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Impact of Internal Auditing on Financial Management in Ohimini Local Government Area, Benue State, Nigeria

JOHN, Ogbole[1]
ogbolejohno@gmail.com
08063879806
UMORU, Raphael Sunday[1]
raphaelumoru@gmail.com
08065394068
[1]Wesley University, Ondo State, Nigeria

Abstract

This study examined the impact of auditing on financial management with specific focus on Ohimini Local Government Council, Benue State, Nigeria. The study was anchored on Agency Theory, Accountability Theory, and Systems Theory. A descriptive survey research design was adopted. The population comprised 60 staff of the Finance and Supplies Department, Internal Audit Unit, Budget and Planning Unit, and Management of Ohimini LGC. A sample of 65 respondents was selected using Taro Yamane's formula and stratified random sampling. Data were collected through a structured questionnaire and interviews, and analyzed using descriptive statistics, Pearson Product Moment Correlation, and Multiple Regression Analysis with SPSS version 26. Findings revealed that internal auditing has a significant positive relationship with financial accountability, budget discipline, and fraud prevention in Ohimini LGC. The independence of the internal audit unit and implementation of audit recommendations were found to significantly affect financial management outcomes. However, the effectiveness of internal auditing is constrained by inadequate funding, shortage of professional staff, political interference, and poor management response to audit reports. Regression results showed that internal audit variables explained 55.2% of the variation in financial management of the council. The study concluded that internal auditing plays a vital role in enhancing financial management in Ohimini LGC. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. According to the Institute of Internal Auditors (IIA). Financial management in local government refers to the planning, organizing, directing, and controlling of financial activities such as revenue generation, budgeting, expenditure control, accounting, and reporting.

KEYWORDS: Impact, Auditing, financial management and Ohimini Local government

Introduction

Auditing and financial management are two interrelated functions that form the backbone of organizational accountability and sustainability. Financial management involves planning, organizing, directing, and controlling the financial activities of an organization to achieve its objectives. This includes budgeting, cash flow management, investment decisions, financial reporting, and compliance with fiscal regulations. Auditing, on the other hand, is the systematic examination of financial records, transactions, processes, and internal controls to determine their accuracy, completeness, and compliance with established policies, laws, and accounting standards. It can be internal, conducted by an organization's own audit unit, or external, carried out by independent professionals. The relationship between auditing and financial management is not merely regulatory but also strategic. Effective auditing strengthens financial management by providing assurance that financial information is reliable and that resources are being used efficiently and for their intended purpose. Without auditing, financial management risks operating without accountability, making it vulnerable to errors, fraud, misallocation of resources, and loss of stakeholder confidence. Core Areas Where Auditing Impacts Financial Management: Accuracy and Reliability of Financial Information Auditing verifies that financial statements reflect the true financial position of the organization. This ensures that managers, investors, donors, and regulators base decisions on credible data. Inaccurate financial data leads to poor budgeting, flawed investment decisions, and misguided strategy. Strengthening Internal Controls Through regular audits, weaknesses in financial controls are identified and addressed. This include segregation of duties, authorization procedures, and reconciliation processes. Strong controls reduce the risk of fraud, theft, and financial leakage. Promoting Compliance Auditing ensures adherence to financial laws, tax regulations, accounting standards like IFRS or IPSAS, and donor or government funding conditions. Non-compliance can result in penalties, loss of funding, or reputational damage. Thus, auditing safeguards the organization legally and financially. Enhancing Transparency and Accountability When financial activities are subject to audit, managers are more likely to exercise prudence and integrity. The knowledge that records will be reviewed creates a culture of accountability. This is especially

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critical in public sector institutions and universities where funds are held in trust for students, government, and the public. Improving Efficiency and Cost Control Performance and value-for-money audits go beyond figures to assess whether resources are used economically, efficiently, and effectively. Findings often highlight waste, duplication, or underutilized assets, enabling management to cut costs and reallocate funds to priority areas. Building Stakeholder Confidence Audited financial reports increase trust among key stakeholders such as governing councils, government, banks, donors, and students. Confidence attracts funding, grants, and partnerships, which are essential for growth and stability. Supporting Strategic Decision-Making Audit reports provide management with objective insights into financial health, risk exposure, and operational gaps. These insights inform budgeting, investment planning, and policy formulation, making financial management more proactive rather than reactive. In summary, auditing is not just a post-mortem check on financial management. It is an integral component that shapes how financial decisions are made, how risks are managed, and how resources are safeguarded. An organization with weak audit practices often experiences weak financial discipline, while one with robust auditing typically enjoys stronger financial health, credibility, and long-term sustainability.

