INTERNAL CONTROL SYSTEM AS A MECHANISM FOR EFFECTIVE FUND MANAGEMENT OF UNIVERSITIES IN BAYELSA STATE, NIGERIA

SAMBO FRANCIS AND BENNETH UMOGHANI IMIETE

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ABSTRACT

The study examined the internal control system as a tool for effective fund management of universities in Bayelsa State, Nigeria. Due to the dwindling revenue allocation from the Federation account couple with the economic recession which gave birth to the inadequate funding of the universities by federal and state government which has led to strikes by teaching and non-teaching staff, dearth of equipment, facilities, dilapidated structures and indiscipline among staff and students which has prompt us to choose the topic: Internal control system as a mechanism for effective fund management of universities in Bayelsa State. To this end, the paper addressed the following areas which include; funds and sources of funds, challenges of school funds, and the rationale for funds management. The paper analysed the effect of internal control system on effective fund management in Bayelsa State Universities and proffers some remedies in tackling the menace of poor fund management as follows; introduction of internal auditing approaches to manage financial resources in universities for proper maintenance of school properties, adequate provision of infrastructural facilities, and proper management of school funds in order to achieve the aim and objectives of establishing such institutions. The researchers also recommended the monitoring of the laid down internal control procedures and safe keeping of all financial records/reports and yearly publication of same (financial reports).

KEYWORDS: Education, Management, Funds, Resources, Challenges, and Internal Control System.

INTRODUCTION

The value of education to any nation cannot be over-emphasized. For this obvious reason, Nwabueze (2011) describes education as the industry that processes the manpower for the socio-economic, political cultural development of any society. Moreso, the researchers are of the view that education is an investment in human capital which has become a matter of concern for the government, organizations and private individuals. The success of any organization depends on the proper management of materials, human and financial resources. That is why Fabunmi in Bolaji (2004) identified resources in educational establishment to include students, curriculum and finance. Proper management of the above resources guarantee the success of any educational institution. Management is required in all human endeavours for proper functioning. All types of organizations be it government establishments, business enterprises, hospitals, corporate bodies and churches, whether profit making or non profit making requires good management to function efficiently and effectively. What then is management? Management is described as the co-ordination of all the resources of an organization through the process of planning, organizing, directing and control.
controlling in order to attain organizational objectives.

According to Brech as cited in Adeniyi (2014:2), management is a social process entailing responsibility for the effect of economic planning and regulations of operations of an enterprise, fulfillment of a given purpose or task, responsibility involving; judgment and decision in determining plans and in using data to control performance and progress against plans, and the guidance, integration, motivation, and supervision of the personnel comprising the enterprise and carrying out its operations. As clearly spelt out, funds constitute part of resources. The role funds play in the achievement of educational goals and objectives cannot be over-emphasized. However, the failure of previous policies have been largely blamed on the poor funding, poor planning and poor implementation (Obasi and Asodike, 2007). Fund is therefore seen as the amount of money or financial resources earmarked for a particular educational project. According to (Ogbonnaya, 2012), fund is seen as money saved or money that is available for a particular purpose. Fund is a constituent of resources.

In every educational system, financial resources have a vital role to play. It could be described as the life blood of any organizational setup. Resources are indispensable in the life and survival of any educational system. Two major sources of finance to the university have been identified. They include; the external sources of income, and the internal sources of income as stipulated by (Ogbonnaya, 2012).

(a) The external sources of income – The external sources of income refers to income that comes from outside the university system. They include grants from the National Universities Commission (NUC), capital grants, recurrent grants, teaching and research grants, solar energy grants and miscellaneous grants which include endowment, consultancy services and sandwich courses/evening programmes and borrowing.

(b) The internal sources of income – These are incomes that are generated within the environment of the educational system. They include; the university primary schools/staff schools, the university secondary schools, the university poultry farms, livestock department of animal science, farm operations, agricultural farms, the central stores, university guest houses, department of microbiology or laboratory services, university bookshop limited, university printing press, university car stickers, faculty of pharmaceutical science drug production, commercial and industrial firms and consultancy services from science and engineering faculties.

