

Audit Practice and Fraud Control in Private Tertiary Institutions in Cameroon: A Systematic Review

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Abstract

The study examined Audit practice and fraud control in private tertiary institutions in Cameroon: a systematic review. Audits are concerned with improving the quality of the private sector administration by assisting and encouraging agencies to achieve better practices in areas such as asset management, accounts processing, audit committees, the use of accrual information and debt management. Organization wishing to conduct its business in an orderly and efficient manner and to produce reliable financial accounting information to the entire stakeholders need some measures of control to minimize the effect of endemic business failure. Audit should conform to the structure of the organization and be related to decision centers accountability for performance. Audit is a review of any part of an organization operating procedures and methods for the purpose of evaluating efficiency and effectiveness. It is concluded that, auditing is aimed at prevention of mistakes, shortcomings and misdeeds in the private administration. It is a management function which seeks to ensure that operations are working according to plan.

Keywords: audit practice, fraud control, private tertiary institutions, audits

1. Introduction

Any organization wishing to conduct its business in an orderly and efficient manner and to produce reliable financial accounting information to the entire stakeholders needs some measures of control to minimize the effect of endemic business failure. Audit should conform to the structure of the organization and be related to decision centers accountability for performance. This means that every position (or manager) should be provided with the necessary information and data by the organization to evaluate the degree of success in achievement of objective (Awoyemi, 2019). Audit plays an effective role in controlling corruption in the private sector, if this is done efficiently and effectively. It is an integral aspect of private sector accounting. According to Adams (2012), its objectives are both primary and secondary in nature. In an organization, internal audit is one of the basic functions of management, it is a management function which seeks to ensure that operations are working according to plan. It is important in any business because the business is set up to maximize profit and increase initial capital (Howard, 2012).

Audit controls the business organization because the different stakeholders in the business have different interests and to protect their interest, they device a means of ensuring that those interests are not tempered with when such controls are implemented within the organization's system. According to Anderson (2016), audit is a system to control financial and otherwise establish by the management in order to carry on the business of the enterprise in an orderly and efficient manner, adherence to management policies, safeguard the assets and secure

as far as possible the completeness and accuracy of the records, the individual components of an internal control system. The role of internal audit in improving the performance of the organization can best be described by considering its needs. An organization that cannot deliver its goods and services on time and in correct quality or quantity demanded, needs efficient manpower with adequate knowledge of internal control system to correct abnormalities.

2. The Concept of Auditing

Arens and Loebbecke (2018) defined auditing as a process by which a competent, independent person accumulates and evaluates evidence about quantifiable information related to specific economic entity for the purpose of determining and reporting on the degree of correspondence between the quantifiable information and established criteria. According to Adam (2012), he described Auditing as a process carried out by suitably qualified Auditors during which the accounting records and the financial statements of an enterprise are subjected to examination by Independent Auditors with the main purpose of expressing an opinion in accordance with his terms of appointment. Millichanp (2012) puts it thus, "An Independent Investigation into an organization, its records and financial statements by an auditor who forms an opinion based on his assessment on the accuracy and correctness of the financial statements." Millichanp (2012) went further to say that the primary aim of an audit is to enable the auditor say whether audited account presents or shows a "true and fair view or not." Millichanp (2012) divided the objectives of auditing into primary and secondary. He noted that the primary objective was to present an opinion of the truth and fairness of financial statement so that any person reading and using them can have belief in them while the secondary objectives are:

- i. To detect errors and fraud.
- ii. To prevent errors and fraud by the deterrent and moral effect of the audit.
- iii. To provide spin-off effects, this has to do with assisting the client with accounting systems, taxation, financial, risk management and other problems.

Accounting to Arens and Loebbecke (2018), to carry out an audit, the following criteria are necessary; there must be quantifiable information and established criteria, quantifiable information such as total cost of construction. There must be an economic entity, which is also a legal entity in most cases such as corporations. There must be accumulation and evaluation of evidence. John (2012) defined evidence as information and explanations gathered by the auditor in the course of forming an opinion on an enterprise financial statement. Arens and Loebbecke (2018) see evidence as any information used by the auditor to determine whether the quantifiable information being audited is stated in accordance with the established Criteria. Also, in addition to the above criteria is that the auditor must be competent and should exercise independence in carrying out his work and finally, the audit report, which entails the communication of the findings of the audit work. Auditing in private is internal because it is expected to be independent of the executive and to serve as an outwardly imposed system of check on the decisions and actions of management (Oshisami, 2014).