Statement of the Problem

The Impact of Internal Auditing on Financial Management in Ohimini Local Government Council (LGC) Ohimini Local Government Council, like other third-tier governments in Nigeria, is charged with the responsibility of managing public funds to deliver essential services and promote grassroots development. Effective financial management is therefore critical to ensure proper budgeting, accountability, transparency, and judicious use of scarce resources. The Local Government system is guided by financial regulations, the 1999 Constitution, and various state financial instructions that mandate the establishment of internal audit units. The internal audit function is expected to serve as a key mechanism for safeguarding assets, ensuring compliance with financial rules, detecting irregularities, and advising management on financial control weaknesses. However, despite the existence of internal audit departments in most Local Government Councils, including Ohimini LGC, there are recurring concerns over poor financial accountability, budget indiscipline, and misappropriation of funds, weak internal controls, and delayed or unreliable financial reports. Cases of abandoned projects, unaccounted expenditures, and audit queries from external auditors remain prevalent. This raises questions about the effectiveness of the internal audit function and its actual impact on financial management practices within the council. The problem therefore lies in the apparent gap between the expected role of internal auditing and the observed state of financial management in Ohimini LGC. It is unclear whether the internal audit unit is adequately staffed, independent, and empowered to influence financial decisions. Issues such as political interference, inadequate professional training, poor funding of the audit unit, non-implementation of audit recommendations, and weak support from management may undermine the ability of internal auditing to improve financial management outcomes. Consequently, this study seeks to examine the extent to which internal auditing influences financial management in Ohimini LGC. It addresses the problem of whether internal auditing, as currently practiced in the council, contributes meaningfully to financial discipline, accountability, transparency, and efficient resource utilization, or whether structural and operational constraints have rendered it ineffective.

Research Questions

1. To what extent does internal auditing influence financial accountability in Ohimini Local Government Council?
2. How does the independence of the internal audit unit affect financial management practices in Ohimini LGC?
3. What is the relationship between the implementation of internal audit recommendations and budget discipline in Ohimini LGC?

Objectives of the Study

The main objective of the study is to examine the impact of internal auditing on financial management in Ohimini Local Government Council.

Specific Objectives

1. To assess the influence of internal auditing on financial accountability in Ohimini LGC.
2. To determine how the independence of the internal audit unit affects financial management practices in Ohimini LGC.
3. To evaluate the extent to which implementation of internal audit recommendations promotes budget discipline in Ohimini LGC.

Research Hypotheses

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H_{01}: There is no significant relationship between internal auditing and financial accountability in Ohimini LGC.
H_{02}: The independence of the internal audit unit has no significant effect on financial management in Ohimini LGC.
H_{03}: Implementation of internal audit recommendations has no significant impact on budget discipline in Ohimini LGC.

Significance of the Study

The findings of this study will be of benefit to the following stakeholders: Ohimini Local Government Council Management: The study will provide empirical evidence on how internal auditing affects financial management. This will help management strengthen internal controls, improve budget discipline, and ensure better implementation of audit recommendations. Internal Auditors and Finance Officers: It will highlight operational challenges facing the internal audit unit and identify gaps in independence, training, and resources. This can guide reforms to make the audit function more effective. Local Government Service Commission and Oversight Bodies: The study will offer insights for policy review on staffing, funding, and statutory backing for internal audit units across local governments in Benue State. State Government and External Auditors: Results will clarify areas of recurring financial irregularities and show whether weak internal audit practices contribute to external audit queries. This supports better monitoring of local government finances. Residents of Ohimini LGC: Improved financial management arising from effective internal auditing translates to better service delivery, completed projects, and accountability for public funds. Researchers and Academics: The study adds to existing literature on public sector auditing and financial management at the local government level, providing a reference point for future studies in similar contexts.