In course of carrying out this research, we (researchers) found out that there are two universities in Bayelsa State namely; Niger Delta University in Amasoma and Federal University of Otuoke which was established in 2011 during the administration of Dr. Goodluck Ebele Jonathan. The Niger Delta University was established by the Bayelsa State government and also funded by same. As observed by the researchers, the non payment of staff salaries of the Niger Delta University for seven months running triggered the findings.

On this note, the importance of generating revenue internally in university management and administration should not be down played on. This is because generating revenue internally will go along way to close the yawning gap that has been opened in university management and administration. It is a well known fact that Bayelsa is an oil bearing state where the two universities mentioned are sited but challenges ranging from terrain difficulties and others make the demand for funds peculiar.

Therefore the need for prudential handling of available funds in Bayelsa universities and internal control system as a mechanism for effective fund management may serve as an invaluable tool. Internal control systems are techniques adopted to ensure proper receipts and expenditure in an organization. The application of internal control system is necessary in order to ensure proper accountability and judicious use of available fund. According to Massey (2003), internal control system means all the policies and procedures adopted by the management of an organization to assist in achieving management objectives and ensuring best practice on the accounting system. It is also the orderly an efficient conduct of a business, including adherence to management policies, the safeguarding of assets, prevention and detection of fraud and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

The Emiracity School (2014) defined internal control system as an integration of the activities, plans, attitudes, policies and efforts of the people of an organization working together to
provide reasonable assurance that the organization will achieve its objectives and mission. Moreover, internal control system as the set of accounting and administrative controls practice that helps to ensure that approved and appropriate decisions are made in an organization. Internal controls are the policies and procedures by which an organization governs its activities.

Also, Nwankwo (2006) defined internal control system in their guideline as “the whole system of control, financial or otherwise, established by the management in order to carry on the business of enterprise in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records. Furthermore, internal control system are policies and procedures by which an organization governs her activities. Such as system provides a reasonable assurance that programmes can achieve their intended results; resources are used consistently with objectives and are protected from waste, fraud and mismanagement, laws and regulations are followed; and reliable and timely information is maintained, obtained, reported and used for decision making (Scott, 2007). Internal control system is an independent appraisal of activity within an organization for the review and monitoring of operations. It involves devising rules, procedures, methods and techniques to guide operations in the organization. The existence of a reliable and strong system of internal control can be a great help to management in effective funds management in the Bayelsa Universities. Mensah (2004) further defined internal control system as control measures developed and installed by internal management for the regulation of internal operations.

Coso (1992) viewed internal control system as a process affected by an entity's board of directors, management and other personnel, regarding the achievement of objectives in the following categories: effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. Internal controls are put in place to manage risks and risk management is a fundamental component of a good corporate governance. To this end, to help ensure that the funds in Bayelsa Universities are effectively and efficiently utilised, there is need for strong and effective internal control system.

**Statement of the Problem**

Recognising the value of university education in a developing country such as Nigeria has attracted the attention of the researchers. Knowing the importance of education and its contribution to nation building, there are attendant problems plaguing the development of university education in Nigeria such as poor funding of our universities and weak internal control mechanism to manage available funds in the institutions. Since finance plays an important role in university administration and shortage or lack of it affects all other activities of the university system, it has become imperative for us to devise means of adequately funding the universities and equally come up with strategies of managing funds that have been sourced in order to achieve set goals and objectives of the university system. This is due to the fact that the overall growth and development of the nation depend on the success of the educational sector. Without doubt, the educational sector all over the world plays a key role in providing the needed balance in the form of skilled manpower, inculcation of acceptable societal norms, developing techniques and methodologies needed for the growth of the nation. However, the needed basic resources are either not available or if available are rather mismanaged or misappropriated. The researchers have observed that from the inception of Nigeria, the country has not been able to meet the UNESCO recommendation of at least 26% of the annual budget being allocated to the education sector. Thus the inadequate funding of the education sector is having a multiplier effect on the quality of education provided by the university system. Therefore it is against this backdrop that the researchers deem it necessary for universities in this country to consider the management of internally generated revenue in order to meet up with the finance needed or challenges of the institutions.

**LITERATURE REVIEW**

**Efficiency theory**

This research is anchored on the efficiency theory. The theory was developed by an American economist called Havey Leibenstein in the year 1993. Leibenstein (1993) observed in his theory of efficiency that the general efficiency of a firm’s management is to be found in it’s ability to transform inputs at minimum cost into maximum profit. This theory compares the inputs
According to Drucker (1954), managers should participate in the strategic planning process. Of course the growth and success of any known organization is dependent on the available fund and its efficient management.