According to Oshisami (2014), private accountability is as old as the existence of human beings in social forms. He is of the opinion that private accountability goes beyond the stewardship role functions. This is so because in private there is the added dimension of complexity, which is one of the most significant aspects of management in private complexity, not irrationality in assessing whether one use of allocation of resources yields more benefits than another. There are live patterns of private accountability, which falls within this complexity. These are political, legal, financial, private complaints institutions and private opinion. Oshisami (2014) opined that the traditional stewardship, which is the main objective, involves ensuring legal compliance with applicable laws and regulations are well known. However, other accountability objectives applied are less well known. First it can be discerned from the objectives that they relate to operational requisites, which can be discussed under two operational requisites:

(1) Managerial responsibility for efficiency and economy of operation i.e., efficiency and accountability

According to Oshisami (2014), this implies that managers and the executive have a duty to use the resources placed at their disposal in the most efficient and economical manner. This raises questions such as are the goods and services really needed? Are costs incurred or expenditures made reasonable? Are resources properly used and finally does the system avoid waste and use of costly procedures.

(2) Managerial Responsibility for Effectiveness

According to Oshisami (2014), this relates to the role, which the accounting function should play in assisting management to achieve programme or activity objectives. Oshisami (2014) posited that private accountability as an internal control device must satisfy four necessary elements.

- (i) There must be timely, honest, accurate, complete adequate and relevant information on the decisions and actions of the individuals.

- (ii) There must be some individuals or organizations, other than those who take the decisions and actions, who are able, willing and can be authorized to examine it and initiate appropriate action based on it.
- (iii) There must be an arrangement which enables recourse on the basis of such information either to correct deficiencies highlighted and improve performance and/or reward effective performance or to penalize fraud abuse or illegal acts.
- (iv) There must be a system which makes all those three interact by passing the information from one to the other.

According to Johnson (2019), audit in the private sector must be carried out with company backed legislation. Oshisami (2014) observed that three (3) groups of legislation are desirable and urgent in reducing the margin which exists and impedes the efficient use of audit as the most potent control mechanism in the financial administrative process. He posited thus: The first group should be concerned with the legal financial responsibilities of private officers in terms of probity and managerial accountability and efficiency, according to him this group will include laws regulating the character and instances on professional competence and integrity together with sanctions in events of failure with those the sole aim of preventing corruption in private sector and inefficiency among private office holders. The second group of legislations would set up rules and regulations in accounting budgeting, project and programme management with the goal of enhancing improved management competency.

The third group will seek to improve the audit practice in the private sector as it will include laws expanding the scope of private sector audit, laws giving Auditors general broad powers of investigation to expose corruption. Naiyeju (2014) stated that “The efficacy of private sector audits should continuously be re-emphasized in order to promote the culture of transparency and accountability in private governance. In this respect, enforcement of the various financial and accounting regulations must be religiously made, performance audits and value for money audits must not only be regularly done but should be a pre-condition for the disbursement of the approved funds”. Olabode (2014) noted that if financial reporting is to serve the basic purposes of preventing corruption and enhancing efficiency and probity, it must be such that gives confidence to the users of the information and the task of ensuring credible financial reporting that will aid efficient management in the private sector has on the relevant regulatory bodies.

Wynne (2011) further stated that another major setback is that the head of each internal audit unit is required to report to the Accountant General each quarter on the work they have undertaken and their main findings, this eventually limits their scope as it is the permanent secretary in their ministries that endorses their annual plan.

3. The Need for Auditing

According to Millichamp (2012), auditing is necessary because the financial statement of the organization may contain errors, not disclose frauds, the inadvertently misleading, be deliberately misleading, fail to disclose relevant information as fail to conform to regulations. Adams (2012) noted that auditing is essential so as to ascertain whether the financial statements present a true and fair view of the state of financial affairs of the organization during the period under review and set at the end date. He further noted that it’s secondary purpose of the detection and prevention of fraud or errors. Arens and Loebbecke (2018) stated that auditing is needed so as to prevent information risk, which is risk that arises as result of the possibility of the fact that the information taken thereon concerning the business decision was inaccurate due to the misleading financial statements. John (2012) stated that the reasons for Auditing include the following:

- (i) To provide an assurance to the owner of an enterprise that financial statements presented to them are reliable.
- (ii) To provide similar assurance to the other users of the financial investors and even employees.

