International Journal of Educational Research and Studies
www.journalofeducation.net
Online ISSN: 2664-6811; Print ISSN: 2664-6803
Received: 07-08-2019; Accepted: 08-09-2019; Published: 15-09-2019
Volume 1; Issue 4; 2019; Page No. 35-41

Extent of implementation of auditing guidelines for payroll and expense arrangements in tertiary educational institutions' financial reporting in south east, Nigeria

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Abstract
This study determined the extent of implementation of auditing guidelines for payroll and expense arrangements in tertiary educational institutions' financial reporting in South-East, Nigeria. One research question guided the study and two null hypotheses were tested. Related literature pertinent to the study were reviewed which exposed the need for the study. Descriptive survey research design was adopted, using a population of 1,405 accounting officers. Taro Yamane formula was utilized to select a sample size of 311 account officers for the study. A structured questionnaire developed by the researchers was used for data collection. The instrument was validated by three experts. Cronbach Alpha was used to establish the reliability of the instrument. The reliability index obtained was r = 0.84. Data collected were analyzed using mean, standard deviation, t-test and ANOVA. Mean was used to answer the research questions and standard deviation was used to explain how the responses of the respondents varied. ANOVA and t-test were used to test the hypotheses at 0.05 level of significance. The results showed that auditing guidelines for payroll and expense arrangements were moderately implemented by account officers for the purpose of financial reporting in tertiary educational institutions. The results also showed that there was no significant difference in the mean ratings of accounting officers based on type of and ownership of institutions on the extent audit guidelines for payroll and expense arrangements are implemented. Based on the findings, the researchers recommended among others, that the management of tertiary educational institutions in South-East should keep updating the payroll with new information technology to ensure that there is accuracy and speed in transmitting information concerning payroll between departments and the payroll section/unit.

Keywords: auditing, auditing guidelines, payroll and expense arrangements and financial reporting