**The prudential theory**

This theory was developed by an American economist known as Author B Laffer as cited in Sambo (2018). According to him, every organization, be it profit making or non-profit making must learn to handle and spend money wisely. He (Author B. Laffer) believes that if money is spent prudently, it will lead to the achievement of the organizational goal maximally. This therefore implies that when finance or funds are handled wisely or carefully, it will go a long way in helping the organization to eliminate wants, waste and reduce costs in terms of time, energy and money. Hence the university system in course of managing funds must know how to handle and spend money on university facilities and programmes in order to achieve goals maximally.

**The need for management by objectives**

This theory is one of the prominent theories used in the field of management. The theory is well known for its ability to guide any organization towards setting and achieving defined goals or objectives. This theory was propounded by Peter F. Drucker in 1954. According to Drucker (1954), managers should avoid the activity trap of getting so involved in their day to day activities that they forget to adhere to the principles regarding the sustenance of the reason why the organization was established. Still continuing, he said all managers of sub-units including top managers should participate in the strategic planning process. According to Drucker (1954), scarcity of resources in any organization requires the organization to draw out their plans and ensure that these scarce resources are specifically targeted towards addressing the planned objectives. The efforts of the different managers of the university system whether within or without must focus on assisting the university to achieve her goals and avoid resource wastage.

According to Obasi and Asodike (2007:65), they opined that no human institution can effectively be run with out adequate provision and management of finance. In a situation where funds are made available, the problem of making judicious use of such funds may arise. Internal control system being the strength of any organization has become an important tool for the management of funds in Nigeria universities especially the university system. The reason being that the control system in any organization is a pillar for an official accounting system (Olaoye, 2009). We need an efficient accounting system which will give birth to effective fund management in an organization especially the university system cannot be over-emphasized or undermined due to the fact that the university system which has a crucial role to play in the economic development of our great nation is now being characterised by macro-economic instability, slow growth in real economic activities, corruption, misappropriation an embezzlement of funds and the risk of fraud. The internal control system is a business practice, policy or procedure that is established within an organization to create value or minimize risks. Internal control and risk management are fundamental components of good corporate governance. According to Ogbonaya (2012), he described internal control as techniques adopted to ensure proper receipts and expenditure in an institution. The application of financial control techniques is necessary in order to ensure accountability and judicious use of available funds. Of course, the growth and success of any known organization depends on the available fund and its efficient management.

**Internal control system**

By international control systems, we refer to techniques adopted to ensure proper receipts and expenditure in an organization. The application of internal control system is necessary in order to ensure proper accountability and judicious use of available fund. Of course the growth and success of any known organization is dependent on the available fund and its effective and efficient management. According to Massey (2003), internal control
system means all policies and procedures adopted by the management of an organization to assist in achieving management objectives of ensuring best practice on the accounting system. Also the orderly and efficient conduct of its business including adherence to management policies, the safeguarding of assets, prevention and detection of fraud and error, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

The Emiracity School (2004) defined internal control system as an integration of the activities, plans, attitudes, policies and efforts of the people of an organization working together to provide reasonable assurance that the organization will achieve its objectives and mission. The definition given by the Emiracity School further established that internal control impacts on every aspect of an organization, processes and physical structure. It is a basic element that permits an organization and also incorporates the qualities of good management. The internal control system is effective when people in the surrounding environment work together and provide a level of comfort to the organization, control do not guarantee success.

In every organization, where internal control is practiced, it is the school management that decides how it is to be applied to enable the organization achieve set goals. The following factors should be considered in the establishment of a strong internal control system according to Adeniyi (2004) which include:

- The nature, size and volume of transactions
- The control exercised personally by individual members of management
- The geographical distribution or location of the organization
- The cost of setting up controls and the benefits obtained thereby and
- Management attitude to control.

Aguolu (2004) viewed internal control system as the set of accounting and administrative control practice that helps to ensure that approved and appropriate decisions are made in an organisation. Internal controls are the policies and procedures by which an organization governs her activities. Such a system provides a reasonable assurance that programmes can achieve their intended results; resources are used consistently with objectives and are protected from waste fraud and mismanagement, laws and regulations are followed; and reliable/timely information is maintained, obtained, reported and used for decision making.