4. Types of Auditing

John (2012) stated that there are four types of audit namely, continuous, interim, final and joint.

(i) Continuous audit

John (2012) said that a continuous audit is one where the auditor’s staff is occupied continuous on the accounts the whole year round or where the auditor attends at Intervals, fixed or otherwise, during the currency of the financial year and performs an interim audit.

(ii) Interim audit

John (2012) posited that an Interim audit is a preliminary audit usually carried out by the auditor during the financial year so as to facilitate on the completion of the year.

(iii) Final audit

In the words of John (2012), a final or completed audit is done after the books of the year have been closed and

the Auditor attends and carries out his job until the audit is completed.

(iv) **Joint audit**

John (2012) said that where two or more auditors (Auditing firms) are responsible for an audit engagement and jointly produced an audit report to the client, the audit is called "Joint audit". Millichamp (2012) posited that there are four types of Audit namely: Statutory, Private, Internal and others.

(a) **Statutory audits:** These are audits carried because law requires them.

(b) **Private audits:** A private audit is conducted into a firm's affairs by independent auditors because the owners desire it, not because the law requires it.

(c) **Internal audits:** An internal audit is one conducted by an employee of a business or an outside contractor into any aspects of its affairs.

(d) **Others:** These are specific aspects of an enterprise management and environment matters.

According to Arens and Loebbecke (2018) auditing are of three (3) types namely, operational, compliance, audit of financial statements.

(i) **Operational audit**

According to Arens and Loebbecke (2018), operational Audit is a review of any part of an organization operating procedures and methods for the purpose of evaluating efficiency and effectiveness. At the completion of an Operational audit, recommendations of management for improving operations are normally expected.

(ii) **Compliance audit**

According to Arens and Loebbecke (2018), the purpose of compliance audit is to determine whether the auditor is following specific procedures or rules set down by some higher authority.

(iii) **Audit of financial statement**

Arens and Loebbecke (2018) said that this audit is conducted to determine whether the overall financial statements, i.e., the quantifiable information being verified are stated in accordance with specified criteria.

5. Audit Planning, Control and Recording

John (2012) stated that in order to ensure that the audit is carried out effectively and efficiently, the work must be planned, controlled and recorded at each stage of its progress.

5.1 Audit Planning

John (2012) noted that the form and nature of planning required for an audit will be effected by the size and complexity of the enterprise, the commercial environments in which it operates, the method of processing transactions and the reporting requirements to which it is subject. According to Millichamp (2012) an audit should be planned in advanced because:

- The Intended means of achieving the audit objectives must be established.
- The audit can be controlled and directed.
- Attention can be focused on critical and high-risk areas.
- The work can then be completed economically and to time scale requirements.
- According to Adams (2012), in planning the audit, the auditor should give careful consideration to the enterprises current activities and current requirements. This will lead to a clear definition of audit objectives.

5.2 Audit Control

According to the auditing guideline on planning controlling and recording released in 1980 by the Auditing Standard Committee. The standards state that "Management structures vary between firms of Auditors, and this Auditors Guideline should be interpreted in the context of the particular structure within each firm". According to Adams (2012), the most important element of control of an audit are the direction and supervision of the audit staff and the review of the work they have done. John (2012) stated that the degree of supervision required depends on the complexity of the Audit.

5.3 Audit Recording

According to Adams (2012), recording entails amassing papers during the course of the Audit. The more papers collected by the auditor, the better the audit.

John (2012) stipulates the following reasons for preparing audit papers.

- (i) The reporting partner needs to satisfy himself that work auditor delegated by him has been properly performed. He can generally only do this by having available to him detailed working papers prepared by the

audit staff who performed the work.

(ii) Working papers provide, for future reference, details of problem encountered, together with evidence of work performed and conclusions drawn there from arriving at the audit opinion.

(iii) The preparation of working papers encourages the auditors to adopt a methodical approach to his work.

Due care is needed in recording, accounting to Arens and Loebbecke (2018), a misstatement in the financial statement if material would affect the decision of a reasonable user of the statement hence, the need for paper recording. According to Munter and Ratcliffe (2011), quoting from the American Institute of certified private Accountants, Statements of Auditing standard number one titled "Codification of Auditing Standards and Procedures". He noted that one of the objectives is that financial records are reliable to permit the preparation of financial statements.

