Effect of Internal Control System on the Accountability of Public Parastatals in Ekiti State

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Abstract
The study focused on the effect of the internal control system on public parastatals in Ekiti State, Nigeria. The study used a purposive sampling method, and a total of 100 questionnaires was administered to staffs in the seven selected public parastatals in the state. The questionnaire is a 5-point Likert-scale and the data collected was analyzed using Statistical Package for the Social Sciences (SPSS) version 21. The ANOVA in the regression analysis showed that all the components of the internal control system had combined significant effect on accountability in the public parastatals (F = 44.046, p < 0.05). Also, the results of the study revealed that each of the components of internal control system on accountability which was measured by effective and efficient financial operations, showed that Information flow and control activities with p-values of 0.078 and 0.461 respectively have an insignificant effect (Sig > 0.05) on accountability of public parastatals, while monitoring and evaluation and risk assessment with p-values 0.001 and 0.008 respectively have a significant effect (Sig < 0.05) on the accountability of public parastatals in Ekiti state. It was recommended that internal control system should be encouraged to maintain their independent position to ensure more assurances of the effectiveness of the control system and also government should ensure that the internal control system is periodically monitored and evaluated.

Keywords: internal control systems, public parastatals, accountability

1. INTRODUCTION
Internal control system constitute a system which monitors a firm in the direction of its set-up goals. (Adetula, Balogun, Uajeh & Owolabi, 2016). It is a practice stimulated by board of directors of an organization, intended to produce a practical reassurance concerning attainment of planned aims and the efficacy and proficiency of procedures, consistency of financial reportage and passivity with related acts and guidelines (International Organization of Supreme Audit Institution, 2004).
Internal controls are very fundamental component of the risk management systems. It can be applied to several parts of a business, whether strategic, financial, operational and compliance (Financial Reporting Council, 2014). According to Adeoye and Adeoye (2014): (Adetula, Balogun, Uajeh & Owolabi, 2016), internal control system may be a parochial subject succeeding universal deceitful financial reportage and financial cook-ups in almost all advanced and emerging nations. For whatever establishment to exploit its resources as well as protect its working capital, it must be capable to control their business process which explain one of several reasons why internal control systems are really important. The question of internal controls is not fresh nevertheless, there have been chains of falsified practices in the way back and up to date. The cases of Enron, Parmalat, and Cadbury amongst others remain proofs everywhere around us. The cases of collapse in controls have conveyed almost creation of diverse structures, methods and guidelines (COSO, 2013).
Internal control constitute powerful intensity of every business. This is because internal control system of every firm is actually a stake for well-organized accounting method. The institution of a good internal control that maybe proficient of thwarting fraud as well as guarantee public dealings are conceded obtainable beneath legitimate process has been accepted. The reason being that, active and well-organized usage of government undertakings has demanded the necessity to institute refined internal control system that could block deceitful practices, monetarily or the likes (Ishola, Abikoye & Olajide, 2015).

In the context of previous studies, Transparency International (2006) cited by Akosile and Fasesin, (2013), internal control is embedded to ensure clearness and circumvent financial rottenness. Corruption is described as misuse of public office for personal advantages. Cases of this consist of: inducements, grafts and misappropriation of government endowment. The obligation for deterrence and discovery of anomalies including fraud resides with the top officers of an organization who may seek rational guarantee that their obligation will be rendered by introducing a satisfactory structure of internal control. In a big institution like parastatals, the desire for a well-grounded internal control is not only required, nonetheless rightly essential. Akosile and Fasesin, (2013), recommended that internal controls tend to be rules and processes that allow management to discern things going on as well as to drive actions to occur in line with their objectives. Venables and Impey (1991), defined internal control also as guidelines of actions within an organization by means of systems planned and applied to enable the accomplishment of management purposes. It is undoubtedly recognized agreeing to Flesher, (1996), that the key aim of internal control is to serve and guide the business in accomplishing its objectives. Most professions and public sector and parastatals manager believe that internal control is the key to prevent the risk of major failure in government establishments (Ishola, Abikoye & Olajide, 2015). They further explain that failure of the internal control system of operation as designed has led to loss of cash flow that has affected the entire performance of government parastatals in Nigeria which is owing to human conspiracy i.e a condition that the public workers having responsibilities separated could be persuaded to override the system consequently, its deterrence of misappropriation which arises once satisfactory and ostentatious procedure controls don’t seem to be provided for a well-grounded internal control system. This delayed its efficient procedures. Also, human mistakes owing to weariness and oversight have similarly affected the efficient structure of internal control system by virtue of averting fraud predominantly in the Nigerian government institutions.