Also Nwankwo (2006) defined internal control system in their guideline as "the whole system of control, financial or otherwise, established by the management in order to carry on the business of enterprise in an orderly and efficient manner, and ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records". Furthermore, internal control systems are policies and procedures by which an organization governs her activities. Such a system provides a reasonable assurance that programmes can achieve their intended results; resources are used consistently with objectives and are protected from waste, fraud and mismanagement, laws and regulations are followed and reliable and timely information is maintained, obtained, reported and used for decision making (Scott, 2007). Internal control system is an independent appraisal of activity within an organization for the review and monitoring of operations. It involves decision rules, procedures, methods and techniques to guide operations in the organization. The existence of reliable and strong system of internal control can be a great help to management in effective funds management in the Bayelsan Universities because it aims at.

1. Ensuring that records are complete, accurate and that transactions are properly authorised.
2. Ensuring that errors and frauds are timely detected and prevented.

Mensah (2004) further defined internal control system as control measures that are developed and installed by internal management for the regulation of internal operations. Coso (1992) viewed internal control system as a process affected by an entity’s board of directors, management and other personnel, regarding the achievement of objectives in the following categories: Effectiveness and efficiency of operations. Reliability of financial reporting and compliance with applicable laws and regulations. Rutteman in Kenyon (2006) defined internal control system as the whole system of controls in the organization, financial and otherwise, established in order to provide reasonable
assurance of effective and efficient operations which are internal financial controls and compliance with laws and regulations.

Internal controls are put in place to manage risk and risk management is a fundamental component of a good corporate governance. Therefore, to help ensure that the Bayelsan universities funds are used effectively and efficiently, there is need for internal control system. Risks should be continually assessed and controls put in place which ensures that the risks are minimised. Internal controls may not eliminate all risks to do so would create inefficiency. But the control should reduce risk to an acceptable or appreciate level. Note, external auditor is reporting to the owners of the universities, he will make his own report based on the effectiveness of the internal control system. He will rely on the internal control system if it is strong and very effective. Therefore a strong and effective internal control system makes the work of the external auditor easier.

Fraud control measure in the universities
A deliberate and proactive approach in fraud and risk management is commonly found in schools where there is anti-fraud units. These units could be part of the audit department, a unit related to corporate security, a unit of information technology or a cross-functional team of professionals with an explicit mandate to ensure that fraud control measures have been established and are effective. Some of these control measures according to Mensah (2004) are as follows:

**Internal control system:** While these are not yet any rigorous and holistic methodology for addressing all forms of fraud and risk management. An analysis of financial frauds revealed that the root cause generally involved a breakdown in the control environment. Thus schools are recommended to maintain a sound system of internal control. And of late, organizations have been reinforcing such control methods which are segregation of duties and periodic rotation. Control measures must include: educating employees, particularly those who work directly with customers or students on the type of technical controls they should implement or maintain.

**Fraud identification:** Every school organization has to be aware of fraud and identify the types of frauds prevalent in the society including the international society, the causes and modalities of frauds and the potentials and prospects of some of them occurring in the school organization. This will be the function of volume, types and concentration of the school operations and the management control system.

**Fraud prevention and detection:** The process of identification of fraud will help the school to access its susceptibility and identify which types it has to address particularly. Having done so, the next stage would be evolving measures to prevent the occurrence of such frauds. Ekechi (1990) states that measures aimed at fraud prevention include dual control, operational manual, graduated limits of authority, leading units, reporting systems, close circuit television, establishment of inspectorate unit, verification of signatures, close watch on the lifestyle of staff and coding/decoding and testing of telex message. Measures aimed at fraud detection include: Checking of cashiers, call-over, reconciliation and balancing of accounts at department, periodical submission of statement of accounts, stock taking of security items and cash in the vaults and inspection and supervision by the management officials.

**Objectives of Internal Control System**
The availability of a reliable and strong system of internal control will be a great help to management in the Bayelsan Universities. According to Nwankwo in Bolaji (2004) the following are the objectives of internal system:
1. Ensuring that errors and frauds are timely detected and prevented in the organization.
2. Ensuring that records are complete and accurate and that transactions are properly authorised.
3. Safeguarding the assets of the organization from misuse, error, theft or waste.
4. Ensuring the accuracy and reliability of accounting records.
5. Ensuring adherence to management laid down policies and procedures.
6. Ensuring orderly conduct of the business.