6. Internal Audit

According to John (2012), internal audit is an independent appraisal function within an organization for the review of systems of control and the quality of performance as a service to the organization. Millichamp (2012) further emphasized "it objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper economic, efficient and effective use of resources". According to John (2012), the essential elements of internal audit are:

(i) The internal audit should have the independence, which permits the performance of duties objectively.

(ii) The internal audit should be adequately and appropriately staffed in terms of numbers, grades and experience, having regard to its responsibilities and objectives. The internal auditor should be properly trained to fulfill all his responsibilities.

(iii) The internal auditor should seek to foster constructive working relationships and mutual understanding with management, with external auditors, and with any review agencies, and where appropriate with the audit committee.

(iv) The internal auditor should exercise due care in fulfilling his responsibilities.

(v) The internal auditor should ascertain the organizations systems and systems controls as a basis for evaluating.

(vi) The internal auditor should adequately plan, control and record his work.

(vii) The internal auditor should obtain sufficient, relevant and reliable evidence on which to base reasonable conclusions and recommendations.

(viii) The internal auditor should ensure that findings, conclusions and recommendations arising from each internal audit assignment are communicated promptly.

According to Millichamp (2012), before placing any reliance on the work of an internal auditor, the chief auditor must assess the internal auditor and his work in the following areas:

(a) Independence: The internal auditor must be independent and able to communicate his work with the auditor.

(b) The scope and objectives of the audit work.

(c) Due professional care: This entails that the internal auditor should consider whether the work of the auditor generally appears to be properly planned, controlled, recorded and previewed.

(d) Technical competence: The internal auditor should ascertain whether persons having adequate training and proficiency as auditors perform the work of the internal audit.

(e) Reporting standards: The auditor should consider the quality of reports issued by internal audit and ascertain whether management considers, responds to and where applicable acts upon such reports and whether this is evidenced.

(f) The chief auditor should consider whether the internal auditor has staff and computer facilities for the purpose of discharging his function.

7. Internal Control

Internal control is concerned with all controls operating in every area of activity. The auditing standard defines an Internal Control as "the whole system of controls, financial or otherwise, established by the management order to carry on the business of the enterprise an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible, the completeness and accuracy of the records". The internal components of internal control systems are known as controls or internal control. It is imperative that the responsibility of developing an internal control system is saddled with the management of the organization.

The following are the objectives of setting an internal control system.

- (1) To enable management to carry on the business of the enterprise.
- (2) To ensure adherence to management policies throughout the enterprise.
- (3) To safeguard the assets.
- (4) To secure the accuracy and completeness and reliability of records (Adams, 2012).

7.1 Types of Internal Control

- (a) Organizational control: This entails a plan of the organization, definitions and allocation of responsibilities and lines of reporting, clear specification of delegation of authorities and responsibility.
- (b) Separation of duties especially functions of authorization, execution, custody and recording.
- (c) Authorization and approval of all transactions by appropriate officers with specified authority limits.
- (d) Physical control relates to the custody of assets, especially those, which are valuable, portable exchangeable, or desirable access should be restricted to authorized personnel, and such authority should be evidenced.
- (e) Accounting and arithmetical control: This deals with the checking on various transactions to ensure that they are authorized, all included, and are accurately recorded and processed. Checks should include reconciliation, control accounts, trial balances and sequential control of documents.
- (f) Personnel control: Each personnel should have capabilities equal to their responsibilities. Personnel policies should include adequate selection, training, welfare, remuneration, promotion and allocation of duties.
- (g) Supervision: Responsible officials should do this. The management by exception principle should be applied.
- (h) Management control: This entails the overall supervisory control, review of management accounts, review of budget variances, internal audit and special review. Management by objective principle should be applied (Millichamp, 2012).

7.2 Audit of Financial Control and Administration

Audit or Financial control and Administration also known as FCA audits are concerned with improving the quality of the private sector administration by assisting and encouraging agencies to achieve better practices in areas such as asset management, accounts processing, audit committees, the use of accrual information and debt management. These audits are intended to assist private sector managers in meeting their responsibilities and to inform the executives about aspects of private administration which are not likely to be covered by the financial statement and performance audit products basically because they are not likely to be significant or material or have too narrow a focus, in a single entity context. On the other hand, they can have service wide ramifications, which are of considerable interest.