Introduction

Auditing plays an essential role in serving the public interest in order to strengthen accountability and reinforce trust and confidence in financial reports presented to stockholders, members, creditors and the entire public. Anichebe (2010) [4] defined auditing as a systematic investigation and appraisal of transactions, procedures, operations and result in financial statements to determine the degree of adherence to the prescribed criteria and to express opinions thereon. Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations (Drogalas, Alampourtsidis & Koutoupis, 2014) [10]. The quality of internal audit helps an organization to accomplish set objectives by providing a systematic approach to evaluate and improve the effectiveness of risk management processes, internal control and corporate governance. This helps in investigation of the accounting records and other evidences supporting the financial statements in order to provide a fair and reasonable picture of financial reporting of the institution. According to the International Accounting Standard Board (IASB) (2010) [8], the objective of financial reporting is to provide information about the financial position, performance and changes in financial position of an enterprise that is useful to a wide range of users in making economic decisions. Financial reporting involves reporting for all statutory income and other internally generated revenue for the period in question (Berheci, 2010) [7]. Formal records of financial activities of tertiary institutions are expressed in the financial statements which quantify the financial strength, performance and liquidity of the institution. Financial reporting facilitates statutory audit. The statutory auditors are required to audit the financial statements of institutions to express their opinions. Financial statement audit is the examination of institutions' financial records. This can be carried out by an external independent auditor, who is able to report on the accuracy and fairness of the statements. In view of this, it is appropriate for any organization to have an effective control system of accounting by having internal audit for good monitoring and check against the financial statements, ensures compliance with statutory requirements and safeguards the asset of the institution. In recognition of the importance and essence of internal auditing, governments and private sector in many countries consider the establishment of internal audit units and empowerment of internal auditors (AIs) as imperative. The global perspective is that internal audit is a necessity and adds value to organizations. In line with this, the Nigerian Government, through the mechanism of the Federal Government Financial Regulations (FGFR, 2009), provided for the establishment of internal audit functions and highlighted the expected duties of internal auditors. The regulation considers internal audit as a control mechanism which operates by assessing and measuring the effectiveness of internal control system in an organization, using auditing guidelines. According to Hornby (2015) [15], guidelines are rules or instructions that are given by an official organization telling one how to do something especially something difficult. Auditing guidelines are the principles and standards guiding the practice of auditing (Audit Manual, 2014) [29]. The main objective of the audit guideline is to ensure compliance with audit best practices. It is therefore mandatory for all auditors to adhere to the guidelines in the manual in order to ensure consistency and coherence of the auditing process rather than relying on personal interpretation and opinions (Federal Ministry of Finance, 2011) [12]. It is on this ground that the regulatory authorities of tertiary institutions (TI) in Nigeria which include the National Commission for Colleges of Education (NCCE), National Board for Technical Education (NBTE), and National Universities Commission (NUC) provided uniform accounting and auditing manual, explaining the specific guidelines, methods, and ways of audit guidelines such as audit guideline for revenue collection; audit guideline for stores; audit guideline for fixed assets; audit guideline for disposal of fixed assets; audit guideline for payroll and audit guideline for staff advances and staff debtors, prepayment audit procedures, audit guideline for stores, among others (NCCE Audit Manual, 2006; Federal Ministry of Finance, 2011 [12]; University of Ibadan Audit Manual, 2014) [29]. The manual is designed to standardize the practice of internal auditing in public tertiary institutions in Nigeria. Standard procedure in financial reporting of the activities of tertiary institutions in the South-East would facilitate auditing. It is also a truism that the manuals and guidelines would be applied to control corrupt practices by account officers. Under this accountability and good financial management environment, employment opportunities would be created, facilities for research would be provided and sustained, and investment from the private and corporate organizations would be attracted to the public tertiary institutions in South-East Nigeria. The expected result for tertiary institutions under this transparent system is (1) rapid growth and development in teaching and learning; and (2) research and publications in public tertiary institutions in South-east Nigeria. The audit guidelines in public tertiary institutions specify the functions of the account officers. Among many other functions, the regulation and manuals mandate the department to ensure compliance with the internal control system put in place and safeguard the assets of the institutions. Other functions are to prevent and detect irregularities, fraud and wastages, as well as audit all daily transactions of the institutions. Account officers in tertiary institutions include Bursars and Directors, Senior Accountants and Auditors, Accounts and Store officers and Cashiers and Clerks (Nwaigburu & Mark, 2014) [24]. Despite the existence and reforms in internal audit tasks, studies by Adetoso, Oladejo and Akesinro (2013) [3]; Whawo (2015) [30] have shown lapses in the internal control system leading to several occurrences of fraud, misappropriation, and irregularities in Nigerian tertiary educational institutions. Tertiary educational institutions in this study include public universities, polytechnics and colleges of education which are established to meet the nation's need for socio-economic development through knowledge-sharing, research and development. Modibbo (2015) [22] asserted that tertiary institutions are expected to provide educational services and counselling to the general public at the right time. To render these services, these institutions incur expenditures that are capital and recurrent in nature. Adagye (2015) [2] reasoned that the existence of corruption in the Nigerian educational system generally has been a challenge for achieving their objectives. Conducting periodic audits by tertiary institutions at least once or twice per year helps maintain compliance and strengthen institution's financial controls. The audit enables the institution to verify that payroll records are correct and to spot and fix issues that could have led to an external audit.

