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IMPACT OF AUDITORS IN DETECTING FRAUD AND INVESTIGATION IN THE NIGERIA MANUFACTORING SECTOR (A STUDY OF HONEYWELL FLOUR MILLS PLC APAPA LAGOS)

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Abstract

The role of auditors in fraud control and monument is essential. Fraud has been one of the most problematic and unsolvable matter for business all over the world for a long time. This study examine the impact of auditors' responsibility in fraud detection and investigation in Nigeria industries. The population of the study are staff of Honeywell Flour Mills Plc Apapa Lagos. Simple random sampling technique was used to determine the sample. The study use primary and secondary data, where questionnaires and interview are used to generate data. A sampled opinions of eighty (80) respondents were collected using structured questionnaires. Chi-square was used to test the hypotheses and the results were subsequently analyzed. Based on the findings, the study reveals that audit contributes significantly to fraud prevention and detection in Nigeria manufacturing industries. The study recommended that auditors should increase the scope of their activities and engagements on the efficiency of industries' internal control system, risk assessment and system audit as this will enhance the detection of fraudulent activities. Also, management of industries should ensure strict compliance with their respective internal control system.

Keywords: Auditor, Detention, Fraud, Responsibility

Introduction

Background to the study

Over the last two decades, there have been developments concerning fraud which some have seen as marking significant extension to audit responsibilities, The business community, especially the accounting profession has become increasingly concerned about the rise in management fraud. Recent internal reports suggest that employee fraud is pervasive, plaguing both large and small organization alike.

Fraud causes tremendous losses to the business world and creates morale problems in the workplace. These losses are serious problems to organizations that need to be managed, controlled and monitored. Technology, the criminal and law enforcement are continuously leapfrogging each other, as the race continues to build better tools, commit bigger crimes and develop more effective law enforcement (Rittenberg & Schwieger, 2015). Fraud detection is an examination of the facts to identify the indicators of fraud. Reviewing and improving the internal control system is the primary defence against fraud and abuse. This study showed that a strong system of internal control is the most effective way of fraud prevention. Hence, the aim of this effort is to raise the level of security awareness for organisations in order to plan and facilitate a concerted effort to battle fraud, as prevention is better than cure (Uzun, 2014).

The literature in the field on fraud detection has evolved over the years. Some authors have acknowledged that there are limitations in the way individual auditors make fraud judgments (Wilks and Zimbelman, 2014) and ultimately find it difficult to identify fraud (Carpenter, 2017). However, during the period of 1980s, there have been developments concerning fraud which some have seen as marking significant extensions to auditor

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responsibilities (Humphrey, 2013). Although the auditor"s responsibility for detecting fraud has not changed from Statements Auditing Standards (SAS) No. 82, the amended standard provides more guidance on how the auditor should plan and perform the audit (including the use of analytical procedures) to identify the risks of material misstatements arising from errors or fraud (Arens, 2018).

Consequently, the Auditing Standards Board (ASB) in 2012 issued statement on auditing standards imposed greater responsibility on auditors to detect financial statement fraud. The Auditing Standards Board formed a task to reconsider auditors' responsibility for the detection of fraud and provides operational guidance to practitioners (Knapp and Knapp, 2015). Moreover, most accounting practitioners realize and acknowledge that auditors are often not positioned to detect the occurrence of fraud. Auditors lack the continuous presence necessary for the establishment and implementation of fraud prevention and deterrence programs. Unlike other crimes which may be witnessed, fraud, by its very nature, typically entails concealment by its perpetrators. In recent years, more attention has focused on management fraud and on the failure of auditors to detect and report the fraud.

The main objective of internal auditing is to provide assurance to management that the internal control system in the company is sound in design and effective in operation. It also helps to achieve value for money (Momoh 2015).

Okwoli (2014) also shares the view that the present requirement of internal audit is not the detection of fraud and errors, but reviewing the system of internal control. This is because in private company, internal audit is meant to carry out an independent appraisal of the effectiveness of internal controls and other financial controls in such ministry. Daniel (2016), emphasizes the importance of internal audit by saying that ''without audit, no efficiency, no development. The growth of any economy depends to a large extent on the system of control adopted by the management and the success and sustenance of the internal control lies on internal auditing. The above observation underscores the importance of internal audit in every organization of the internal control to effect.