FCA audits were introduced as a result or a review by the ANAO of the scope and target of its audit activities. The review was done in the context of the changing private sector environment, particularly with the increasing devolution of authority, adoption of strategies for the management of risk, changes in financial reporting and enhanced accountability.

7.3 Objectives of Financial Control and Administration Audits

Specifically, the objectives of FCA audits are to:

- (i) Provides independent assurance to the legislatures, the executive boards, auditee management and to the private on aspects of private administration and control and of private funds.
- (ii) Identify, develop and report better practice.

The primary Activities covered in the FCA audits includes: The audit output and management of assets.

(a) The audit output

The tangible outputs at the end of a FCA audits are the privatization of a report and a better practice guide. The approach provides a benchmark against which company agencies, service-wide, are able to compare their respective performances and to implement improvements, where considered necessary. Such an indicative benchmark is also useful in later audits to ascertain, what if any action should have been taken in individual entries. Less than adequate performance could be reported in such audits in the normal way. Such follow-up alleviates the legislative concern exposed about the generic nature of the FCA audits.

(b) Management of assets

Managers responsible for assets within their agencies should take advantage of the information and suggested practices as stated below.

- (i) Compare and assess their asset management practices by going beyond physical security and proper maintenance to an assessment of their impacts on programme output and outcomes.

- (ii) Review asset policy and procedure manuals to ensure that they address all aspects of the asset life cycle (Tetro-technology).
- (iii) Review arrangements for establishing accountability for the use of assets at a program level.
- (iv) Have regard to the non-financial monitor asset management information required to effectively monitor and control assets from a lifestyle perspective.

8. Private Sector Audit in Cameroon

Cameroonians expect good governance and accountability from company in return for tax they pay, this has therefore necessitated till need for Auditing in private sector. Auditing in the private sector has moved a further step beyond supervisory and control. It has oriented its activities towards the evolution of administrative management of the easily. It has therefore undergone fundamental changes by being increasingly concerned with matters of economy, efficiency and effectiveness and the evaluation of Company programme results. This is often termed; “Value for Money’ Audit”. Value for Money Audit, therefore, encompasses the review of the three E’s - Economy. Efficiency and effectiveness of these three economies and efficiency can be regarded as two sides of the same coin; Audit of economy looks at the problem from input side. It examines whether it would be possible to achieve the same output with a smaller input of resources. Efficiency audit perceives, the problem from output side, that is, whether it would be possible to achieve higher output with given limited input of resources (Uchendu, 2010).

Prior to 1997, there were no readily applicable standards for value for money audit in Nigeria. The standards have been developed taking into account, the alms of company activities, the specific circumstances of society and the norms prevalent in the relevant sector of the economy at home and abroad. Chapter two (2) of the Auditing standards can be found on the efforts of the private sector auditing institutions to set durable standards on the issues of economy, efficiency and effectiveness. Normative activity or private sector audit is based consciously on the principles of propriety or even normality. The normal day-to-day behaviour of private servants is regulated by the laws and other written codes of behaviour/conditions of service. Serious offences such as theft/misuse of private funds, gross abuse of authority are regulated by the criminal codes and thus adequate base exists for dealing with them.

It is therefore the duty of the Audit Institutions to suggest ways to reduce the opportunities for making improper decisions. It is their duty to scrutinize improper decisions and, in the process, establish new norms of behaviour for the prevention of improper decisions in future. This was aimed at not only beclouding the real substance of the auditor’s report on the misdeeds of the minister but also putting the auditor into ridicule and shame. If accountability and transparency should be enthroned in the operation of private sector activities, then the decadent and abhorrent company factor should be jettisoned for a better way of life. The above cynical approach should be generally described, and the new attitude will be seeing corruptive payments as counterproductive even in terms of materialistic pragmatism and liable to boomerang apart from the fact that they are unethical.

Private sector Audit has been defined by Uchendu (2010) as the comparison of the reality of private administration (planning, implementation and control) to norms in order to induce corrections of shortcomings, effect improvements in managing and accounting for company’s activities (programmes, projects and services). Generally, auditing of the private sector activities is aimed at prevention of mistakes, shortcomings and misdeeds in the private administration (current phase audit). There are more specific effects of prevention. The very existence of the audit institution and the probability that it can one day scrutinize some administrative action prevents some gross abuse by those authorities and is instrumental in deterring the misapplication of funds. This implied fear would contribute to the willingness of private servants, to act in compliance with regulations and to use their discretion in an objective and reasonable way resulting in spending private funds carefully, judiciously and prudently.