**Importance of Internal Control System**
According to Sambo (2016), the following are the importance of internal control system;
1. It ensures that all transactions are recorded
2. It ensures that all recorded transactions are:
   a) Real
   b) Properly valued
   c) Recorded timely
   d) Correctly classified
   e) Correctly summarised
   f) Correctly posted

3. It prevent errors, waste and fraud from occurring

4. It detects errors, waste and frauds that have occurred

5. It safeguards the assets of the organisation

6. It helps the organization to utilize the limited funds to achieve its aims and objectives effectively and efficiently.

**Conditions for Functional Internal Control System**

The following conditions are necessary for an internal control system to be effective. According to Bolaji (2004), the following conditions are necessary for effective internal control in any organization.

1. **Good organization:** The condition assumes the existence of a good command adequate span of control and regulation. No one in the organization should be so powerful as to be above organizational rules and guidelines.

2. **Efficient and trained personnel:** There should be honest and adequately trained and experienced staff to execute the jobs in the organization. Such staff should be well motivated and promotions should be based on performance and achievements and not connections (god fatherism). The duties of each worker should be clearly defined so that overlapping functions or responsibilities are avoided. Each duty should be properly accounted for by a particular staff.

3. **Rules and regulations:** Deserving aspects of the organization, employees should be discouraged from obeying persons instead of the company’s laid down rules and regulations.

4. **Physical security of assets and records:** This suggests that assets should be given the type of custody that will reduce its rate of theft, wear or tear stock and cash should be security locked up to avoid pilferage and periodic stock taking should be conducted. Most importantly, organization records and documents should not be allowed to fall into unauthorised hands.

5. **Adequate remuneration of staff:** Remuneration does not only involve economic benefits. Attention should be paid to the needs of individuals employees to determine the best way to motivate staff. Motivational packages like promotions, bonuses, commendations and records for performance should be adopted. Management should also show concern for employees’ families; their intellectual and moral development should also be encouraged.

6. **Business ethics or code of conduct:** An acceptable minimum standard of behaviour must be enforced to ensure that equitable sanctions, rather than selective sanctions or partiality is employed in the administration of sanctions. The code of conduct must be strictly adhered to.

7. **Decentralization of authority:** Employees should be given responsibilities based on their ability and specialization. Decentralization improves the qualities of decisions and avoids delays.

8. **Management should not override the laid down controls.**

9. **Henry Fayol’s line of reporting must be put in place where responsibility is accorded with commensurate authority.**

10. **The objective of the internal control system must be communicated to all staff.**

11. **Internal control system must be documented for future needs.**

12. **Personnel in charge of handling of the organization should have adequate training, experience and proficiency.**

13. **There should be periodic review of the laid down control systems of the management**

14. **The internal control system should not be too complex i.e. it must be simple.**

**Types of Internal Controls**

There are many classifications of internal control system but for the purpose of this study,
we shall adopt the classification used by Kenyon (2006) as follows:

1. Organizational control
2. Segregation of duties
3. Physical control
4. Authorization control
5. Management control
6. Supervisory control
7. Personnel control
8. Accounting control
9. Internal audit
10. Budget and budgetary control
11. Whistle blowing

1. Organizational control: This means that every organization should have a means that defines and allocates duties and responsibilities, identify lines of reporting. The delegation of authority and responsibility should be clearly spelt out so that staff can be held responsible for what they did or failed to do. It is important that every employee of the school organization should know the precise power delegated to him/her to whom he should report.

2. Segregation of duties: This is done to ensure that no single individual is responsible for all aspects of the transactions from the beginning to the end. This is fundamental to a good internal control system. The involvement of more individuals reduces the risk of accidental error or deliberate fraud. There are certain duties which if combined would enable one individual to record and process a complex transaction. This control reduces the risk of intentional or deliberate manipulations or errors by instituting the system of counter checking. Therefore, for manual operated system, the functions of authorization, execution, custody, and recording, must be vested on different individuals while for computer based accounting system, the functions of system development and systems daily operations should be vested on separate individuals.

