, diversity, development	Expansion of bank in market size and coverage
Correlation	1.000	.072	.062	.176	.192	.035
Pursues customer relationships and involvement that goes beyond sales transactions.						
Investment in technology to maximize efficiency and to further enhance quality of the service provided.	.072	1.000	.596	.499	.592	.406
Introduction of new products and innovation of products that meet the needs of consumers	.062	.596	1.000	.527	.498	.165
Increase in bank's customer base yearly.	.176	.499	.527	1.000	.547	.242
High employee training, motivation, retention, diversity, development	.192	.592	.498	.547	1.000	.389
Expansion of bank in market size and coverage	.035	.406	.165	.242	.389	1.000

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KMO and Bartlett's Test for Non Financial Performance

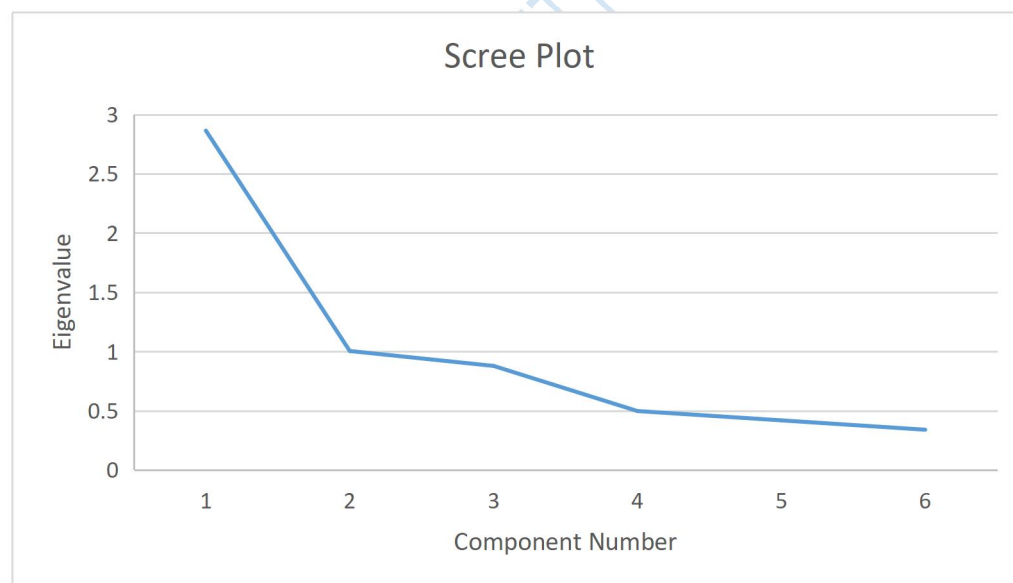
KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.785
Bartlett's Test of Sphericity	Approx. Chi-Square	155.658
	df	15
	Sig.	.000

Total Variance Explained for Non Financial Performance

Component	Total Variance Explained								
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.864	47.734	47.734	2.864	47.734	47.734	2.804	46.735	46.735
2	1.004	16.729	64.463	1.004	16.729	64.463	1.064	17.728	64.463
3	.878	14.630	79.093						
4	.497	8.280	87.374						
5	.418	6.971	94.344						
6	.339	5.656	100.000						

Extraction Method: Principal Component Analysis.

Scree Plot for Non Financial Performance



Rotated Component Matrix for Non Financial Performance

	Rotated Component Matrix ^a	
	Component 1	Component 2
Investment in technology to maximize efficiency and to further enhance quality of the service provided.	.850	
High employee training, motivation, retention,	.803	

diversity, development		
Introduction of new products and innovation of products that meet the needs of consumers	.759	
Increase in bank's customer base yearly.	.735	
Expansion of bank in market size and coverage	.565	
Pursues customer relationships and involvement that goes beyond sales transactions.		.963

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

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Appendix IX: Pre-Estimation (Financial Performance)

		Correlation Matrix				
		Profitability grows consistently yearly.	Turnover grows consistently increase yearly.	Maintenance of a strong cash flow.	Increasing return on capital.	Dividend is constantly being paid
Correlation	Profitability grows consistently yearly.	1.000	.707	.561	.458	.441
	Turnover grows consistently increase yearly.	.707	1.000	.527	.523	.459
	Maintenance of a strong cash flow.	.561	.527	1.000	.680	.199
	Increasing return on capital.	.458	.523	.680	1.000	.376
	Dividend is constantly being paid	.441	.459	.199	.376	1.000