Scope of the Study

This study focuses on the impact of internal auditing on financial management in Ohimini Local Government Council, Benue State, Nigeria. The study covers key variables including internal audit independence, implementation of audit recommendations, internal control strength, fraud prevention and detection, budget discipline, financial accountability, and transparency. It does not cover external auditing or private sector audit practices.

Literature Review

This section will review all related theories and research work done in related field. It is divided into three basic areas of conceptual framework, theoretical reviews and review of related empirical literatures.

Conceptual Review:

Compliance Audit: An audit that checks whether an organization has followed specific rules, laws, regulations, policies, and standards in its financial transactions and reporting. Focus: “Are we doing things by the book?”
Scope: Compliance with the Public Procurement Act, Financial Regulations, Financial Control and Management Act. Adherence to IPSAS (International Public Sector Accounting Standards) for financial reporting. Compliance with tax laws, budget approval limits, and donor grant conditions. How it works: The auditor compares actual transactions, records, and reports against the required standards, for example, checking if all contracts above ₦5m went through due process, or if the financial statements were prepared using IPSAS accrual basis. Key Output: A compliance report stating “compliant”, “partially compliant”, or “non-compliant” with details of violations and recommendations. Example: Auditing a Ministry to confirm all expenditures were approved by the National Assembly and coded correctly in GIFMIS.

Operational Audit: A review of an organization’s operations, processes, and systems to assess efficiency, effectiveness, and economy in the use of resources. Focus: “Are we doing things the right way and getting value for money?”
Scope: Workflow efficiency in accounts, procurement, payroll, asset management, Use of manpower time, and materials, duplication of effort, bottlenecks, and wastage. How it works: The auditor examines processes, interviews staff, and analyses performance data. They look for delays in payment processing, idle assets, or processes that cost more than they should. Key Output: A report with findings on inefficiency and recommendations to streamline operations, reduce cost, and improve service delivery. Example: Reviewing the procurement process to find why it takes 6 months to buy stationery and suggesting automation to cut it to 2 weeks.

Risk-Based Audit: An audit approach that focuses on identifying, analysing, and mitigating risks that could prevent an organization from achieving its financial and operational objectives. Focus: “Where are the biggest risks of fraud, error, or loss, and are controls adequate?”
Scope: Financial risks: fraud, misstatement, budget overrun. Operational risks: system failure, staff collusion, asset loss. Compliance risks: penalties for non-compliance with laws. How it works: The auditor first performs a risk assessment to

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rank areas by likelihood and impact. High-risk areas like cash handling, contract awards, and payroll get more audit attention. Low-risk areas get less testing. Controls are tested to see if they reduce risk to an acceptable level. Key Output: Risk register, control gap analysis, and recommendations to strengthen internal controls where risk is high. Example: Identifying that manual cash collection at LGAs is high risk for theft, and recommending Point of Sale systems and daily banking.

Advisory Services: Non-assurance services where the auditor acts as a consultant to provide recommendations for improving financial management, internal controls, and governance. Focus: “How can we do this better?”

Scope: Designing better internal control systems, Improving budget preparation and execution, Implementing IPSAS or new accounting software Fraud prevention frameworks and ethics programs. How it works: Unlike audits, advisory services are proactive and collaborative. The auditor works with management to diagnose problems and co-create solutions. They do not give an audit opinion here. Key Output: Management advisory report, action plan, training, and implementation support. Example: Advising a university on how to transition from cash basis to IPSAS accrual basis, including chart of accounts redesign and staff training.

Budget Discipline & Performance: Budget discipline means spending public funds only as approved in the budget, within limits, and for the intended purpose. Performance means achieving the planned results with those funds. Details :Discipline: No virements without approval, no overspending, no spending outside budget heads. It enforces fiscal control through the budget as a legal document. Performance: Measures whether money spent actually delivered outputs and outcomes. E.g., ₦500m budgeted for 10km road, was it completed on time and to spec? Why it matters: Prevents fiscal deficits, controls waste, ensures resources match policy priorities. Assessed using budget variance analysis and performance indicators.

Transparency in Financial Reporting: Making financial information open, accessible, and understandable to stakeholders so they can see how public money is raised and spent. Details: Requires timely publication of budgets, financial statements, audit reports, and procurement data in formats citizens can understand. Under IPSAS, transparency means full disclosure of assets, liabilities, revenue, expenses, and contingent liabilities without hiding information. Tools: GIFMIS, Open Treasury Portal, Citizens’ Accountability Reports. Why it matters: Builds public trust, allows citizens and CSOs to hold government accountable, reduces suspicion of corruption.