The management of any organization is geared to the realization of organization objectives and purposes by safeguarding internal control structure purposes successfully and resourcefully. To realize this, the management need to protect the resources, confirms observance to management rule and safe as far as imaginable the comprehensiveness and correctness of accounts (Flesher, 1996). Many research works have been carried out in the area of internal control in Nigeria, both in private and public services: Akosile and Fasesin, (2013), examined the comparative assessment of both Internal Control System in Public and Private Universities in South-West, Nigeria; Adetula, Balogun, Uwajeh, and Owolabi (2016), examined. Internal Control System in the Nigerian Tertiary Institutions while Mohamed and Willy, (2016), look into the impact of internal control systems and performance of higher institutions in Puntland. Most of these previous studies paid attention to internal control system and its effects on the general performance of higher institutions and none of the existing works to the best of the knowledge of the researcher, examine how internal control system affects accountability of government parastatals in Ekiti State, Nigeria. Most of the previous studies also concentrated more only on tertiary institutions. This study will overcome this weakness by extending the
scope to Ekiti State public parastatals. Based on this background, the broad objective of this study therefore, is to examine the relationship between internal control systems and financial accountability of selected parastatals in Ekiti State, Nigeria.

2. LITERATURE REVIEW

Conceptual Clarification

The Concept of Internal Controls

Internal controls are measures that organizations institute together with the position guaranteeing that targets, aims and visions of an establishment are achieved. (Rezaee, 2002). They refer to set of organizational plans and measures that ensure any transaction is managed in the suitable way to circumvent excess, stealing and misapplication of organization funds. Through internal control systems, organizations accomplish performance and objectives, avert loss of funds, allow creation of dependable reports and guarantee agreement with rules and guidelines. Therefore, internal control is established by the organization to ensure that the business of enterprise is carried out in an arranged in addition to a well-organized manner. This further ascertains obedience to organization procedures to protect the resources as well as protect the extensiveness and correctness of the accounts Ndungu, (2013).

Control system will be the main feature of handling a business (Muhunyo, 2018). This is because it could be self-examination of one’s position and the guidelines of management with regards to the significance of internal audit in the economic unit. However, it is the basis aimed at the extra mechanisms of internal control in addition to making for a system (Sudsomboon & Ussahawanitchakit, 2009). Control system help in the direction of plummeting the extent of fraudulent activities within organizational operation. Also, the qualities of an organization internal controls structure hinge on the procedure value of their control environment (Amudo & Inanga, 2009). Therefore, providing a proper control system for a public institution is very essential to the effectiveness of their operation. Risk valuation is the recognition and examination of related threats linked to the success of management objectives. Similarly, Sudsomboon and Ussahawanitchakit, (2009); Muhunyo, (2018), view risk assessment as the process of identifying and analyzing management relevant risks to the preparation of financial statements that would be presented fairly in line with General Accepted Accounting Principles. The management must determine the level of risk carefully to be accepted, and should try to maintain such risk within determined levels. Therefore, public institutions are required to frequently evaluate the extent of risk they are experiencing in order to take necessary actions. Control actions are rules, processes and tools which guarantee that management directions are appropriately dole out (Aikins, 2011; Rezaee, Elam; Sharbatoghli, 2001 & Muhunyo, 2018). Example of control actions include; separation of responsibilities, regular payment of money receipts to the bank, reconciliations of bank and cash balances and restraining access to store checking. Also, checking of procedures safeguards active operations of internal controls structure (Amudo & Inanga, 2009; (Muhunyo, 2018)). Hence, monitoring decides whether plans and processes intended and executed by management remain being conceded out successfully by personnel. Agreeing to Feng, Li and McKay (2009), the value of a business internal control structure has substantial influence on the correctness of management direction. Likewise, institutions that display unsuccessful internal controls structure have greater predisposition of facing management mistakes in their procedures.