Organization all round the world be it financial or otherwise needs auditing for proper assessment of their financial statements. In order to achieve set out goals and objectives, resources must be properly managed to get the profound results needed. (Joe, 2013).

Auditing in the Nigerian organizational system is relevant hence financial management in any company leads to the success and growth of the company. Auditing as a tool for accountability for efficient and effective company administration is clear term study which will educate us on the importance of company audit and how it will affect the staff if mismanagement of fraud eventually occurs.

Olowolaju (2013) examined the role of internal audit in controlling errors, irregularities and fraud in corporate organizations. The study revealed that the existence of internal audit department in a business organization is a good tool of corporate control of errors, irregularities and fraud. Sorunke (2016) conducted a research to evaluate the effectiveness of the internal audit unit on fraud control in local government administration in Osun State. The findings of the research indicate that the Internal Audit unit did not fulfill and in reality does not contribute significantly to fraud prevention and control in local government administration in Osun State. The study thus recommends total overhauling of the internal audit unit in the local government administration in Osun State. Josiah, Adediran and Akpeti (2012) focused on the role of auditors in the use of internal control system in fraud detection: a survey of selected firms in Nigeria, he stated that firms should ensure continuous policies and strategies aimed at effective and efficient internal control system. That management should continually engage the services of qualified and experienced external auditors which will not only put in place an effective internal control system but which will equally enhance it.

Fraud has become very complicated in this era of technology, and increasingly difficult to detect, especially when it is collusive in nature and committed by top management who are capable of concealing it. In this respect, auditors have argued that the detection of fraud should not be their responsibility (and Howard, 2015).

Ojaide (2013) submits that there is an alarming increase in the number of fraud and fraudulent activities in Nigeria emphasizing the visibility of forensic accounting services. Owojori and Asaolu (2017) have acknowledge in their works, the increasing incidence of fraud and fraudulent activities in Nigeria and their study have argued that in Nigeria, financial fraud is gradually becoming a normal way of life. As Kasum (2016) notes, the perpetuation of financial irregularities are becoming the specialty of both private and public sector in Nigeria as individual perpetrates fraud and corrupt practice according to the capacity of their office. Consequently, there is a general expectation that auditors may be able to stem the tide of financial malfeasance witnessed in most sectors of the Nigerian economy. However, there has not been adequate

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emphasis, especially survey evidence on how auditors can help curb financial crimes beyond the several anecdotal views that abound. This is the reason for this study.

Objectives of the Study

The main objective of the study will be to examine the impact of auditor's responsibility in detecting fraud and investigation in Nigeria Manufacturing Sector. The study also has its specific objectives as follows:

i. To ascertain the contribution of auditors in fraud prevention in the manufacturing sector.
ii. To evaluate the contribution of auditors in fraud detection in a manufacturing sector.

Research Questions

Based on the objectives, this study seeks to answer the following questions:

i. To what extent do internal audit contribute to fraud prevention in a manufacturing sector?
ii. What is the contribution of internal audit to fraud detection in a manufacturing sector?

Research Hypotheses

This study is required to test the following:

Hypothesis one

H_o: Internal audit does not contribute significantly to fraud prevention in a manufacturing sector.
H_1: Internal audit contributes significantly to fraud prevention in a manufacturing sector.

Hypothesis two

H_o: Internal audit does not contribute significantly to fraud detection in a manufacturing sector.
H_1: Internal audit contributes significantly to fraud detection in a manufacturing sector.

LITERATURE REVIEW

This study carried out reviews on extant literatures relevant to the topic and the conceptual review done centered on the dependent and independent variables.

Dependent Variable

Concept of Fraud

According to Millichamp (2016) fraud may be broadly classified as deliberate steps by one or more individuals to deceive or mislead with the objective of misappropriating assets of business, distorting organization's apparent financial performance or strength, or otherwise obtaining an unfair advantage. It may start as a genuine mistake, be successfully covered up and develop there after into a full fledged long-terms fraud.

Types of Fraud

According to Josiah, Adediran and Akpeti (2014), fraud may be broadly classified as deliberate steps by one or more individuals to deceive or mislead with the objective of misappropriating assets of business, distorting organization's apparent financial performance or strength, or otherwise obtaining an unfair advantage. They stated that fraud can be perpetrated in different forms, these include the following;

False Accounting, Asset Misappropriation, Computer Fraud, Insurance Fraud, Intellectual Property Fraud, theft or infringement by third parties, Corruption, Money Laundering, Investment Scheme Fraud and many more continuing to create a lot of distortions in the organization financial landscape and there is an urgent need to tackles then headlong.