Above underscores the need for audit organizations to have recourse to the auditing standards. The comprehensive nature of auditing carried out in accordance with objectives; the scope of work to be undertaken and the reporting requirements Uchendu (2010) maintains that the audit organization has responsibility for ensuring that:

- (a) The audit is conducted by personnel who collectively have necessary skills.
- (b) Independence is maintained.
- (c) Applicable standards are followed in planning and conducting audits and reporting results.
- (d) The organization has appropriate internal quality control system in place.
- (e) The organization undergoes external quality control review.

9. Due Process in Private Sector Accounting

“Due process” means normal process, logical approach, official approach and/or optimum ways of doing something (Nwankwo, 2014). Private sector accounting could be defined as a process of recording, communicating, summarizing and interpreting company financial statement in aggregate and in details, reflecting all levels of transactions involving the receipt, custody and disbursement of private funds (Adams, 2012). Due process according to Nwankwo (2014) as he relates it to private sector accounting is an effort to group the significance, nature, tasks evolution that must be appreciated and considered in optimizing the accounting function in the private sector, it involves appreciating the various issues and development that will enhance the accounting function and profession in the private sector. Currently, as the scope of company operations has grown, budgets have acquired new and deserving prominence as instruments of private policy. Economic planning is essential in strengthening the role of the state as a producer, while the budget has become the main tool for distribution and stabilization. The implication of this is that there is a growing massive interaction between company and the community, hence the need for private sector accounting.

The Global fiscal stress experienced during the past two decades and a half has induced a greater awareness of the need for doing more with a fewer resources. This in turn, had unleashed substantial efforts to:

- (i) expand the range of techniques of control;
- (ii) improve the overall administrative context within which controls are operated; and
- (iii) bring about appropriate institutional changes and improvements.

According to Nwankwo (2014), the recognition of this factor and the acute fiscal problems brought about simultaneous developments in the above three areas. A brief description of these developments, including their features limitations and related issues, is highlighted as follows.

First, the expenditure control framework, whether exercised by the executive legislature or independent audit agencies has four (4) basic elements — policy control, process controls (covering release of funds, monitoring, contract monitoring): Payment control and efficiency control (including ex-post evaluation by the audit agencies, where applicable).

Second, a major objective of controls is to reconcile the often divergent needs of the policy maker at the macroeconomic level with those of the programme manager in spending agencies. For too often, both by tradition and as a result of the prominence of macroeconomic goals, the needs of macro managers are emphasized at the expense of the needs of micro or programme managers. Now, however, there is greater and explicit recognition of the needs of the microeconomic level as well as an acceptance of the needs to deliver services within the framework of specified resources. In this context, accountability is larger in scope and includes, in addition to the rendition of accounts of monies collected and spent and the results achieved. As such, macroeconomic goals while having an undeniably prominent role in the policy framework, would have less viability if they were to be achieved at the expense of delivery of services.

Third, controls are, to very large extent, influenced by developments in private sector management as a whole. The experience of several countries shows that recent efforts had aimed at introducing a new managerial outlook into company, Nigeria not an exception especially under the new dispensation. This outlook emphasizes results over processes, flexibility over conformity, and judgment over compliance with routine innovations so that they could become productive and well performing. The efforts of Australia and New Zealand in “strengthening” their private sector, or Canada in it is “Initiative for private service 2000” (popularly known as PS 2000), of the United Kingdom in the “Next steps and citizens charter”. “Fundamental Review of Running cost” and “Better, Accounting for the Taxpayer’s money” of the United States and of Italy in its “reorganization proposals” Initiated in 1993 all represent facets of this new outlook.

The new managerial outlook includes specification of standards and measures of performance, emphasis on output controls, greater competition in the private sector, and more focus on discipline and economy in resource use.

According to Nwankwo (2014) control techniques are not intended to be applied in a mechanistic fashion but to meet specific objectives, including the following:

- (i) Economy, efficiency and programme effectiveness in the use of budgeted resources.
- (ii) Resources use that will promote economic stabilization.