KMO and Bartlett's Test for Financial Performance

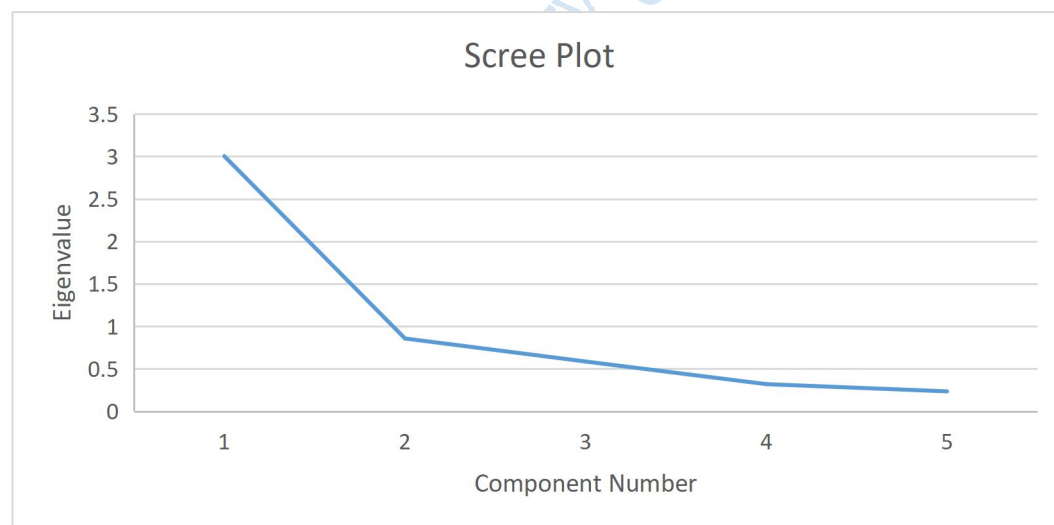
KMO and Bartlett's Test			
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			.730
Bartlett's Test of Sphericity	Approx. Chi-Square		194.889
	df		10
	Sig.		.000

Result of Total Variance Explained Test for Financial Performance

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.002	60.039	60.039	3.002	60.039	60.039
2	.857	17.145	77.184			
3	.586	11.720	88.904			
4	.320	6.397	95.301			
5	.235	4.699	100.000			

Extraction Method: Principal Component Analysis.

Scree Plot for Financial Performance



Appendix X: Pre-Estimation (Deposit Money Banks Performance in Nigeria)

		Correlation Matrix										
		Profitability grows consistently yearly.	Turnover grows consistently increase yearly.	Maintenance of a strong cash flow.	Increasing return on capital.	Dividend is constantly being paid	Pursues customer relationships and involvement that goes beyond sales transactions.	Investment in technology to maximize efficiency and to further enhance quality of the service provided.	Introduction of new products and innovation of products that meet the needs of consumers	Increase in bank's customer base yearly.	High employee training, retention, diversity, development	Expansion of bank in market size and coverage
Correlation	Profitability grows consistently yearly.	1.000	.707	.561	.458	.441	.181	.422	.319	.340	.274	.412
	Turnover grows consistently increase yearly.	.707	1.000	.527	.523	.459	.175	.369	.263	.188	.221	.491
	Maintenance of a strong cash flow.	.561	.527	1.000	.680	.199	.179	.503	.241	.280	.419	.639
	Increasing return on capital.	.458	.523	.680	1.000	.376	.064	.450	.224	.253	.441	.626
	Dividend is constantly being paid	.441	.459	.199	.376	1.000	.147	.307	.210	.260	.322	.146

Pursues customer relationships and involvement that goes beyond sales transactions.	.181	.175	.179	.064	.147	1.000	.073	.062	.176	.192	.033
Investment in technology to maximize efficiency and to further enhance quality of the service provided.	.422	.369	.503	.450	.307	.073	1.000	.596	.505	.596	.421
Introduction of new products and innovation of products that meet the needs of consumers	.319	.263	.241	.224	.210	.062	.596	1.000	.532	.501	.171
Increase in bank's customer base yearly.	.340	.188	.280	.253	.260	.176	.505	.532	1.000	.540	.217
High employee training, motivation, retention, diversity, development	.274	.221	.419	.441	.322	.192	.596	.501	.540	1.000	.376
Expansion of bank in market size and coverage	.412	.491	.639	.626	.146	.033	.421	.171	.217	.376	1.000