Contribution of Auditors to Detection of Fraud - According to Josiah, Adediran and Akpeti (2014), auditors make a contribution to the detection of possible fraud even though "reliance on the auditors to detect fraud is misplaced". The first stage of an audit is designed to establish if the accounting records are accurate and provide a reliable basis for the preparation of accounts. This objective can be achieved by checking all the routine transactions which took place during the financial year and this process might uncover fraud, except where fictitious evidence have been carefully created.

Independent Variable

Concept of Audit

The word audit is derived from a Latin word "audire" which means "to hear". During the medieval times when manual book-keeping was prevalent, auditors in Britain used to hear the accounts read out for them and checked that the organization's personnel were not negligent or fraudulent (Derek Mathew, 2015). Moyer

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(2014) identified that the most important duty of the auditor was to detect fraud. Chatfield (2017) documented that early United States auditing was viewed mainly as verification of bookkeeping detail.

An audit is a systematic and independent examination of books, accounts, statutory records, documents and vouchers of an organization to ascertain how far the financial statements as well as non-financial disclosures present a true and fair view of the concern (Michael, 2015). It also attempts to ensure that the books of accounts are properly maintained by the concern as required by law. Auditing has become such a ubiquitous phenomenon in the corporate and the public sector that academics started identifying an "Audit Society" (Michael, 2015). The auditor perceives and recognizes the propositions before them for examination, obtains evidence, evaluates the same and formulates an opinion on the basis of his judgement which is communicated through their audit report.

Any subject matter may be audited. Auditing is a safeguard measure since ancient times (Loeb & Shamoo, 2013). Audits provide third party assurance to various stakeholders that the subject matter is free from material misstatement. The term is most frequently applied to audits of the financial information relating to a legal person. Other areas which are commonly audited include: secretarial & compliance audit, internal controls, quality management, project management, water management, and energy conservation.

As a result of an audit, stakeholders may effectively evaluate and improve the effectiveness of risk management, control, and the governance process over the subject matter.

Objectives of Audit - According to the International Standard on Auditing (2015) in conducting an audit of financial statements, the overall objectives of the auditor are:

(a) To obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, thereby enabling the auditor to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework; and

(b) To report on the financial statements, and communicate as required by the ISAs, in accordance with the auditor's findings.

In all cases when reasonable assurance cannot be obtained and a qualified opinion in the auditor's report is insufficient in the circumstances for purposes of reporting to the intended users of the financial statements, the ISAs require that the auditor disclaim an opinion or withdraw (or resign)3 from the engagement, where withdrawal is possible under applicable law or regulation. In modern times the need and role of auditing has gone beyond the mere certification of financial statements in respect to their truth and fairness but have also included given an assurance that fraud and other irregularities perpetuated in organization may not go without detection. Audits are performed to ascertain the validity and reliability of information; also to provide an assessment of a system's internal control. The goal of an audit is to express an opinion on the person / organization / system (etc.) in question, under evaluation based on work done on a test basis.

Auditors' responsibilities in fraud detection - It is not the auditor's purpose in carrying out an audit to determine whether or not frauds of any kind have been perpetrated by servants of his clients. As hope said in Kingston Cotton Mill (No. 2) 1896; (the auditor) does not guarantee the discovery of all fraud.As has been stated, the auditor's duty is to assess whether or not the published accounts accurately represent the true state of his client's business and to produce report addressed to the owners in which he expresses his opinion of the truth and fairness, and sometimes other aspects of the financial statements. The phrase "true and fair" does not imply that the accounts are correct in every detail and the presence of minor inaccuracy would not invalidate the auditor's opinion. It is however, obvious that if a material fraud has been perpetrated and is not discovered then the published accounts will not reflect the true state of the client's business.

Consequently, auditors make a contribution to the detection of possible fraud even though "reliance on the auditors to detect fraud is misplaced". The first stage of an audit is designed to establish if the accounting records are accurate and provide a reliable basis for the preparation of accounts. This objective can be achieved by checking all the routine transactions which took place during the financial year and this process might uncover fraud, except where fictitious evidence have been carefully created.