3. Physical control: Assets must be kept physically secured and this must be particularly important for valuable and portable items. Also the usage of cameras, locks, physical barriers etc to protect property such as documents, stocks, motor vehicles. This control is mainly concerned with measures designed to ensure that access to assets limited to authorised personnel. It attempts to prevent direct access, through documentation, to valuable and portable assets.

4. Authorization control: This requires that the document to be processed should be authorised by a responsible officer(s) within a clearly defined limitation of authority. The review of a particular transaction by an appropriate person. It also ensures that all transactions must receive approval from the appropriate personnel before its initiation. The limit of each authorization must be specified, for example, what amount of loan to be approved by the school authority.

5. Management control: These are controls outside the day to day routine of the control system. This may include the controls used by management to make day to day decisions. It includes the overall supervisory control exercised by management, the review of budgets, the establishment of internal audit department and other special review procedures.

6. Supervisory control: For efficiency and effectiveness to be achieved in our educational system, supervision is necessary. According to Nnabuo, Okorie, Agabi and Igwe (2004:203), supervision is seen as a mechanism used for achieving quality to effective management and control of education and that it is one of the functions of administration concerned with guiding the day to day action of the people. In other words, supervision is the monitoring of operations, and observation or review of on-going operational activity. The supervisory control ensures that the day to day operations and their records are under the supervision of responsible officials.

7. Personnel control: It is worth noting that the proper functioning of any system depends on the competence and integrity of those operating it. Personnel control ensures that personnel are recruited and remunerated based on their qualifications and experience. That they are assigned duties and responsibilities at nor with their capabilities. Efforts must be made to avoid over working or under working as it breds frustration and inefficiency respectively.

8. Accounting control: These are controls that are designed to ensure that transactions are correctly calculated, recorded, and processed. It brings about maintaining documentations to substitute transactions. It helps the recording function to be done properly. That is transactions to be recorded are authorised, correctly recorded and accurately processed. This includes
checking the arithmetic accuracy of the records-validation and verification and reconciliations of
documents.

9. **Budget and budgetary control.** Budget according to Nwagboso (2002) is a quantitative
expression of the objectives and goals of an enterprise, given various annual, economic and
technological constraints. It is a plan, a blue print. Budgetary controls refer to the principles,
procedures and practices of achieving a given objective through budgets and budget report. It is
seen as the establishment of departmental budget relating to the responsibilities of
executives to the requirements of a policy and the continuous comparison of actual with
budgeted results, either to secure by individual action of the objective of their policy or to provide
a basis for its revision.

   Budgetary controls entails the following:
   a) Establishment of budget
   b) Measurement of actual performance
   c) Continuous comparison of actual performance with budgeted performance
   d) Analysis of the causes variation and reporting to management for corrective action
   e) Revision of budgets in the light of changed circumstances, if necessary.

   It is the system of controlling cost which include the preparation of budgets, co-ordination
of the departments and establishing responsibilities, comparing the actual performance with the budget and acting upon
results to achieve the objectives. In short, a budget is a means and budgetary controls is the
end result.

   For the implementation of the budget and budgetary control, Carlise in Nwagboso (2002)
emphasized the steps for an effective budget and budgetary control in any organization which was
appropriately illustrated as below:

   ![Fig. 1: Strategy for a successful implementation of budget and budgetary control](image)

   **Source:** Adopted from Carlisle in Nwagboso (2002) Cost Accounting. A thematic approach, NCA, JOS.

10. **Internal audit:** The internal auditor is an employee of the school organization engaged in
work on behalf of the organization. The nature of his work requires that he shall be given a degree
of independence. As an employee of the
organization, he therefore takes directives from
management and report to the management.
According to Adeniyi (2004), an internal auditor is
an independent appraisal activity established
within an organization as a service to it. It is a
control which functions by examining and evaluating the adequacy and effectiveness of other controls.

11. **Whistle blowing:** This is a new concept that has to do with calling attention to wrong doing that is occurring within an organization. The experts and analysts believe that whistle blowing which is the act of exposing fraud, waste, abuse or misbehaviour in a company or organization is on the increase globally. A whistle blower just like the internal auditor is an employee, former employee, or member of an organization, especially a business or government agent who reports misconduct to people or entities that have the power and presumed willingness to take corrective action. The internal whistle blower is that person who reports misconduct to another employee or superior within their company or agency. Therefore whistle blowing can also form part of the internal control system in an organization.