Internal Control and Financial Performance

Internal control structure as well as internal checks stay anticipated mainly to improve the consistency of managerial performance, both openly and incidentally by collective responsibility between information givers in an organization (Jenning et al., 2008; Muhunyo,
2018). Internal control consequently has a considerable wider resolve in the organization level. Internal controls offer an autonomous evaluation of the value of managerial accomplishment in performing allocated tasks for improved income generation (Donald & Delno, 2009). The obligation for avoidance and discovery of misdeeds and scam rests with the management who could achieve judicious assertion that the obligation will be carried out by introducing an acceptable structure of internal control (Akosile and Fasesin, (2013). In a big institution like a university, the requirement for thorough internal control is not just needed, but then very indispensable. Agreeing to Ondieki (2013), fraud is a foremost antagonist of productivity. Control processes remain designed to avoid, discover and abolish fraudulent incidence thus building an enabling environment for profitability (Muhunyo, 2018). Effective Internal control give room for profitability and development of a business organization by shielding the overall properties and resources so as to avert situation of loss. Robust internal control system assist in avoiding, curtailing, transferring or eradicating risks that may affect a commercial operation (Mugo, 2009). According to Ngechu, (2004), operational internal control structure avoids wastefulness and ineffectiveness in any business organization.

Financial performance may be a measure of institution’s guidelines and processes in economic sense. It is a broad representation of overall financial health of an organization in a particular range of time, which can be used to link comparable activities through a similar businesses or to link businesses or segments in aggregation. There stand several methods to evaluate institutional financial performance. This may be reflected in the organization operational activities, value added, among others and is an independent measure of what way an organization can make use of its resources from its major method of trade and create returns (Mishkin, 2007). Positive financial performance in an organization can be achieved by eradicating waste. The critical success factor for an organization is the amount for which it realizes its set goals and vision in terms of being resourceful, operative and cost-effective. The material acquired from a thorough internal control system as replicated from financial reports will provide a report on financial performance and situation which tend to be useful to a varied sort of users for assessing the stewardship and making economic decisions (Davies, 2005). Internal Control Systems are very instrumental in achieving the organisation’s set mission and objectives; hence value for money. Heads of departments and Deans of Faculties of various tertiary institutions should establish sound arrangements for planning, appraising, authorizing and controlling operations so as to attain positive financial performance. Financial Performance as well as value for money are employed to evaluate whether or not an organization has acquired the determined advantage after the goods and services it obtains and/or offers, within the funds accessible (Kinyua, 2016).

There remain three foremost groupings of internal controls; precautionary or preventive, detective, and remedial or corrective. Preventive controls foresee possible difficulties earlier than when they occur, make adjustments, and avoid mistake, oversight or malevolent act from happening. The detective controls are employed to identify and report the happening of an omission, an error or a malicious act. Finally, the corrective controls help in ensuring that the influence of a risk is minimized, recognize the root of a problem and right the wrong emanating from the problem. Corrective controls solve the error discovered by detective controls and amend the procedures to curtail forthcoming incidence of the problem (Singleton, Bologna, Lindquist & Singleton, 2006).

Internal control procedure is designed to fulfill at minimum one of the subsequent criteria: Completeness: that all records and transactions are included in the reports of business. Accuracy: that the totals are documented in the exact accounts. Authorization: the precise stages of authorization are put in place to protect such actions as endorsement, outgoings, and
figures entry and computer access. Validity; segregation of duties; presentation and disclosures are all controls that have links to financial consequence. (Kinyua, 2016).

Internal Audit Functions and Institutional Financial Performance

Internal auditing is an autonomous, unbiased guarantee and accessing action intended to improve worth and expand an organization’s operations (Kinyua, 2016). It assist organization to achieve its aims by instituting an organized, controlled method to assess and advance the efficacy of risk assessment, control, and directive procedures. Gupta (2001) asserts that internal audit is an autonomous assessment instituted in an organization to inspect and appraise its undertakings as a check to the organization. The main function of internal audit is to help participants of the organization in the efficient discharge of their tasks. Also, it’s an autonomous assessment task instituted in an organization to inspect and assess the success, efficacy and low-cost of managements control structure (Subramaniam, 2006). Its aim is to offer management with assertion that their system of internal controls are satisfactory for the requirement of the organization as well as functioning acceptably (Reid & Ashelby, 2002). It is an element of the system of internal control established by management of firms to scrutinize, assess and make available processes of accounting as well as other controls. The value and efficacy of internal check measures practically are essential since internal auditors carry out an extensive range of tasks, which does not include all areas relating to accounting in which the external auditor is attracted. Emasu (2007) observed that the success of internal audit role partially rest on; legal framework, engagement of the task and its objectivity, presence of audit/committees, funds allotted to the task and expertise of internal audit staff. Nevertheless, an unpleasant truth is that internal audit sections are hardly sufficiently aided. Regarding the scope as well as simplification of the internal audit task, Gerrit and Mohammad (2010) established proof in backing the checking and monitoring roles of the internal audit task. The study explicitly discovered proof that management possession is absolutely associated to the comparative size of the internal audit Task, which vary with old-fashioned agency theory opinions that foresee an adverse association, nonetheless more on track with latest researches on earnings management. This finding suggests that increased management ownership may influence the board of directors to support larger internal audit functions to allow them to closely monitor manager’s performance. Efficiency of internal audit measures is an appraisal of the capacity of the system to yield a preferred influence or an outcome which can be qualitatively assessed (Harvey, Leinicke, Rexroad & Ostrosky, 2004). Rezaee and Zabihollah (2002) posits there ought to be an efficient internal audit functions to safeguard consistency of operating reports, financial reports, business assets and efficient organizational controls.