Auditors' Responsibilities in Fraud Prevention - The area of fraud prevention is particularly important from the investor"s perspective. Generally, all investors want to protect their investments and want to be reassured that the assets of the company are correctly stated and safeguarded (, 2015). It is also important that auditors are even more vigilant in the execution of their responsibilities by ensuring that due diligence and care is at the forefront of their agenda so that fraud can be detected and exposed. This is critically important, if auditors are to protect and preserve their professional reputation and integrity and avoid legal costs (Makkawi & Schick, 2013).

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Fraud may occur because the responsibility for its prevention is not a normally assigned task, because dishonesty is accepted as inevitable, known cases go unpunished, and the disease spreads; because security is thought too expensive or covered by fidelity bonds. It may also persist when its prevention is not taken seriously and when dishonesty is accepted as something that cannot be avoided. Fraud exists when one or more of the following conditions exist: 1) misappropriation of assets, 2) overstatement of assets or understatement of liabilities to present more favorable financial position and/ or result of operation, 3) theft of assets through transactions with branches or subsidiaries of the parent company, and 4) lack of disclosure of significant information (Elder, 2017).

Auditors' responsibilities in fraud Remediation - Auditors can perform their fraud remediation responsibilities by; Ensuring that senior management is taking necessary corrective actions to address the findings and recommendations of internal auditors and external auditors in a timely manner; addressing control weaknesses, non-compliance with policies, laws and regulations and other problems identified by internal auditors and external auditors, and ensuring that deficiencies identified by supervisory authorities related to the internal audit function are remedied within an appropriate time frame and that progress of necessary corrective actions are reported to the board of directors.

Theoretical Framework – There are many theories postulated by experts in the study of auditors and fraud detection and prevention but this study is grounded on Contingency theory and theory of fraud triangle.

Contingency Theory The contingency theory of organizations as rational entities capable and willing to make internal changes to achieve a technical fit between environment and structure as argued by Byars and Rue (2014), the goal of an audit is to test reliability of a company's information, policies, practices and procedures. Government regulations require that certain financial institutions undergo independent financial audits, but industry standards can mandate audits in other areas such as safety and technology. Auditors require access to documents, systems, policies and procedures to manage an audit.

According to Draft (2010), audit teams may begin the process with meetings where they gather risk and control awareness, after which the field work begins. During the audit process, auditors perform substantive procedures and test controls. The audit sub processes, particularly in planning and field work, include contingencies such as business type, employee skill level, applicable laws, available audit workforce, available technology and systems, and deadline.

Theory of Fraud Triangle

This theory entails the triangle of different fraud aspects which includes perceived pressure/motives, perceived opportunities and rationalization. The term perceived is important in the context because at times pressure, opportunities and rationalization may not be necessarily real (Chiezey & Onu, 2013; and Ogechuckwu, 2013). Chiezey and Onu (2013) observe that the first temptations to commit fraud are financial and non-financial pressure. Though financial pressure is the major pressure as argued by Ngalyuka (2013), that 95% of frauds committed are due to financial pressure. This pressure can be in form of debts, underpayments, personal family financial challenges of the employees and those that related to work in terms of pressures to perform more than others (Ngalyuka, 2013).

Kanu and Okafor (2013) argue that these opportunities are due to weak control measures, lack of expectation for punishments which can serve as a deterrence and inadequate infrastructure. The last factor in the fraud triangle is the perceived rationalization. Rationalization is the justification of an unethical behavior within an organization other than a criminal activity. Mahinda (2012) opined that individual who cannot rationalize its unethical behavior might probably not commit fraud. From the argument above, it is glaring that beyond internal control and corporate governance, strict compliance with banking ethics has great potential for preventing opportunity and rationalization for fraud which in turn break the fraud triangle.

Empirical Review

Extensive studies have been conducted in many countries into the perception of financial report users of auditors' responsibilities in fraud prevention and detection [For example,

Olaoye and Dada (2017) examined the impact of auditors captured by risk assessment, system audit and verification of financial report on banking fraud control in Southwest Nigeria. The study employed survey design in which a set of questionnaire was administered on the selected banks in Southwest Nigeria. Multiple regression technique and ANOVA were used for the analysis. The results indicated that the level of fraud control in Nigerian banks during the period covered was low; the result revealed that risk assessment management, system audit and verification of financial reports adopted by the banking industry in Southwest Nigeria limit the fraudulent activities among the Nigerian banks by 35, 13 and 18 percent respectively; the

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results also showed that audit roles captured by risk assessment, system audit and verification of financial reports were statistically significant in determining the fraudulent act in banking industry in Nigeria.