Payroll refers to that aspect of accounting needed to determine the accurate records of salaries and wages paid to workers. Naturally, tertiary institutions are required by law to keep accurate payroll records. Apart from being needed to compute the accurate amount of employees' salaries and wages, payroll accounting is needed to establish the various expenses related to salaries and wages (Okoye in Bahati, 2014) [6]. Payroll usually represents the largest proportion of an organization's expenditure, and is an area where good controls are essential to prevent fraud and corruption. Payroll systems usually incorporate payments that are made direct from employees' payroll such as personnel income tax and pension contributions. The accuracy of these payments is therefore covered by internal audit work on payroll systems. The system objective with respect to payroll and expenses is to ensure that current employees are paid accurately and promptly. The auditing guideline in review of payroll and expense arrangement include verifying duties of all workers in the payroll department and generating payroll report and comparing the balances of expense account with the budgeted balance for the current period. It also verifies the name and department of staff, the cadre and the step the staff should be in the salary schedule, the basic pay and other allowances due to the staff, ascertain the gross pay and any variations therein. Where any variations exist, it ascertains the reason for the variations and the amount involved, the various deductions made and the net pay due (Federal Ministry of Finance, 2011 [12], University of Ibadan Audit Manual, 2014) [29]. The most important controls in a payroll system are to ensure the segregation of duties between the personnel functions (responsible for hiring new staff and setting salary rates) and the payroll functions (responsible for administering payroll payments), and to ensure that prompt and accurate budget reports are distributed to all budget holders showing the payroll costs charged to their budget (Internal Audit Manual, n-d). Payroll is an area where computer-based control checks and computer-based audit techniques can usefully be employed. For example, if all payroll payments are processed on a single computer payroll system, it is possible to download the payment file into a database and scrutinize it for duplicate names and addresses, payments over particular values, allowances over a particular percentage of salaries, among others. It is also possible to run cross checks between the payroll system data and personnel system data, and reconcile the two. The overall audit objectives with respect to an organization's payroll and expense systems are to test the completeness, occurrence, measurement/evaluation, regularity and disclosure of all payments for employees. Steps to be followed when performing a periodic audit of payroll according to Ferguson (2017: 2) [14] include: (a) verify duties of all workers in the payroll department and ensure their payroll system access is restricted to the type of work they do; (b) generate a payroll report that identifies active employees and confirm that these employees actually work for the company. Run a report to identify terminated employees and ensure that they are not getting paid. This helps an auditor recognize ghost or phantom employees, which is a type of payroll fraud. The ghost employees may be terminated employees who have not been taken out of the payroll system or fictitious employees who do not work for the company; (c) compare regular and overtime wages with employees' timekeeping data, which should be approved by their respective supervisors or managers; verify salaries, pay increases and supplemental wage payments such as commissions and bonuses; (d) confirm that mandatory deductions, such as payroll taxes and wages garnishments if applicable, are being withheld from employees' wages; generate a report that shows the institution's employment tax liabilities, and verify that the employees' withholding and portion of taxes are paid and reported to the appropriate government; (e) evaluate employee benefits, such as health insurance and retirement benefits, and balance payments made to vendors. Review fringe benefits, including expense reimbursements and vacation and leave procedures; reconcile amounts paid to employees via live cheques and direct deposit and amounts paid to third parties with the amounts posted in one's institution's financial statements among others.

An educational institution incurs educational, academic, administrative, occupancy and promotional expenditure. According to Rai (2013: 10), the internal auditor should follow the following procedures while auditing these types of expenses: (1) compare the balances of each significant expense account with the comparable balance for the preceding period and with the budgeted balance for the current period, and examine unusual fluctuations; (2) analyze comparative expense calculations on per unit basis (examples, academic expenditure or cost of utilities per student, transportation expenses per student, space mutilation ratios, others); (3) check source documents (invoices) along with supporting forms and documents of all major expenses with amounts recorded in accounting records to ensure that all expenditures incurred during the period have been properly recorded; and (4) authorization by appropriate authorities to all the expenses should be confirmed. Regardless of whether an institution decides to hire a firm to conduct a payroll audit, or if it chooses to perform one using the internal staff, scheduling regular, comprehensive payroll audits is essential. Compliance, accuracy, and efficiency can be improved and optimized with regular audits.

The influencing factor on the extent of implementation of auditing guidelines for payroll and expense arrangements in tertiary educational institutions' financial reporting could be by the type of institution and the ownership of institution. This variable is likely to affect account officers' mean ratings on the extent of implementation of auditing guidelines. Type of institution in this study means universities, polytechnics and colleges of education. Accounting officers in this study are the principal officers in tertiary educational institutions. Ownership of institution in this study means the Federal and State Government owned tertiary educational institutions. According to Ibrahim, Adeyemi and Ayeni (2016) [19], independent tertiary institutions accounting guidelines and policies have no significant impact on the preparation of the financial statements. This occurred as a result of the fact that some of the enabling statutes of tertiary institutions do not contain or provide proper guidelines on the nature of financial statements to be adopted. Apart from this, the attitude of governing council members of these institutions circumvent the ability of the institutions to follow the guidelines and policies in implementing the accounting system to put into operation while preparing financial statements.