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KMO and Bartlett's Test for Performance of DMBs

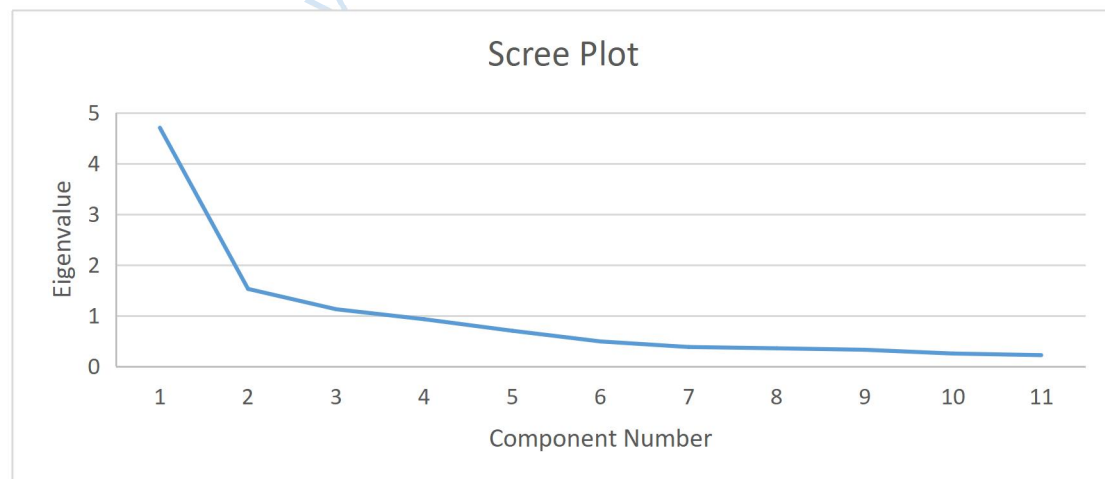
KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.828
Bartlett's Test of Sphericity	Approx. Chi-Square	444.643
	df	55
	Sig.	.000

Total Variance Explained for Performance of DMBs

Component	Total Variance Explained								
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.702	42.744	42.744	4.702	42.744	42.744	3.110	28.272	28.272
2	1.525	13.867	56.611	1.525	13.867	56.611	2.611	23.734	52.006
3	1.124	10.222	66.833	1.124	10.222	66.833	1.631	14.827	66.833
4	.928	8.435	75.268						
5	.700	6.362	81.630						
6	.490	4.452	86.081						
7	.380	3.455	89.536						
8	.355	3.224	92.760						
9	.325	2.957	95.716						
10	.251	2.285	98.002						
11	.220	1.998	100.000						

Extraction Method: Principal Component Analysis.

Scree Plot for Performance of DMBs



Rotated Component Matrix for Performance of DMBs

	Rotated Component Matrix ^a		
	Component		
	1	2	3
Expansion of bank in market size and coverage	.842		
Maintenance of a strong cash flow.	.814		
Increasing return on capital.	.808		
Turnover grows consistently increase yearly.	.663		.551
Profitability grows consistently yearly.	.576		.567
Introduction of new products and innovation of products that meet the needs of consumers		.810	
Increase in bank's customer base yearly.		.787	
High employee training, motivation, retention, diversity, development		.762	
Investment in technology to maximize efficiency and to further enhance quality of the service provided.	.416	.733	
Dividend is constantly being paid			.681
Pursues customer relationships and involvement that goes beyond sales transactions.			.660

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

Appendix XI: Questionnaire
FACULTY OF MANAGEMENT AND SOCIAL SCIENCE,
DEPARTMENT OF MANAGEMENT AND ACCOUNTING
RESEARCH QUESTIONNAIRE ON THE RELATIONSHIP BETWEEN
INTERNAL CONTROL AND ORGANISATIONAL PERFORMANCE OF
DEPOSIT MONEY BANKS IN NIGERIA

Dear Sir/Madam,

As a postgraduate student of the department of Accounting, Faculty of Environment Management and Social Sciences in the Lead City University, Ibadan. I am currently carrying out a research on the above-named topic and the main objective is to determine the relationship between internal control and organizational performance of deposit money banks in Nigeria. The questionnaire has been designed to elicit relevant information in this regard.