System internal control together with internal audits are planned mainly to improve the dependability of business performance directly and indirectly by improving accountability among information providers in an organization (Jensen, 2003). Internal control thus, has a greatly wider tenacity such that the organization degree of control problems associated with lower revenues, which explore links between disclosure of substantial flaw and fraud, earnings management or restatements (Doyle, Ge, & McVay, 2005). Internal controls offer an autonomous assessment of the value of business performance in carrying out designated tasks for improved income generation (Beeler, Carcello, Hermanoon & Capides, 2000). Most organizations no longer establish system of internal control as a regulatory requirement but also because it helps in ensuring that all management actions are properly discharged (Kenyon and Tilton, 2006). Further, organizations are making it compulsory to train, educate, and sensitize their workers in what manner to practice internal control systems as its efficiency hinge on the proficiency and reliability of the individuals using it. All these control actions ensure that any risks which may have effect on the organizations ability to achieve its goals are
appropriately avoided and should occur at all levels and in all functions of the organization. Further, here exist three main groupings of internal controls; precautionary, detective, and corrective (Singleton, Bologna, Lindquist & Singleton 2006). Preventive controls envisage possible problems beforehand, make adjustments, and avoid mistake, oversight or malevolent act from happening. The detective controls identify and report the existence of an omission, an error or a malicious act. Finally, the corrective controls help in ensuring that the effect of a risk is minimized, detect the root of a problem and adjust mistakes rising from the problem. Corrective controls right the wrong exposed by detective controls and amend the system of procedures to reduce forthcoming happening of the problem. Risk management encompasses a set of resources, behaviors, procedures and actions that is adapted to the features of each organization and that enables managers to keep risks at an acceptable level for the company. Risk management and internal control systems complement each other in controlling the organization activities. Its aim is to recognize and evaluate the institutional main risks. Risks that exceed the acceptable levels set by the organization are dealt with subject to plans of action. For some time now, risk assessment as well as internal control more specifically; have remained a central components of organizational control. As a result, risk assessment is becoming to be recognized as a fresh means of calculated commercial management, connecting commercial tactic to day-to-day risks and boosting these risks for the purpose of realizing value (Saarens & de Beelde, 2006.)

**Theory**

Agency Theory: Agency relationship according to with Jensen and Meckling (1976) is “an agreement in which one or many groups employ one more group (the agent) to carry out some obligations in their behalf as well as allow them (agents) to make choices” (give making-decision authorities to the agent). According to Eisenhardt, K. (1989), agency notion stresses on solving twofold problems escalating from agency relationship: agency issues and threat division problem. An agency problem occurs while interests of the principal and the agent result to conflict; this will lead to complications. In contrast, the issue of risk sharing occurs while the principal and the agent take diverse risk approach. If these kinds of agency conflicts persist, then their comparative significance will be vague. One might picture the steadiness at an inner optimal as in the trade-off theory. Though, the details of conflicting venture encouragements can result in compound harms, as advocated by Berkovich & Kim (1990). Eventually dynamic agency models such as Morrellec (2004) and Atkeson & Cole (2005) and dynamic trade-off are likely to go a long distance towards closing theoretical gaps between the various approaches to leverage.

Reliability Theory: This theory proposes the probability that a system will execute its functions in a given time (Gavrilov and Gavrilova, 2001). As far as reliability theory goes, units of a system of internal control include parts which are interwoven and every unit requires a definite measure of success. The success or an eventfulness of a component defines its state. When a component exists in a successful state, it is said to be reliable. Additionally, the whole internal control unit system entails two values – success or failure. Despite the prevalence of tractability of reliability theory with respect to evaluation and design of system of internal control in research literature, there has not been any application of the workings of the theory of reliability. (Kinney, 2000). Organizational management and external editors remain the two users of reliability theory of the highest probability. As stated by Kinney (2000) in Ndungu (2014), there is need to garner as much evidence to support a professional stance in the manner of external audit. The central aim of internal control systems is risk control and assessment. Such prevents a material error from leading to losses on account of poor control or preventive
measures. Greater cost is involved with losses following when the systems of internal control are weak.