Statement of the problem

Auditing guidelines mandate institutions to ensure compliance with the internal control system put in place, safeguard the assets of the institutions, prevent and detect irregularities, fraud and audit all daily transactions. Despite the regulations and the existence of internal audit tasks, frequent and large-scale financial fraud occurring in tertiary institutions in South East Nigeria in particular are disrupting effective research, teaching and learning as well as community services which are the functions of tertiary institutions. Petitions have been written against the management of tertiary institutions on the selfish use and poor management of funds (Azuka, 2011) [5]. In some cases, tertiary institutions' managements have been taken to court to explain issues bothering on poor accounting but nothing came out of it. All these notwithstanding, studies have shown that lapses exist in the internal control system and several occurrences of fraud and misappropriation of funds in public tertiary institutions in Nigeria in general and South East in particular. Laxity in revenue and expenditure management, inadequate payroll controls and weak internal control systems and other problems seem to point to the weakness of internal control systems leading to irregularities in financial management and reporting in public tertiary institutions in South-East Nigeria. These result in paying employees at a higher or lower rate than normal rate of pay and inaccurate records in institutions' financial reporting. Thus, the study sought to determine the extent of implementation of auditing guidelines for payroll and expense arrangements in tertiary educational institutions' financial reporting in South-east Nigeria.

Purpose of the Study

The main purpose of this study was to determine the extent of implementation of auditing guidelines for payroll and expense arrangements in tertiary educational institutions' financial reporting in South-East Nigeria. Specifically, the study determined the extent:

1. Audit guidelines for payroll and expense arrangements are implemented in financial reporting in tertiary educational institutions.

Research Question

This research question guided the study

1. To what extent are audit guidelines for payroll and expense arrangements implemented in financial reporting in tertiary educational institutions in South-East Nigeria?

Hypotheses

The following null hypotheses were tested at 0.05 level of significance

1. Account officers in universities, polytechnics and colleges of education do not differ significantly in their mean ratings on the extent audit guidelines for payroll and expense arrangements are implemented in financial reporting in tertiary educational institutions in South-East, Nigeria.

2. There is no significant difference in the mean ratings of account officers in Federal and State tertiary institutions on the extent audit guidelines for payroll and expense arrangements are implemented in financial reporting in tertiary educational institutions in South-East Nigeria.

Literature Review

Auditing

Internal auditing is an integral function that assists organizations in achieving their objectives and prevents them from asset loss (Abuazza, Mihret, James & Best, 2015 [1]; Cohen & Sayag, 2010) [9]. It is vital for achieving a company's business objectives, obtaining reliable financial reporting on its objectives, preventing fraud and misappropriation of assets and minimizing its cost. The Auditing Standard and Guidelines (2010) defined audit as the independent examination and expression of an opinion on financial statements by an appointed auditor in compliance with any relevant statutory obligations. Auditing has to do with conducting an examination of a series of events or activities to verify whether they are maintained and recorded in accordance with established guidelines, policies and procedures (General Accounting Office, 2000) [15]. This examination is conducted by an internal auditor on a periodic basis and by an independent auditor on an annual basis.

Auditing is an independent examination and expression of opinion on the financial statement of an enterprise by an independent person called auditor in pursuance of that appointment and in compliance with any relevant statutory obligation (Adeniji in Gehya & Ibitomi, 2016) [16]. It is an activity that allows the independent person, called the auditor, to express opinion on the reliability and credibility of the financial statement of an organization to determine if it shows a true and fair view. An auditor is any human being who has been trained to review and carry out independent and objective verification that accurately links the activities of an institution to the accounting data provided by the same audited company. In the context of this study, auditing is the examination of various books of accounts by an auditor to verify whether the financial statements prepared show a true and fair view of the state of affairs of the organization. It is a physical checking of inventory to make sure that all departments are following established /approved system of recording transactions in the appropriate books of accounts in order to ascertain the accuracy of the financial statements of an organization.