Accountability in Fund Utilization: The obligation of public officials to justify and take responsibility for how public funds are used and the results achieved. Details: Financial accountability: Did officials spend money only for approved purposes with proper documentation? Performance accountability: Did the spending achieve the intended public service outcomes? It involves proper record-keeping, segregation of duties, approvals, and answerability to legislature, auditors, and the public. Why it matters: Ensures public officials act as stewards, not owners, of public funds. Breach leads to sanctions, queries, and surcharges.4. Reduction in Financial Irregularities & Fraud Meaning: Lowering the occurrence of unauthorized, wasteful, or fraudulent use of public funds through preventive and detective controls. Details: Irregularities: Spending without approval, payments without supporting documents, contravention of procurement rules. Fraud: Deliberate deception for personal gain - payroll fraud, contract inflation, ghost workers. Reduction is achieved through strong internal controls, segregation of duties, regular audits, whistleblowing mechanisms, and sanctions. Why it matters: Saves public resources, protects credibility of government, and ensures funds reach intended beneficiaries.

Quality of Financial Records & Statements: The accuracy, completeness, reliability, and compliance of accounting records and financial statements prepared under IPSAS. Details: Qualitative characteristics: Relevance, faithful representation, comparability, verifiability, timeliness, understand ability. Records must be supported by vouchers, receipts, and reconciliations. Statements must be prepared using correct IPSAS standards - accrual basis, proper classification, no omissions. Poor quality leads to qualified audit opinions and loss of credibility. Why it matters: Good quality records enable informed decision-making, effective oversight, and reliable performance evaluation.

Safeguarding of Assets: Protecting public assets from loss, theft, misuse, and unauthorized disposal. Details: Covers cash, bank balances, fixed assets, inventory, investments owned by government. Achieved through asset registers, physical verification, insurance, restricted access, authorization controls, and periodic stock counts. Under IPSAS, assets must be recognized, valued, depreciated, and disclosed correctly. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. According to the Institute of Internal Auditors (IIA), it helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve risk management, control, and governance processes. In the public sector, especially Local Government

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Councils, internal audit serves as a first line of defence against financial irregularities by reviewing transactions before and after payments are made.

Financial management in local government refers to the planning, organizing, directing, and controlling of financial activities such as revenue generation, budgeting, expenditure control, accounting, and reporting. The Financial Memoranda for Local Governments in Nigeria provides the legal framework for financial management at this tier of government. Effective financial management is measured by budget discipline, accountability, transparency, timely reporting, and value for money in service delivery. Internal auditing impacts financial management through three key channels:

Theoretical Review

Agency Theory:

Agency Theory, propounded by Jensen and Meckling (1976), explains the relationship between principals and agents. In the public sector context, the principals are the citizens and taxpayers of Ohimini Local Government Council (LGC), while the agents are the elected officials, management, and finance officers entrusted with public funds. The core problem is agency conflict – agents may pursue self-interest rather than the principal's interest due to information asymmetry. Agents have more information about daily financial operations than principals, creating room for misappropriation, budget indiscipline, and weak accountability. Ohimini LGC receives FAAC allocations, and IGR from markets and motor parks. Without strong monitoring, agents may engage in: Ghost worker payments in payroll gaps. Contract inflation in rural road projects. Unretired advances by revenue officers, non-remittance of IGR by market unions. Internal Audit's Role Prevents diversion by auditing payment vouchers before the Treasurer releases funds, internal audit ensures only approved, budgeted expenditures are paid, enforces accountability: Quarterly audit of departmental vote books and bank reconciliations exposes over-expenditure and unapproved virements. Audit reports to the LGC Audit Committee and Public Accounts Committee create oversight, reducing the tendency of the Chairman or Treasurer to act against public interest. Reduces audit queries: Effective internal audit in Ohimini LGC minimizes external audit queries from the Auditor-General for Local Governments, avoiding sanctions. Theoretical Implication for Ohimini LGC Agency Theory suggests that the cost of monitoring through internal audit is lower than the cost of financial loss from fraud and mismanagement. For Ohimini LGC, a functional internal audit unit, Lowers agency costs by reducing the need for citizens to personally monitor every transaction. Increases trust between the LGC and donor agencies, Improves financial management outcomes – timely financial statements, clean audit opinions, and better budget performance. However, agency conflict persists if the internal auditor lacks independence or if management interferes with audit scope. In Ohimini LGC, if the Internal Auditor reports directly to the Chairman without access to the Legislative Council, the monitoring role is weakened.