**Empirical Review**

Kisanyanya (2018) examined internal control systems and financial performance of public institutions of higher learning in Vihiga County, Kenya. Data for the study was sourced primarily from 96 employees sampled from a population of 140 employees of the four institutions under study. The data were analyzed using descriptive and multiple regression analysis technique. The findings of the study showed that the institutions had satisfactory as well as operative control functions which comprised steady reports of internal audit, suitable separation of duties in the finance and accounts sections and controls physical assets to avoid surplus allotment of resources. The study further showed that control undertakings were discovered to have a positive major influence on the business performance of the public institutions under study. Also, it was discovered that the institutions under study had suitable risk management gears and risk evaluation system since they performed constant financial appraisal of their organizations together with steady, well-timed and deep audits. Risk management also was discovered to have a positive substantial influence on the business performance of the institutions under study. The study recognized that the institutions had operational control setting.

Akosile and Fasesin, (2013) assessed internal control system in public and private institutions in Southwest, Nigeria. Using purposeful sampling method, twelve universities in the south west region were selected. Data for the study were gathered through questionnaires and analyzed using factor analysis and multivariate analysis of variance. The findings of the result established that systems of internal control are very similar in both public and private institutions in Nigeria, but that synthesis of obligations is more noticeable in private institutions than public institutions. Likewise, the findings of the study discards the view that private institutions are well financed than public institutions and that system of internal control can be over looked by management in both public and private institutions. Examination of the efficiency of internal control system in the private University displays that ICS is active in plummeting cost of administration of University in addition to consolidating the achievement of a University objective and mission but the study showed backing for ICS as a method of assisting appropriate situation of academic timetable. However, it enables administration system review in the private institutions while findings showed that ICS in public Universities have limited amount of effectiveness is real as a cost plummeting measure in running the institutions and as a checking instrument via an recognizable internal audit section.

One thing that stands out from the studies reviewed is that internal control has the capacity to improve institutional financial performance. Although, the studies were different in terms of geographical location, method of Analysis and time, yet the findings were not disaggregated. This connotes that internal control has an inbuilt mechanism that enhance performance. The significance of this study lies in its coverage, Ekiti State, Nigeria.

**3. Methodology**

**Model Specification and Definition of Variables**

The model used for this study was stated as follows, to establish the relationship between system of internal control and accountability in Nigeria’s public sector.

\[ APP = f(ICS) \]  \hspace{1cm} (i)

Thus, internal control system (ICS) was captured by control activities (CA), information flow (IFF), transparency in public parastatal (TPP), reliability in financial reporting (RFR) and
compliance with applicable laws (CAL). However, the accountability of the public parastatal was measured by efficient and effective financial operation. Therefore, the model stated in (i) above was expressed in functional and mathematical form as given in (ii) and (iii)

\[ EEF = f (CA, IFF, TPP, RFR, CAL) \]  
\[ EEF = \alpha + \alpha CA + \alpha IFF + \alpha TPP + \alpha RFR + \alpha CAL + \varepsilon \]  

Where:
- EEF = effective and efficient financial operation, a measure of accountability in public parastatal
- TPP = transparency in public parastatal
- RFR = Reliability in financial reporting
- CA = Control activities
- IFF = Information flow

\[ \alpha \] = the parameters to be estimated

\[ \varepsilon = \text{error term} \]

The estimation methods used were descriptive statistics such as frequency counts, percentages, mean scores and standard deviation; and inferential statistics, involving multiple linear regression analysis to determine the effect of internal control system on financial accountability in the Nigerian public sector. All analyses were conducted using the Statistical Package for Social Sciences (SPSS) version 21 software.

4. Results and Discussion

Table 1: Summary Statistics on Effect of Internal Control System on Accountability in Public Parastatals in Ekiti State.