Auditing Guidelines

Auditing guidelines are the principles and standards of practice guiding the practice of auditing. Auditing is governed by the provisions of laws, standards and these are fundamentally, the professional brainpower of the auditor that carries out the assignment. However, the determinants of the auditor's mentality or attitude to auditing can only be approximated by the accountancy professional guidelines. These guidelines are primarily referred to as professional ethics in accountancy (Abuh & Samaila, 2015). Audit guideline is a compilation of current audit policies, procedures, and guidelines of the Audit and Compliance Division of the Nigerian Taxation and Revenue Department. The purpose of audit guideline is to ensure a standard procedure of auditing and to achieve uniformity in all auditing procedures rather than following one's own personal interpretations and opinions at the time of actual auditing (Gehya & Ibitomi, 2016) [16]. In the context of this study, auditing guidelines are standards or regulations that guide auditors in the verification and examination of financial records of an institution. The objective of the auditing guidelines is to provide further information on how to comply with the Auditing Standards.

Financial Reporting

Financial reporting involves the disclosure of financial information to various stakeholders about the financial performance and financial position of the organization over a specified period of time (EduPristine, 2018) [11]. These stakeholders include – investors, creditors, public, debt providers, governments and government agencies. In case of listed companies the frequency of financial reporting is quarterly and annual.

Financial reporting is usually considered as an end product of accounting. The Government and the Institute of Chartered Accountants (ICA) have issued various accounting standards and guidance notes which are applied for the purpose of financial reporting. This ensures uniformity across various diversified industries when they prepare and present their financial statements. In the context of this study, financial reporting is a statement which conveys to management and to interested outsiders, a concise picture of the profitability and financial position of an institution. It is an audited annual report and accounts of an organization which gives a summary of the results of operations of an entity for the period represented.

Theoretical Framework

The theoretical framework of this study is based on agency theory. The agency theory was established by Jensen and Meckling in 1976. Agency theory (also known as the principal-agent or principal agency theory/model) describes the relationship between two or more parties, in which one party, designated as the principal, engages another party, designated as the agent, to perform some task on behalf of the principal. This theory is extensively employed in accounting literature to explain and predict the appointment and performance of external auditors. Agency theory provides a useful theoretical framework for the internal auditing function. The relevance of this theory to the study is that accounting and auditing have an important task in providing information and this task is often associated with stewardship, in which an agent reports to the principal on the companies' events. It helps to explain the role and responsibilities assigned to internal auditors by institutions and that it predicts how the internal audit function is likely to be affected by institutional changes. Audits of financial reports in tertiary institutions would be one form of such information providing the shareholders with independent assurance about the ongoing development. The demand for auditing is sourced in the need to have some means of independent verification to reduce record keeping errors, asset misappropriation, and fraud within business and business organizations.

Method

The study adopted descriptive survey research design. According to Nworgu (2015) [25], a descriptive survey research design is the one which aims at collecting data, and describing in a systematic manner the characteristics, features or facts about a given population. The study was carried out in tertiary educational institutions in South East Nigeria. The South East is one of the six geo-political zones in Nigeria consisting of Abia, Anambra, Ebonyi, Enugu and Imo States. The population for this study consisted of 1405 account officers in all the 24 public tertiary educational institutions (ten universities, seven polytechnics and seven colleges of education) in South East Nigeria. A sample size of 311 account officers was used for the study. The sample size was derived using the Taro Yamani formula. Data for this study were collected using a structured questionnaire titled "Implementation of Auditing Guidelines for Payroll and Expense Arrangements (IAGPEA)". The questionnaire was structured on a 5-point rating scale of Very Highly Implemented (VHI), Highly Implemented (HI), Moderately Implemented (MI), Low Implemented (LI) and Very Lowly Implemented (VLI).

