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LEVERAGING INTERNAL AUDITING TO ENHANCE STRATEGIC DECISION-MAKING AND BOOST MANAGEMENT EFFICIENCY, NIGERIAN BREWERIES ABA ABIA STATE

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Abstract

This research deals with leveraging internal Auditing to enhance strategic decision-making and boost management efficiency. It aims to discover the role of internal audit in organizational management decision-making. It is survey research. Data were collected from primary and secondary sources, including questionnaires, personal observations, textbooks, journals, and the Internet. A sample of 92 was collected by random sample method. Three hypotheses were formulated and tested using Z-test statistics, while questionnaires were analyzed using simple percentages. We discovered among other things that internal audit assists management in managerial decisions. Were commended among other things that the auditors be trained in forensic accounting to enable them to be more effective in their duties.

KEYWORDS:
Accounting System, Decision-Making, Effective, Internal Audit, Forensic Accounting, Fortify Froud Risk, Internal Control.

Introduction

At the beginning of the century, most businesses are small and sole-operated. (Etim Osim Etim, Akpan James Williams, Augustine Brendan Inyang & Michael Esua Ekikor 2022). The owners/managers are overly involved with most of the decision-making (Hewa Kuruppuge, Ravindra, Gregar, Ales 2016). As the business grows in size and complexity, professional managers take the position of the owners and the operators.

Consequently, they rely heavily upon streams of accounting and statistical reports that summarize current happenings and conditions in the enterprise (Chnar Abdullah Rashid 2021). The information carried by these streams of report enables management to control and direct the enterprise to assure management that the information received is both reliable and accurate. A system of

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internal audit is developed to monitor the activities of the company (Achraf Daif, and Azegagh Jalal 2022).

The need for maintaining an adequate efficient and effective internal audit, (Ahmad Feizizadeh 2012). therefore, cannot be overemphasized especially in days when Nigeria's economy still is witnessing depression and every company is making an effort to ensure that wastage, pilferage, and misappropriation are checked or avoided, and to ensure that assets are being secured.

Some problems were noticed during the cause of this research; problems within the company, these problems necessitate this work.

Internal audit within an organization is effective for the efficient work of the general staff. (Abu kai Kamara 2023)

The internal audit in an organization will help detect, minimize, or eliminate fraud in an organization. (Daniela Petrascu and Alexandra Tieanu 2014)

Internal audit assists the management and Operations in the smooth running of the organization by complying with the policies, laws, and regulations (Christiana Gabriela Cosmolese 2020)

Is there any relationship between the internal audit and management?

Does cooperation exist between the internal auditor and external auditor? (Khaled Ali Endaya 2018) Does internal audit assist in the detection and prevention of pilferage and fraud? (Ifa Azzakyatun Nisak and Sulis Rochayatun 2023)

To justify the research topic, and to enable the researcher to draw a logical conclusion, there is a need to make guesses as solutions to the topic which are subject to acceptance and rejection are based on the result of Leveraging Internal Auditing to Enhance Strategic Decision-Making and Boost Management Efficiency test.

This research work evaluates internal auditing in an organization using the department of non-alcoholic malt drinks, and soft drinks, of Nigerian Breweries in Aba Abia State. as a case study. This research -particularly focuses on Leveraging internal auditing to enhance strategic decision-making and boost Operational efficiency in the chosen company.

Literature Review

(Isaac Clarke 2022) internal audit is "an independent assessment of a particular organization for the view of an internal audit control system Audit, as the name implies, is a review of operation and records, sometimes continuous undertaking within a business by special staff employed and directed by the management, service to the organization. internal audit department is to provide senior leaders and governing bodies of an organization with an objective source of information regarding the following:

1. The organization's risks
2. Control Environment
3. Operational Effectiveness

Compliance with applicable laws and regulations.

It objectively examines, evaluates, and reports on the adequacy of internal audit control to contribute to the proper economically efficient and effective use of resources".

Also, (Manasseh Njagi 2023) "Internal auditing is carried out by independent personnel,

Manasseh Njagi's 2023 internal auditors are employees of the firm and this independence is not always easy to achieve, however, it can be assisted by:
Having the scope to arrange its priorities and activities
Having unrestricted access to records, assets, and personnel.
Freedom to report to higher management and where it exists, to an audit committee.

Objectives Of Internal Audit

According to Adeniyi (2004), state objectives of an internal audit are as:
Reviewing of existing accounting system and related internal work. Assisting in the implementation of the new accounting system. Review company policies in light of changing business conditions so that prompt and proper action is taken on engagement data.
One of the main objectives of an internal audit is to keep stringent control over all the activities of an organization (Anbalagan Krishnan and Selvi Narayan 2022). Keeps a very close check on the accounting system of an organization.

Characteristics Of Internal Audit

The organization being audited in terms of its operation
For understanding the nature of the environment, its method of operation, and its account policies and systems. Sources of data include the article and memorandum of association, partnership agreement, the relevant technical manual on method and operations organizations charge and administrative manual, legislation and accounting procurement affecting the organization.
Plan of organization with particular references to allocation of staff duties.
Authorization, recording, and custody procedures including internal checks.
Managerial supervision and renews including internal audit.

Leveraging Internal Audit To Fortify Fraud Risk Management

Fraud can be defined as "the use of deception to obtain an unjust or illegal financial advantage". The internal control auditing guidelines describe fraud as:
Misappropriation of funds. (Joyce Chinyere Oyadonghan and Stanley Ogoun 2017)
Misapplication of assessment.