Based on the findings, the study concluded that risk assessment, system audit and financial report verifications were carried out to determine the effectiveness and impact of auditors on fraud control in Nigerian banks which reveals that auditors' roles need to be improved to enhance fraud control in banking industry. The study recommended that auditors should increase the scope of their activities on the efficiency of banks internal control system, risk assessment and system audit as this will enhance the detection of fraudulent activities. Also, management of banks should ensure strict compliance with their respective internal control system.

Enofe et al (2015) examined the impact of forensic audit on corporate fraud in Nigeria. The objective of the study was to determine the relationship between forensic audit and corporate fraud. The study employed survey method to collect primary data using questionnaires, while the data were analyzed using Ordinary Least Square (OLS) regression technique with the aid of SPSS Statistics 21. The study concluded based on the statistical analysis that the frequent utilization of forensic audit services will significantly help in the detection, prevention as well as reduction of incidences of fraud in and businesses. Consequently forensic audit was adjudged to be an efficient and effective tool against corporate fraud. It therefore recommended that forensic audit be made statutory for businesses and organizations.

RESEARCH METHODOLOGY

Research Design - The study research design used is both explanatory and descriptive in nature involving collections, analysis and interpretations of data with a view to evaluate the impact of auditors in fraud detection and prevention in manufacturing sector in Nigeria

Population of the Study - The population for the study includes the entire manufacturing firms in Nigeria while the sample size for this study centered on fifteen firms randomly selected among senior and Junior audit Staff of Honeywell Flour Mills Plc Apapa Lagos State.

Sources of Data - Designing a research plan calls for appropriate decisions on data sources so as to enable drawing of conclusion on the subject matter researched. Spiegel (2018). Questionnaire Administration and Secondary data used in the study were extracted from text books and, publication journal, articles, seminar and notes etc.

Data Collection Technique - The main research technique for this study was questionnaires while face to face oral interviews of some of those included in the sample was also supportive. The interview method was inevitable as some questions required narrative answers and the respondents were perceived as too busty to go into the task of lengthy writing. The responses obtained through these techniques were considered in the appropriate areas of the study.

Data Analysis Techniques -Techniques used in the analysis of data for the purpose of comprehension included simple tabulations, percentages and averages chi-square (X_2) was used at 5% level of significance to test the hypothesis. Where $X_2 = \Sigma(o\text{-}E)_2$. The purpose of this test is to determine how well an observed set of data E fits an expected set When X_2 = Chi-square

O = Observed frequency; E = Expected frequency

The researcher goes on a field survey to collect data for this study. The data collected for the purpose of this study are new and need analysis to be able to make decision for the purpose of hypothesis testing. Chi-Square analysis is used to test the hypotheses

Table One: Research questions One on ascertaining the contribution of auditors in fraud prevention in the manufacturing sector.

Details		SA(%)	A(%)	D(%)	SD(%)	D(%)	Total
10	Fraud may occur because the responsibility for its prevention is not a normally assigned task	26(44%)	26(44%)	0(0%)	1(2%)	6(10%)	60
11	Auditors lack the continuous presence necessary for the establishment and implementation of fraud prevention and deterrence programs	43(72%)	14(24%)	0(0%)	2(4%)	0(0%)	60
12	Internal audit contributes significantly to fraud prevention in a manufacturing sector	60(100%)	0(0%)	0(0%)	0(0%)	0(0%)	60
Total		129	40	0	3	6	150

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Average	43	14	0	1	2	60

Source: field survey 2024

In determining whether fraud may occur because the responsibility for its prevention is not a normally assigned task, 44% strongly agree, another 44% of the respondents agree, 2% were undecided while 10% strongly disagree. 96% of the respondents concur with the statement that auditors lack the continuous presence necessary for the establishment and implementation of fraud prevention and deterrence programs. All the respondents agree with the statement that Internal audit contributes significantly to fraud prevention in a manufacturing sector.

Table 2: Hypothesis One

H_0: Internal audit does not contribute significantly to fraud prevention in a manufacturing sector.
H_1: Internal audit contributes significantly to fraud prevention in a manufacturing sector.