The questionnaire developed for this study was subjected to face validation by three experts in business education. Cronbach Alpha method was used to ascertain the internal consistency of the instrument. This yielded a coefficient value of 0.84 which was deemed reliable for the study. The researchers personally administered 311 copies of the instrument with the aid of three research assistants. Out of the 311 copies of the questionnaire distributed, 297 (representing 95.5 %) were duly completed, retrieved and used for data analysis. Data collected in the study were analyzed using descriptive statistics of mean and standard deviation to answer the research questions and determine the closeness of the respondents' mean ratings. One-way analysis of variance (ANOVA) and t-test were used to test the null hypotheses at 0.05 level of significance. Where the calculated p-value is less than, or equal to, the stipulated level of significance 0.05 (i.e. $p \leq 0.05$), it implies that there was significant difference between respondents' mean scores. Under this condition, the null hypothesis of no significant difference is rejected. On the other hand, if the p-value is greater than, or equal to, the alpha level of 0.05 (i.e. $p \geq 0.05$), the null hypothesis of no significant difference is accepted.

Results

Research Question

To what extent are audit guidelines for payroll and expense arrangements implemented in financial reporting in tertiary educational institutions in South East Nigeria?

Analysis of data relating to this research question is presented in Table 1

Table 1: Mean ratings of account officers on the extent audit guidelines for payroll and expense arrangements are implemented in financial reporting in tertiary educational institutions in South-East, Nigeria. N= 297.

S/No	Audit for payroll	Mean	SD	Decision
1	Verifying duties of all workers in the payroll department	2.67	0.73	Moderately implemented
2	Generating payroll report that identifies active employees	2.61	0.69	Moderately implemented
3	Ensuring that payroll information is accurate and up-to-date	2.61	0.80	Moderately implemented
4	Comparing the balances of expense account with the budgeted balance for the current period	2.65	0.68	Moderately implemented
5	Reviewing all expense account to determine whether accrued expenses are recorded appropriately	1.91	0.69	Low implemented
6	Confirming all the expenses by appropriate authority	2.88	0.71	Moderately implemented
7	Verification of current employment status of employees	3.59	0.75	Highly implemented
8	Reviewing and reconciling banking activities	2.60	0.70	Moderately implemented
9	Assessing record keeping procedures to ensure compliance with auditing guidelines	1.84	0.68	Low implemented
	Cluster Mean	2.60		Moderately implemented

As indicated by the cluster mean of 2.60 in Table 1, audit guidelines for payroll and expense arrangements are moderately implemented by account officers in financial reporting in tertiary educational institutions in South-East, Nigeria. The item by item analysis shows that item 7 with a mean score of 3.59 is the audit guideline for payroll and expense arrangements highly implemented by account officers, while items 1, 2, 3, 4, 6 and 8 with mean scores ranging from 2.60 to 2.88 are audit guidelines for payroll and expense arrangements moderately implemented by account officers. Items 5 and 9 with mean scores ranging from 1.84 to 1.91 are audit guidelines for payroll and expense arrangements with low implementation by account officers. The standard deviations of 0.68 to 0.80 are within the same range, showing that there is homogeneity amongst account officers' responses.

Testing of null hypotheses

Hypothesis 1

Account officers in universities, polytechnics and colleges of education do not differ significantly in their mean ratings on the extent audit guideline for payroll and expense arrangements are implemented in financial reporting in tertiary educational institutions in South East Nigeria.

Table 2: Analysis of variance on the mean ratings of account officers on the extent audit guideline for payroll are implemented in financial reporting in tertiary educational institutions

	Sum of Squares	df	Mean Square	F	P-value
Between Groups	15.795	2	7.857		
				1.921	.148
Within Groups	1205.847	294	4.131		
Total	1221.561	296			

The analysis in Table 2 shows that there is no significant difference among the three groups in terms of their mean ratings on the extent audit guidelines for payroll and expense arrangements are implemented by account officers in financial reporting in tertiary educational institutions in South East Nigeria based on type of institution (universities, polytechnics and colleges of education), as the F-ratio (2, 294) is 1.921 and *P-value* (.148) is greater than the stipulated 0.05 level of significance. Therefore the null hypothesis is accepted.