Internal Audit Is An Internal Part Of Internal Control.

The internal audit is a part of the internal control system and at the same time complements all the operation of the internal control systems. (Ms. Afshan Younas and Dr Aza Azlina Md Kassim2019) Thus, taking the various elements of control operation would be ineffective. To this end, it is worthwhile to define internal control itself.

Types of Internal Audit:

According to(Isaac Clarke 2022)
Compliance Audits evaluate compliance with applicable laws, regulations, policies, and procedures. Some of these regulations may have a significant impact on the company's financial well-being .

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Environmental Audits assess the impact of a company's operations on the environment. They may also assess the company's compliance with environmental laws and regulations.

Internal Financial Audits may be performed to recalculate internal financial reporting related to the business overall, budgets, capital assets, or projects. These may also be performed to check the validity and accuracy of billing, expenditures, or expense reimbursements.

Information Technology Audits evaluate information systems and the underlying infrastructure to ensure the accuracy of their processing, the security and confidential customer information or intellectual property. They will typically include the assessment of general IT controls related to logical access, Change Management, system operations, and backup and recovery.

Operational Audits assess the organization's control mechanisms for their overall efficiency and reliability.

Performance Audits evaluate whether the organization is meeting the metrics set by management in order to achieve the goals and objectives set forth by the Board of Directors.

Types Of Internal Control

According to (Will Kenton 2024) Preventive internal control is the separation of duties, a key part of the preventative internal control process, ensuring that no single individual is in a position to authorize, record, and be in the custody of a financial transaction and the resulting asset. Authorization of invoices, verification of expenses, and limiting physical access to equipment, inventory, cash, and other assets are examples of preventative internal controls.

Detective internal control: Detective internal controls attempt to find problems within a company's processes once they have occurred. They may be employed in accordance with many different goals, such as quality control, fraud prevention, and legal compliance. Here, the most important activity is reconciliation, which compares data sets. Other detective controls include internal and external audits.

Organization: Having a plan of organization which should be defined and allocate responsibility and identify lines of reporting.

Segregation of duties: not only one person should be responsible for their cording and processing of complete transactions.

Co-Operation Between Internal and External Audit

The two audit types ascertain that effective internal control is installed and audited (Muae azu saidu Badara 2013). Similar accounting standards and professional ethics guide the two systems. Similar inquiry techniques and sources of evidence on data are used. The internal auditor's team may acquire substantive knowledge of the company, with this knowledge; he can assist the external auditor. The auditor's team may be able to coordinate the activities having regard to their separate responsibilities and their mutual desire to avoid the implication of effort in particular.

MATERIAL AND METHODOLOGY

Before this task could be effectively performed, some investigations were carried out, data was carefully collected and analyzed. In particular, questionnaires and personal observation were used

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as instruments for the study; techniques were selected in the merit of each one and so combined to satisfy the desire of the researcher. The method used could be grouped into two.

Data Collection Method

Questionnaire: The writer of this project was permitted by the management of Nigerian Breweries Plc Aba Abia State to serve as a questionnaire in the internal audit

Journal And News Paper: the researcher also spent a lot of time reading some accountants and journals kept by the school library which helped the researcher in compiling the project work.

Research Population and Sample Size

Out of the population of 120 staff, the researcher judgmentally selected 92 staff members, as the target population. The population is involved directly in the decision-making process. The targeted population of the study comprises all staff of the department of non-alcoholic malt drinks, soft drinks, and Nigerian Breweries Plc in Aba Abia State.

Simple percentage frequency and regression co-efficient statistics were used to analyze the results. The expected result from respondents which stands at 100% is the independent variable upon which the actual result varies. To determine the sample size, the population size Yaro Yamani's formula is used:

$n=N/1+N(e)2$

n=sample size

N =finite population 1=constant

E =level of significance $n=120/1+120(0.05)2$

$n=120/1+120(0.0025)$

$n=120/1.3$

Therefore

$n=92$

Analysis The following formula was used

$n/N \times 100$

Were

n = Actual number of amounts obtained

N = total number or amount expected.

100 = the percentage

The statistical tools used to test the hypothesis with their formula:

$b=\frac{\sum x1y1-nx\bar{y}}{\sum x1^2-nx^2}$ $a=y-bx$

Where b is the slope of the line or the gradient

y=the variation of x in regression line

x =a given value

x_1 y_1=the score of the respondent population

x, y =the mean score of the respondent population

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x^2=the variance of score x
y^2=the variance of score y
x =the number of correspondents
a=the relationship of x and y
For determining the relationship
Y = a + bx

RESULTS AND DISCUSSION

Based on the research carried out on the topic Leveraging Internal Auditing to Enhance Strategic Decision-Making and Boost Management Efficiency

The researcher discovered the following from the results of the questionnaire served and the hypotheses:

Internal audit reports to the management of the organization. (Cristina Gabriela Cosmulese 2020, "et al") The internal audit report is not acted upon by management. There is no cooperation between the internal auditor and the external auditor. The internal auditor assists the external auditor in his investigation.

CONCLUSION

Based on the findings of our research work the researcher concluded that internal auditing indeed enhance decision making and boosts management efficiency for Nigerian Breweries and all organizations generally. Although some areas are still weak, with some effort the internal audit can improve and carry out its objectives in the organization.

However, an internal audit has served to check against fraud and other activities of the staff which is one of the objectives of the internal audit and the findings have revealed, is an aid to management not only in one but in all organizations because of its findings, objectives, the significance to organizations is general

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