RESPONDENTS	fo	fe	fo - fe	(fo - fe) 2	(fo-fe)2/fe
Strongly Agree	43	12	31	961	80.1
Agree	14	12	2	4	0.3
Undecided	0	12	-12	144	12
Strongly Disagree	1	12	-11	121	10.1
Disagree	2	12	-10	100	8.3
Total	60	60	0	1330	110.8

Source: field survey 2024

X2 = 110.8
Degree of freedom (DF) = (c – 1) (r -1)
Where C = Column R = Row; (5 – 1)(5-1); DF = 8
Significant level (SL) = 0.5
From the test of hypothesis one, the CHI-SQUARE statistic is x2=110.8, the predetermined significant level is 0.05 and the degree of freedom (df) =4. Entering the CHI-SQUARE distribution table with 1 degree of freedom and reading along the row, I find my value x2 (110.8) exceeding the critical value for 0.05 probability level of (26.296). The alternative hypothesis (Hi) is accepted and reject the null hypothesis. Internal audit contributes significantly to fraud prevention in a manufacturing sector.

Table 3: Research questions Two to evaluate the contribution of auditors in fraud detection in a manufacturing sector.

Details		SA(%)	A(%)	D(%)	SD(%)	D(%)	Total
4	Auditors are not necessarily the most suitable group to perform the task of fraud detection.	30(50%)	16(26%)	2(4%)	7(12%)	5(8%)	60
5	Fraud detection should always be audit objective.	60(100%)	0(0%)	0(0%)	0(0%)	0(0%)	60
6	Cost function aid the liquidity for comparisons of business enterprises.	36(58%)	19(32%)	2(4%)	2(4%)	1(2%)	60
Total		126	35	4	9	6	180
Average		42	12	1	3	2	60

Source: field survey 2024

In determining if auditors are not necessarily the most suitable group to perform the task of fraud detection, 50% of the respondents strongly agree with the statement, 26% agree, 4% were undecided, 12% strongly disagree while 8% disagree. All the respondents concur with the statement that fraud detection should always be audit objective. 90% of the respondents agree with the statement that Internal audit contributes significantly to fraud detection in a manufacturing sector.

Table 4: Hypothesis two

H_0: Internal audit does not contribute significantly to fraud detection in a manufacturing sector.
H_1: Internal audit contributes significantly to fraud detection in a manufacturing sector.

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RESPONDENTS	fo	fe	fo - fe	(fo - fe) 2	(fo-fe) 2/fe
Strongly Agree	42	12	30	900	75
Agree	12	12	0	0	0
Undecided	1	12	-11	121	10
Strongly Disagree	3	12	-9	81	6.75
Disagree	2	12	-10	100	8.3
Total	60	60	0	1202	100.05

Source: field survey 2024

$X2 = 100.05$

Degree of freedom (DF) = (c – 1) (r -1)

Where C = Column

R = Row (5 – 1)(5-1); DF = 8

Significant level (SL) = 0.05

From the test of hypothesis two, the CHI-SQUARE statistic is x2=100.05 the predetermined significant level is 0.05 and the degree of freedom (df) =4. Entering the CHI-SQUARE distribution table with 1 degree of freedom and reading along the row, I find my value x2 (100.05) exceeding the critical value for 0.05 probability level of (26.296). The alternative hypothesis (Hi) is accepted and reject the null hypothesis. This is an indication that Internal audit contributes significantly to fraud detection in a manufacturing sector.

DISCUSSION OF FINDINGS

The study shows that Internal audit contributes significantly to fraud prevention in a manufacturing sector. It is also important that auditors are even more vigilant in the execution of their responsibilities by ensuring that due diligence and care is at the forefront of their agenda so that fraud can be detected and exposed. This is critically important, if auditors are to protect and preserve their professional reputation and integrity and avoid legal costs (Makkawi and Schick, 2013). Fraud may occur because the responsibility for its prevention is not a normally assigned task, because dishonesty is accepted as inevitable, known cases go unpunished, and the disease spreads; because security is thought too expensive or covered by fidelity bonds. In the same vein, Sorunke (2016) conducted a research to evaluate the effectiveness of the internal audit unit on fraud control in local government administration in Osun State. The findings of the research indicate that the Internal audit unit contribute significantly to fraud prevention and control in local government administration in Osun State. The results from hypothesis two shows that internal audit contributes significantly to fraud detection in a manufacturing sector. auditors make a contribution to the detection of possible fraud even though "reliance on the auditors to detect fraud is misplaced". The first stage of an audit is designed to establish if the accounting records are accurate and provide a reliable basis for the preparation of accounts. This objective can be achieved by checking all the routine transactions which took place during the financial year and this process might uncover fraud, except where fictitious evidence have been carefully created. Moreover, the role of the auditor has not been well defined from inception. In the nineteenth century, auditors claimed fraud detection as an audit objective. Porter (2017) indicated that it was the auditor"s responsibility to report to shareholders all dishonest acts which had occurred and which affected the propriety of the contents of the financial statements. However, the learned judge also argued that the auditor could not be expected to uncover all fraud committed within the company, since the auditor was not an insurer or guarantor, but was expected to conduct the audit with reasonable skill and care in the circumstances (Carmichael, 2014).