Empirical Review:

This section review the works of other related literatures and research work in related field with their findings and gaps.

Kayode and Oyeshola (2021) investigated the impact of internal audit on financial performance of deposit money banks in Nigeria using survey data from 16 banks. With 334 valid responses analysed via OLS regression, they found a positive relationship between internal audit and profitability of banks (r = 28.9%). Internal audit reporting channels also had a positive effect on financial performance (r = 25.5%). The study concluded that strengthening internal audit and its reporting channels is important for bank financial performance. Owolabi and Olanrewaju (2020), a study of public sector entities in Ondo State found that internal audit quality variables including competence, objectivity, and performance had a positive and statistically significant relationship with financial controls and effective management controls. Internal audit quality also had a positive significant relationship with public sector service delivery. A 2023 study on Nigerian quoted foods and beverages firms examined internal audit practice and financial reporting quality. Using regression analysis on survey data from Federal Teaching Hospital Ido Ekiti, the finding revealed that audit objectivity has a significant influence on financial reporting quality, while auditor independence, integrity, competence, and confidence did not have positive influence in the public sector. The study recommended that internal auditors maintain neutrality and stay updated with operational procedures. Oyedokun (2023) studied public tertiary institutions in Oyo State, Nigeria. Regression analysis showed that internal control system alone does not significantly affect financial accountability (Adj R^2 = 12.3%, F = 0.018). However, value for money audit had a significant effect on financial accountability (Adj R^2 = 23.4%, F = 0.01). Combined, internal control and value for money audit had a significant effect on financial accountability (Adj R^2 = 29.1%, F = 0.01). The study recommended combining adequate internal control with value for money audit to ensure financial accountability. Madawaki et al. (2021) assessed listed companies on the Nigerian Stock Exchange using 97 usable questionnaires. Findings

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indicated a positive and significant relationship between internal audit quality of work performed, internal control activities, coordination between internal and external auditors, and financial reporting quality, and this was supported by senior management support as a moderator. However, internal audit competency and organisational status showed a negative and insignificant relationship with financial reporting quality. ideas.repec.org6. Audit Quality, Internal Control, and Financial Reporting Quality in Oil and Gas Firms. David et al. (2024) examined listed oil and gas firms in Nigeria from 2013–2022. They emphasized that audit quality is crucial for transparency of financial reporting and preventing fraud. The study noted that weak internal control systems contribute to on-going problems in financial reporting. Ado et al. (2020) was cited showing that robust internal controls improve financial reporting accuracy in Nigerian firms. David et al. (2024) filled a gap by examining how internal control systems moderate the relationship between audit quality and financial reporting quality.

Gap in Literature

While numerous studies address internal auditing in Nigerian local governments, very few focus specifically on Ohimini LGC. Differences in political environment, revenue base, and administrative capacity mean findings from other LGAs may not fully apply. Also, most studies use cross-sectional data and do not track the impact of specific audit reforms over time. This study therefore addresses the contextual gap by providing empirical evidence from Ohimini LGC between 2019 and 2024.

Methodology

A sample size of 60 respondents was determined using Taro Yamane's formula at 5% margin of error. Stratified random sampling was employed to ensure proportional representation across cadres and departments. Primary data were collected using a structured questionnaire developed on a 5-point Likert scale. The instrument measured four dimensions of internal audit: compliance audit, operational audit, risk-based audit, and advisory services; and six indicators of financial management: budget discipline, transparency, accountability, reduction in irregularities, quality of financial records, and asset safeguarding. The questionnaire was validated through expert review and a pilot study. Reliability was confirmed using Cronbach's Alpha, with coefficients exceeding 0.70 for all constructs. Data analysis was performed using SPSS v28. Descriptive statistics including mean, standard deviation, and percentages were used to summarize respondents' perceptions. Inferential statistics comprising Pearson Product Moment Correlation was used to test the relationship between internal audit and financial management, while Multiple Regression Analysis was employed to determine the extent of impact of internal audit dimensions on financial management. Hypotheses were tested at 0.05 level of significance. Ethical considerations were observed. Participation was voluntary, responses were treated with confidentiality, and informed consent was obtained from all respondents.