Hypothesis 2

There is no significant difference in the mean ratings of account officers in Federal and State tertiary institutions on the extent audit guidelines for payroll and expense arrangements are implemented by tertiary educational institutions in South East Nigeria.

Table 3: Summary of t-test result of mean ratings of account officers on the extent audit guidelines for payroll are implemented in financial reporting in tertiary educational institutions

Audit for payroll	N	$\overline{X}$	SD	Df	P-value	Decision
Federal	192	2.59	.23			Not Significant
				295	.147	
State	105	2.61	.22			

Table 3 shows that the p-value of. 147 is greater than the significance level of 0.05. This implies that there is no significant difference in the mean ratings of account officers in Federal and State tertiary institutions on the extent audit guidelines for payroll and expense arrangements is implemented in tertiary educational institutions in South East Nigeria. The null hypothesis of no significant difference between the two groups is therefore accepted.

Discussion

Results of the study revealed that audit guidelines for payroll and expense arrangements were moderately implemented by account officers in financial reporting in tertiary educational institutions in South East Nigeria. This implies that account officers in tertiary educational institutions in South East Nigeria have not fully implemented audit procedures in all expense account to determine whether accrued expenses are recorded appropriately and assessing record keeping procedures to ensure compliance with auditing guidelines. The findings corroborate those of Osei (2012) [27] who found that ineffective and inefficient payment methods slow down registration process, cause late registration, and consume time. The overall audit objectives with respect to an organization's payroll and expense systems are to test the completeness, occurrence, measurement/evaluation, regularity and disclosure of all payments for employees. Implementing audit guidelines for payroll by accounting officers could enable institutions to verify that payroll records are correct and to spot and fix issues concerning irregularities in financial reporting activities. In support of this, Nyaledzigbor (2015) [26] stated that such irregularities and non-disclosure of all payments for employees could lead to payroll fraud (that is creating opportunity for ghost workers) in institutions. Test of the seventh and eighth hypotheses revealed that accounting officers in universities, polytechnics and colleges of education did not differ significantly in their mean ratings on the extent audit guidelines for payroll and expense arrangements were implemented in financial reporting in tertiary educational institutions in South East Nigeria. Also, there was no significant difference in the mean ratings of account officers on the extent audit guidelines for payroll and expense arrangements were implemented in financial reporting in tertiary educational institutions in South-East, Nigeria on the basis of ownership of institution. This revealed that account officers in both federal and state tertiary educational institutions in South-East hold the same view as to the extent Audit guidelines for payroll and expense arrangements were implemented in financial reporting. This disagrees with the findings of Nyaledzigbor (2015) [26] who observed a significant difference among respondents on public sector payroll.

Conclusion

From the findings of the study, it is clear that audit guidelines for payroll and expense arrangements have not been fully implemented by account officers in their financial reporting activities in tertiary educational institutions. Financial reporting can be seen as a means for the communication of financial information to users and these reports should be based on sound accounting standards. Therefore, it could be concluded that tertiary educational institutions should create a control environment and that Audit Committees should conduct periodic audit to strengthen institutions financial controls. This will ensure that payroll records are correct and capable of spotting and fixing issues in order to ensure compliance with laws and regulations (auditing guidelines).

Recommendations

Based on the findings of this study, the following recommendations are made

1. The management of tertiary educational institutions in South-East Nigeria should continuously update their payroll system with new information technology to ensure that there is accuracy and speed in transmitting information concerning payroll between departments and the payroll section/unit.
2. There should be training and retraining through government support (Tetfund and Institutional Internally Generated Revenue) to motivate and encourage account officers to update their skills in payroll area in tertiary institutions. This is especially important due to frequent updates to deductions and withholdings from employees' pay.

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