The study shows that audit contributes significantly to fraud remediation in a manufacturing. According to Porter (2017) auditors can perform their fraud remediation responsibilities by; Ensuring that senior management is taking necessary corrective actions to address the findings and recommendations of internal auditors and external auditors in a timely manner; addressing control weaknesses, non-compliance with policies, laws and regulations and other problems identified by internal auditors and external auditors, and ensuring that deficiencies identified by supervisory authorities related to the internal audit function are remedied within an appropriate time frame and that progress of necessary corrective actions are reported to the board of directors.

Finally, the study revealed that audit is paramount to organization objectives. This is in consonance with the view of Joe (2013) who stated that organization all round the world be it financial or otherwise needs auditing for proper assessment of their financial statements. In order to achieve set out goals and objectives, resources must be properly managed to get the profound results needed. Auditing in the Nigerian

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organizational system is relevant hence financial management in any company leads to the success and growth of the company. Auditing as a tool for accountability for efficient and effective company administration is clear term study which will educate us on the importance of company audit and how it will affect the staff if mismanagement of fraud eventually occurs. In the same vein, Olowolaju (2013) examined the role of internal audit in controlling errors, irregularities and fraud in corporate organizations. The study revealed that the existence of internal audit department in a business organization is a good tool of corporate control of errors, irregularities and fraud.

In determining whether fraud may occur because the responsibility for its prevention is not a normally assigned task, 44% strongly agree, another 44% of the respondents agree, 2% were undecided while 10% strongly disagree. 96% of the respondents concur with the statement that auditors lack the continuous presence necessary for the establishment and implementation of fraud prevention and deterrence programs. All the respondents agree with the statement that Internal audit contributes significantly to fraud prevention in a manufacturing sector.

SUMMARY AND CONCLUSION

The summary of the study is that fraud may occur because the responsibility for its prevention is not a normally assigned task to which 44% strongly agreed with. In addition, auditors lacks the continuous presence necessary for the establishment and implementation of fraud prevention and deterrence programs. Furthermore, internal audit contributes significantly to fraud prevention in a manufacturing sector. Auditors are not necessarily the most suitable group to perform the task of fraud detection and fraud detection should always be audit's objective.

Also the study observed that internal audit contributes significantly to fraud detection in a manufacturing sector and auditors can perform their fraud remediation responsibilities by ensuring that senior management is permitted to take necessary corrective actions. Deficiencies identified by supervisory authorities related to the internal audit function are remedied within an appropriate time frame as regards to auditors' responsibility in detecting fraud and investigation in Nigeria industries.

On the basis of the findings, the study concluded that failure of the management to adopt the services of the internal auditor in an organization can lead to fraud, loss of finance and lack of accountability. The growth of any organization depends to a large extent on the system of control adopted by the management and the success and sustenance of the internal control lies on auditing. The above observation underscores the importance of audit in every organization. Organization all round the world be it financial or otherwise needs auditing for proper assessment of their financial statements. The study conclude that In order to achieve set out goals and objectives, resources must be properly managed to get the profound results needed. Finally, it can be concluded from the study that auditing in the Nigerian organizational system is relevant hence financial management in any company leads to the success and growth of the company.

RECOMMENDATION

Having conducted this research and analyzed the field data, In view of the findings of this study, the following recommendations are proffered:

i. The study recommends that organizations should fully reconcile their accounts more frequently in order to reduce the cases of more incidences of frauds.

ii The study also recommends that organizations should put in place stronger financial governance control measures through more frequent meetings among the members of the risk management committee and also finance and investment committee.

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