To the extent that some issues have not been adequately addressed during the budget formation stage, or to the extent that there have been major economic developments that indicate changes in the course of policies adopted, they will need to be suitably addressed by ex-post control.

- (a) Adequate accountability in the delivery of services — not merely for the resources used, but for overall performance, including courtesy in the delivery of services.

(b) In all the above objectives, the framework of controls should permit transparency in the implementation of company policies.

Control ranges from the release of funds to the closing of annual transactions and related accounts. These controls have undergone, or are undergoing changes in the ways described below:

10. Fraud

Defining fraud is as difficult as identifying it. No definite and invariable rule can be laid down as a general proposition in defining fraud as it includes surprise, trick, cunning and unfair ways by which another is cheated. Fraud is a legal term that refers to the intentional misrepresentation of the truth in order to manipulate or deceive a company or individual. Fraud is to create a misjudgement or maintain an existing misjudgement to induce somebody to make a contract. It involves enriching oneself intentionally by reducing the value/worth of an asset in secret. When companies undergo severe financial problems and end up in bankruptcy, fraud by senior management may be involved.

However, this is not the case if the group has the same interest in mind. Then fraud may not be prevented. Conversely, the group is influenced by the dominant decision maker who ends up deciding everything. Fraud assumes so many different degrees and forms that courts are compelled to context themselves with only few general rules for its discovery and defeat. It is better not to define the term lest men should find ways of committing frauds which might evade such definitions. Fraud is an act or course of deception, deliberately practiced to gain unlawful or unfair advantage; such deception directed to the detriment of another. Accounting fraud is an act of knowingly falsifying accounting records, such as sales or cost records, in order to boost the net income or sales figures; accounting fraud is illegal and subjects the company and the executives involved to civil lawsuits. Company officials may resort to accounting fraud to reverse loss or to ensure that they meet earning expectations from shareholders or the public.

According to Nwankwo (2014), the following are the objectives of financial statement fraud: Increasing the market value of the business, making financial statements consistent with budgets and obtaining unfair earnings by presenting falsely the value of the business. When business frauds are analyzed, it is ascertained that three components come together when committing the crime. These are pressure, opportunity, and justification that constitute the fraud triangle. Components of the fraud triangle are similar to the fuel, spark, and oxygen which together cause fire. When the three come together, inevitably fire breaks out. Pressure factors could be gathered into three groups: pressures with financial content, pressures stemming from bad habits and pressures related with job. Opportunity factors are the second component of the fraud triangle. They directly involve top management and owners of the business in particular.

Providing the opportunity to commit fraud is one of the most important factors arising from frauds. Since the business could greatly influence opportunity factor, this point should receive particular attention for fraud prevention. The third component of the fraud triangle is fraudster's developing defence mechanisms in order to justify his/her action. Some efforts of the fraudsters to justify themselves and the excuse they made up are: (a) I had borrowed the money, I would pay back, (b) This is in return for my efforts for the business (c) Nobody has suffered as a result of this and (d) I have taken the money for a good purpose. In order to overcome these justifying excuses, business should explain ethic rules to employees, inform them that fraudsters would definitely be penalized, establish moral code in the organization, and provide training on them. Over time, the importance of initial detection of fraud has increased because the number of fraudulent events has increased (Arens & Loebbecke, 2018).

11. Conclusion

Audit is a review of any part of an organization operating procedures and methods for the purpose of evaluating efficiency and effectiveness. It is concluded that, auditing is aimed at prevention of mistakes, shortcomings and misdeeds in the private administration. Any organization wishing to conduct its business in an orderly and efficient manner and to produce reliable financial accounting information to the entire stakeholders needs some measures of control to minimize the effect of endemic business failure. Audit should conform to the structure of the organization and be related to decision centers accountability for performance. This means that every position (or manager) should be provided with the necessary information and data by the organization to evaluate the degree of success in achievement of objective. Audit plays an effective role in controlling corruption in the private sector, if this is done efficiently and effectively.

It is an integral aspect of private sector accounting. It is a management function which seeks to ensure that operations are working according to plan. It is important in any business because the business is set up to maximize profit and increase initial capital. It is a system to control finance and otherwise established by the management in order to carry on the business of the enterprise in an orderly and efficient manner, adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the

records, the individual components of an internal control system. The role of internal audit in improving the performance of the organization can best be described by considering its needs.

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