<table>
<thead>
<tr>
<th>Accountability in Public Parastatal</th>
<th>Mean</th>
<th>Standard deviation</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective and efficient financial operation</td>
<td>4.05</td>
<td>1.039</td>
<td>1st</td>
</tr>
<tr>
<td>Information flow</td>
<td>3.84</td>
<td>1.103</td>
<td>5th</td>
</tr>
<tr>
<td>Transparency</td>
<td>3.85</td>
<td>1.110</td>
<td>4th</td>
</tr>
<tr>
<td>Reliability of financial reporting</td>
<td>4.03</td>
<td>1.082</td>
<td>2nd</td>
</tr>
<tr>
<td>Compliance with applicable laws and regulations</td>
<td>3.90</td>
<td>1.183</td>
<td>3rd</td>
</tr>
</tbody>
</table>

In summary, effective and efficient financial operations was ranked first, followed by reliability of financial reporting, followed by compliance with applicable laws and regulations, then transparency and lastly information flow.
Table 2: Multiple Regression Analysis showing Effect of Internal Control System on Financial Accountability in Public Parastatal in Ekiti State.

### Analysis of variance

<table>
<thead>
<tr>
<th></th>
<th>Sum of squares</th>
<th>Df</th>
<th>Mean square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>3579.001</td>
<td>4</td>
<td>894.750</td>
<td>44.046</td>
<td>0.000</td>
</tr>
<tr>
<td>Residual</td>
<td>1929.839</td>
<td>95</td>
<td>20.314</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>5508.840</td>
<td>99</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Coefficients

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Unstandardized coefficient</th>
<th>Standardized coefficient</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>11.130</td>
<td>2.275</td>
<td>4.892</td>
<td>0.000</td>
</tr>
<tr>
<td>Information flow</td>
<td>0.410</td>
<td>0.230</td>
<td>0.197</td>
<td>1.779</td>
</tr>
<tr>
<td>Monitoring and evaluation</td>
<td>0.467</td>
<td>0.130</td>
<td>0.417</td>
<td>3.585</td>
</tr>
<tr>
<td>Risk assessment</td>
<td>0.567</td>
<td>0.210</td>
<td>0.341</td>
<td>2.693</td>
</tr>
<tr>
<td>Control activities</td>
<td>-0.171</td>
<td>0.231</td>
<td>-0.093</td>
<td>-0.740</td>
</tr>
</tbody>
</table>

### Correlational Statistics

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R. square</th>
<th>Std Error of estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountability</td>
<td>0.806</td>
<td>0.650</td>
<td>0.635</td>
<td>4.50712</td>
</tr>
</tbody>
</table>

A multiple regression model suitable for this study was presented in Table 2. The results of the study revealed that each of the components of internal control system on accountability which was measured by effective and efficient financial operations, the results showed that Information flow and control activities with p-values of 0.078 and 0.461 respectively have an insignificant effect (Sig > 0.05) on accountability of public parastatals in Ekiti state, while monitoring and evaluation and risk assessment with p-values 0.001 and 0.008 respectively have a significant effect (Sig < 0.05) on the accountability of public parastatals in Ekiti state. Considering the overall effect of internal control system on accountability, the ANOVA in the regression analysis showed that all the components of internal control system had combined significant effect on accountability in the parastatal (F = 44.046, p < 0.05). In addition, the correlational statistics showed that there is a positive relationship between components of an internal control system and the public parastatals’ accountability, as the intensity of internal controls explained a significant proportion (65%) of variation in accountability. Therefore, it implies the dependability and appropriateness of internal control system in examining the accountability in the public parastatals in Ekiti State, Nigeria.

5. Conclusion and Recommendation
This study examined the effect of the internal control system on accountability in the public parastatals in Ekiti State. From the analyses and the findings of the study presented, it was revealed that internal control system had combined significant effect on accountability in the parastatal, in terms of effective and efficient financial operation, information flow, transparency, reliability of financial reporting and compliance with applicable laws and regulations with mean values 4.05, 3.84, 3.85, 4.03 and 3.90 respectively. The results of the multiple linear regression showed that Information flow and control activities have an
insignificant effect on accountability of public parastatals in Ekiti state, while monitoring and evaluation and risk assessment had a significant effect on the accountability of public parastatals in Ekiti state.

Therefore, the study established that internal control system put in place in the public parastatal in Ekiti State was well established and adequate for effective and efficient financial accountability. However, the aspect of information and communication needs to be re-examined in other to ensure adequate use of the available channels of communications. Based on the findings and the conclusion, the study thus recommends that:

1) The internal control unit should be encouraged to maintain their independent position to ensure more assurance on the effectiveness of the unit.

2) The government should ensure that the internal control system is periodically monitored and evaluated.

3) Adequate and regular training in terms of seminars and workshops should be given to those in the internal control section/internal audit session by government

Use of information and communication technology by the internal audit departments in public parastatals in other to make information and communication faster and easier.

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