I am seeking your assistance and cooperation in gathering the needed information by completing the questionnaire as objectively as possible. The information you provide will be treated in strict confidence and is purely for academic purpose. In no way will your name appear in the final research report. Your assistance and cooperation will be highly appreciated.

Yours Faithfully,

Hassan Iyabode Kurfilat

SECTION A (Personal Data)

Please supply the information as requested and tick (√) as applicable in the spaces provided.

Gender: Male () Female ()
 Marital Status: Single () Married () Divorced () Separated ()
 Academic Qualifications: NCE/OND () HND/B.Sc () M.Ed/M.Sc ()
 PhD ()
 Others ().....
 Professional Qualification: ACA/ANAN/ACCA () CIBN () CITN () NIM ()
 Others ().....
 Work experience: Less than 5years () 5-10years () 11-15years ()
 16-20years ()
 20years and above ()
 Years of Experience in the banking industry: Less than 1 year () 1 year – 3 year ()
 3 years - 5 years () 5 years – 10 years () More than
 10 years ()

Course Studied in University: -----

SECTION B

There are five options: Very Large Extent (VLE), Large Extent (LE), Some Extent (SE), Minor Extent (ME) and Not At All (NAA), please indicate the extent to which you agree or disagree with the following statements by ticking (√) the appropriate cell.

Control Environment

S/N	Items	VLE	LE	SE	ME	NAA
1	The board of directors and management's commitment to integrity and ethical behaviour communicated effectively throughout the organization, both in words and deeds.					
2	The organization have a process to evaluate the performance of individuals and teams against its standards of conduct.					
3	The organization periodically analyze issues to identify trends and root causes to evaluate whether modification of policies, communication, training or controls are necessary.					
4	Audit committee have adequate resources and authority to discharge its responsibilities.					
5	The organizational structure appropriate for the size, operating activities and locations of the organization to enable management to carry out their oversight responsibilities					
6	Reporting lines evaluated periodically, and do they enable the execution of authorities and responsibilities and the flow of information to manage the entity's activities					
7	There is a mechanism in place to regularly educate and communicate, to management and employees, the importance of internal controls, and to raise their level of understanding of internal control.					
8	There adequate policies and procedures for authorization and approval of transactions by the appropriate level?					
9	There are standards and procedures for hiring, training, motivating, evaluating, promoting, compensating, transferring and terminating the employment of personnel that are applicable to all functional areas					
10	Management demonstrate a commitment to provide sufficient accounting and financial personnel to keep pace with the growth and/or complexity of the business					

Risk Assessment

S/N	Items	VLE	LE	SE	ME	NAA
1	The organization periodically review and update its understanding of the requirements of the applicable financial reporting framework.					
2	Management establishes a materiality threshold for the purpose of identifying significant accounts and disclosures.					

3	The organization have a process to evaluate the range of its activities to assess whether all material activities are appropriately reflected in the financial statements					
4	The organization identify risks to the achievement of financial reporting objectives at all levels of the entity.					
5	The risk identification is comprehensive and it include all significant interactions internal to the bank and between the bank and its relevant business partners and outsourced service providers					
6	Risk assessment is revisited on an appropriate interval					
7	The organization perform a risk assessment to consider risk related to fraudulent financial reporting, management override, potential loss of assets and corruption					
8	There are measures in place to identify and react to risks that occur to due changes in regulations, politics or economic by the bank.					
9	Audit personnel or other internal control experts are involved in control related activities or decision making in fight against fraud.					
10	There are processes in place to inform appropriate levels of management about changes with possible significant effects on the entity.					

Control Activities

S/N	Items	VL E	LE	SE	M E	NA A
1	The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.					
2	The organization selects and develops general control activities over technology to support the achievement of objectives.					
3	The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.					
4	Appropriate personnel involved in the process of designing and implementing controls to respond to the identified risks.					
5	The controls identified address the completeness, accuracy and validity of transactions processed.					
6	Controls exist at various levels within the organization from transaction level controls to entity-level management review controls.					
7	There are processes in place to select, develop, operate and maintain the organization's technology.					
8	Accounting and closing practices that are followed consistently at interim dates.					
9	Management review key performance indicators (e.g., budget, profit, financial goals operating goals) regularly (e.g., monthly, quarterly) and identify significant variances.					
10	The organization review its policies and procedures					

	periodically to determine whether they continue to be appropriate for the organization's activities and refresh them when needed.					
--	---	--	--	--	--	--