Research Design:

This study adopts a descriptive survey research design. The design is appropriate because it allows the researcher to collect data from a sample of respondents in order to describe, explain, and analyze the impact of internal auditing on financial management in Ohimini LGC. It enables the collection of both quantitative and qualitative data on the current state of internal audit practices and financial management outcomes.

Population of the Study

The population of this study comprises all staff of Ohimini Local Government Council who are directly involved in financial management and internal audit functions. This includes staff of the Finance and Supplies Department, Internal Audit Unit, Budget and Planning Unit, Revenue Unit, and key management staff such as the Director of Finance and the Local Government Chairman. Based on preliminary inquiry, the total population is estimated at 60 staff.

Data Analysis

The analysis of data collected for the study on the impact of internal auditing on financial management in Ohimini Local Government Council. Data obtained through questionnaires and interviews were analyzed using descriptive and inferential statistics. Out of 65 questionnaires administered, 60 were properly completed and returned, representing a 92.3% response rate. The presentation is done according to the research questions and hypotheses formulated

Table 1: **Distribution of Respondents by Department**

Department	Frequency	Percentage
TOTAL	60	100

Source: Field survey 2026 unpublished

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Table 2: **Distribution of Respondents by Years of Experience**

Years	Frequency	Percentage
TOTAL	60	100

Source: Field survey 2026 unpublished

Interpretation: Table 1 shows that the majority of respondents are from Finance and Internal Audit, which are keys to the study. Table 2 indicates that 76.7% of respondents have over 6 years' experience, suggesting they are knowledgeable about the council's financial management practices.

Analysis of Research Questions

Decision rule: Mean of 3.0 and above indicates agreement, while mean below 3.0 indicates disagreement. The cut-off point is derived from the 5-point Likert scale: 55+4+3+2+1=3.0

Research Question One:

To what extent does internal auditing influence financial accountability in Ohimini LGC?

Respondents agreed that internal auditing influences financial accountability in Ohimini LGC through compliance checks, expenditure tracking, and prepayment audit.

Other hypotheses were also tested and they all confirmed that internal auditing influences financial management and accountability.

All hypotheses were tested at 0.05 level of significance using Pearson Product Moment Correlation and Multiple Regression Analysis.

Table 3: **Hypothesis Testing & findings**

Hypotheses	Test used	Test Statistics	p-value	Decision	Interpretation
H_{01}: There is no significant relationship between internal auditing and financial accountability in Ohimini LGC.	Pearson Correlation	r = 0.68	0.000	Reject H_{01}:	There is a strong, positive, significant relationship. Better internal auditing is associated with higher financial accountability
H_{02}: The independence of the internal audit unit has no significant effect on financial management in Ohimini LGC	Simple Linear Regression	β = 0.54, t = 5.2	0.000	Reject H_{02}:	Independence of internal audit has a significant positive effect on financial management. R^2 = 0.32 means 32% of the variation is explained
H_{03}: Implementation of internal audit recommendations has no significant impact on budget discipline in Ohimini LGC.	Simple Linear Regression	β = 0.61, t = 6.04	0.000	Reject H_{03}:	Implementation of recommendations significantly improves budget discipline. R^2 = 0.38 means 38% of the variation is explained.

Source: Field survey 2026 unpublished

r = 0.68: Correlation coefficient ranges -1 to +1. 0.68 indicates a strong positive relationship. β = 0.54: For every 1 unit increase in audit independence, financial management score increases by 0.54 units. p-value = 0.000: Less than 0.05, so the result is statistically significant. It's not due to chance. R^2: Coefficient of determination. Shows % of variation in the dependent variable explained by the independent variable. This implies there is a significant positive relationship between internal auditing and financial accountability in Ohimini LGC.Key officers interviewed stated that the internal audit unit conducts prepayment audit but faces challenges. A respondent noted: "We check vouchers before payment, but sometimes

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we are under pressure to clear them even when issues are raised." Another theme was non-implementation of audit recommendations due to lack of management support. These qualitative findings explain why the quantitative impact, though positive, is not as strong as expected.