Information and Communication

S/N	Items	VL E	LE	SE	M E	NA A
1	The organization has established information requirements to support the effective operation of internal control.					
2	The organization's information systems generate information that is of sufficient quality to support the effective operation of controls.					
3	Organization periodically review the quality of information to assess its reliability and timeliness.					
4	The organization implemented policies and procedures that facilitate effective internal communication, including individual internal control authorities and responsibilities and standards of conduct across the organization.					
5	Internal audit have a direct line of communication to the audit committee.					
6	There are periodic evaluation of the effectiveness of communications to ensure the methods are working.					
7	The organization's messaging reinforce to all employees their roles in ensuring that internal control responsibilities are taken seriously.					
8	The organization have a process in place to approve formal external communications prior to their release.					
9	There is a process for tracking communications from customers, vendors, regulators, and other external parties and sharing it internally.					
10	Information from external parties about the organization's activities that relates to matters of internal control are evaluated by management and, where appropriate, communicated to the board of directors or the audit committee					

Monitoring Activities

S/N	Items	VL E	LE	SE	M E	NA A
1	Management have suitable monitoring processes in place to assess whether controls across the entire control framework are present and functioning as intended.					
2	The results of monitoring activities considered over time to determine the basis for future monitoring activities.					
3	The organization's monitoring activities provide for the establishment of the understanding of the design and current state of the internal control system.					
4	The results of monitoring activities are considered over time to determine the basis for future monitoring activities.					
5	The scope of internal audit activities appropriate given the nature, size and structure of the organization.					

6	There a process in place to accumulate and evaluate matters identified by the organization's monitoring activities.					
7	Management take adequate and timely actions to correct deficiencies reported by the internal audit function and by other monitoring activities.					
8	Management respond timely and appropriately to the findings and recommendations of the independent auditors regarding internal control and policies and procedures of the organization.					
9	There is a process in place to track unremediated control deficiencies and a protocol to escalate them to higher levels of management if necessary.					

Performance

S/N	Items	VL E	LE	SE	M E	NA A
Financial						
1	Profitability grows consistently yearly.					
2	Turnover grows consistently increase yearly.					
3	Maintenance of a strong cash flow.					
4	Increasing return on capital.					
5	Dividend is constantly being paid					
Non-Financial						
1	Pursues customer relationships and involvement that goes beyond sales transactions.					
2	Investment in technology to maximize efficiency and to further enhance quality of the service provided.					
3	Introduction of new products and innovation of products that meet the needs of consumers					
4	Increase in bank's customer base yearly.					
5	High employee training, motivation, retention, diversity, development					
6	Expansion of bank in market size and coverage					

Bio Data

A. Personal Data:

Name: Iyabode Kurfilat HASSAN

Email address: hassanodunola35@gmail.com

Phone number: 08033192035

House address: No 1 Hassan Close Adegbayi Ibadan

Date of birth: 7th May 1980

Place of birth: Ibadan

Nationality: Nigerian

Marital Status: Married

Name of next of kin: Mr. Boladale Hassan

Address of next of Kin: No. 1 Hassan Close Adegbayi Ibadan

B. Educational Background

1. Educational Institution Attended With Dates

- | | |
|---|-----------|
| (1) St Anne's Secondary School: WASSCE | 1988-1994 |
| (2) Polytechnic Ibadan: HND: Upper Credit | 2000 |
| (3) Ekpoma Ambrose Alli University: BSc. Accounting | 2007 |
| (4) Lautech University: MBA Finance Management | 2008 |
| (5) Lead City University: M.Sc. Accounting | 2022 |

2. Professional Qualifications with Dates

- | | |
|--------------------------------|------|
| (1) Associate Chartered Banker | 2022 |
|--------------------------------|------|

(2) Associate Chartered Controller 2020

C. Working Experience With Dates

- 1) First Bank Nigeria Limited: 2009
- 2) Intercontinental Bank: 2008
- 3) Integrated Micro-finance Bank: 2007
- 4) Global Com: 2005
- 5) Guinness Nigeria: 2003
- 6) Seedvest Finance Limited: 2002
- 7) Dunlop Nigeria 2001

Signature

Date

University Compliance Certification

This is to certify that this thesis written by Iyabode Kurfilat Hassan with Matric Number LCU/PG/000505 in the Department of Management and Accounting, Faculty of Management and Social Sciences, Lead City University, Ibadan is in full compliance with the approved University format and style.

Signature

Date

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