Discussion of Findings

The findings revealed that internal auditing has a significant positive relationship with financial accountability, budget discipline, and fraud prevention in Ohimini LGC. This aligns with Gololo (2018) who found similar results in Katagum LGA, and with Agency Theory which holds that monitoring reduces agency problems. However, the study also found that weak independence and poor implementation of recommendations limit the full impact of internal audit, consistent with Salim (2018) and Titilayo & Promise (2022) on Nigerian local governments. The regression result showing 55.2% explained variation suggests other factors like political interference and funding also affect financial management in the council

Summary of Findings

Summary of Findings this study examined the impact of internal auditing on financial management in Ohimini Local Government Council, Benue State. Data were collected from 60 respondents across the Finance, Internal Audit, Budget, and Management units using questionnaires and interviews. The study was guided by five research questions and three hypotheses tested at 0.05 level of significance. The major findings of the study are summarized as follows: Internal auditing has a significant positive relationship with financial accountability in Ohimini LGC. Respondents agreed that audit reviews ensure compliance with financial regulations, track expenditure, and reduce unauthorized spending, with a grand mean of 4.12 and correlation coefficient $r = 0.68$, $p < 0.05$.The independence of the internal audit unit significantly affects financial management practices. Where auditors are free from interference, financial reports are more reliable and controls are stronger. However, the study found that independence is often compromised due to the reporting structure and political pressure. Implementation of internal audit recommendations has a significant impact on budget discipline. The regression analysis showed that audit recommendations, when implemented, reduce budget variances and improve expenditure control. Yet, non-implementation remains a major challenge due to weak management commitment. Key challenges limiting internal audit effectiveness include inadequate funding, shortage of professionally trained staff, lack of modern audit tools, political interference, and poor management response to audit queries. Internal auditing contributes to fraud prevention and detection in Ohimini LGC, especially through prepayment audit. However, its impact is limited by delayed audits and the inability to sanction offenders. Overall, internal audit variables explained 55.2% of the variation in financial management of Ohimini LGC, indicating a strong but not exclusive influence. Other factors such as political environment and statutory allocations also affect financial management outcomes

Conclusion

Based on the findings, the study concludes that internal auditing plays a vital role in enhancing financial management in Ohimini Local Government Council. It promotes accountability, supports budget discipline, and helps in detecting financial irregularities. The relationship between internal auditing and financial management is positive and statistically significant. However, the full potential of internal auditing has not been realized in Ohimini LGC due to institutional and operational constraints. Weak independence, inadequate capacity, poor funding, and non-implementation of audit recommendations undermine the effectiveness of the internal audit function. Therefore, while internal auditing impacts financial management, its contribution is below optimal level. In line with Agency Theory, internal audit reduces information asymmetry and aligns the actions of local government officials with public interest. But as Systems Theory suggests, the audit subsystem cannot function effectively if other components of the local government system are weak

Recommendations

Based on the findings and conclusion, the following recommendations were made:

1. To the Management of Ohimini LGC: The council should strengthen the independence of the internal audit unit by making it report directly to the Local Government Chairman or the Audit Committee, not the Director of Finance. Management should also ensure timely implementation of audit recommendations and provide feedback on actions taken.

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2. To the Benue State Local Government Service Commission: The Commission should review the staffing and training policy for internal auditors. Regular professional training, certification support, and recruitment of qualified accountants into the audit unit should be prioritized.
3. To the State Government: Adequate budgetary provision should be made for the internal audit unit to procure modern audit tools, including computer-assisted audit software. The state should also enforce sanctions for non-implementation of audit recommendations and for financial infractions identified by internal audit.
4. To Internal Auditors in Ohimini LGC: Auditors should adopt risk-based and systems audit approaches rather than relying only on vouching. They should also improve documentation and follow up on previous recommendations to ensure closure of audit issues.
5. To Oversight Bodies: The Office of the Auditor-General for Local Governments and the State House of Assembly Committee on Public Accounts should hold management accountable for unresolved internal audit queries. This will increase the relevance of internal audit reports.
6. For Policy: The Financial Memoranda should be reviewed to grant internal audit units operational and administrative independence. A local government audit committee comprising external members should be established to review internal audit reports and ensure management action.

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