**Limitations of Internal Control System**

Internal control system, no matter how sophisticated or strong, it cannot by itself guarantee efficient administration and accuracy of records, nor can it be full proofed against part of those holding position of authority or trust. According to Kenyon (2006) the following are some of the limitations of effective internal control system.

1. **Staff collusion:** This means the control system which depends on segregation of duties, can be rendered ineffective by the collusion of staff performing complementing functions.

2. **Abuse of authority:** This occurs when staff vested with authority of exercising authorization decides to convert such controls to satisfy selfish ends or engage in transactions that are deemed fraudulent.

3. **Management overriding established control:** For control to work, members of the organization whether in management or operational cadre must submit themselves to control procedures put in place. For example, if management refuses to be subjected to security checks by gatekeepers, such actions are imitated by officers immediately below the management and before you know it, control is jeopardised and rendered ineffective.

4. **Incompetence and human factors:** This occurs when unqualified or inexperienced staff assigned a position of authority, that is greater than their capabilities. Therefore, whenever a mistake is done in course of carrying out personnel control, the consequence may be fatal to other controls put in place.

**Components of Internal Control System**

In our previous paragraphs we have seen that one of the major objectives of the internal control system is the preventive and detective of frauds, errors, wastage and mismanagement of funds. Therefore, the major components of the internal control system are the preventive and detective controls.

1. **Preventive control:** These are controls that prevents errors and frauds from occurring and is made up of the following:
   (a) Internal control
   (b) Physical control

2. **Detective control:** These are controls laid down to detect errors and fraud that have occurred in the organization. The following are examples of detective controls.
   (a) Internal check
   (b) Internal audit

**Funds**

The role funds play towards the achievement of the educational goals and objectives cannot be overemphasized. However the failures of previous policies have been largely blamed on the poor funding, poor planning and poor implementation (Obasi and Asodike, 2007). This corroborates with the earlier view of Nwafor (2006:3) that the greatest problems UPE programme had were inadequate funds, lack of trained teaching personnel and absence of a definite philosophical base. Fund is therefore seen as the amount of money or financial resources earmarked for a particular educational project. It can also be seen as money that is saved or money that is available for a particular purpose (Ogbonnaya, 2012). Funds take any of the following forms. Physical cash, credit facilities, that is trade credits, bank credits etc allowance or discount received, differed expenses such as differed tasks rents, bills etc, and distributed profits in firms of retained earnings, reserves, provision for depreciation etc.
Management of Funds/Financial Management

There is no human endeavour that does not require proper management for its proper functioning. All types of organizations be it government establishment business outfits, hospitals, corporate entities; churches, whether profit making or non-profit making require good management to function efficiently and effectively. Considering the sensitive nature of management, what does it mean? Management can be seen as the co-ordination of all the resources of an organization through the process of planning, or organising, directing and controlling in order to attain organizational objectives. Management is defined as getting things done through others. It can also be seen as the supervising, controlling and co-ordinating of activities to attain optimum results with organizational resources.

Management as defined by Brech in Adeniyi (2014:2) states that “management is a social process entailing responsibility for the effect of economic planning and regulations of operations of an enterprise, fulfilment of given purpose or task, responsibility involving; judgment and decision in determining plans and in using data to control performance and progress against plans; and the guidance, integration, motivation and supervision of the personnel comprising the enterprise and carrying out its operations.

Management of funds in our educational system remains a challenge in many universities in Nigeria because most managers lack proper training. University funds should be used to promote the general welfare of education and moral of all students and to finance the normal legitimate, co-curricular activities of the various individual student groups. Funds are enormous responsibility and need to be treated as such. Mastry (2004:26) states that there are many managers in the education sector that lack the necessary financial knowledge and skills and are placed under tremendous presence because they are unable to work out practical solutions to the school system. In many institutions, the financial manager (financial controller or the bursar) is at the top of the institutions finance department and is responsible for advising the heads and boards under whose authority policies are formulated and final decisions are made. The finance officer serves as chairman of the finance committee and reports directly to the head and the board of directors. It is important to say here that for any Nigerian university to survive, the need for efficient fund management levels of the country’s educational system is a must. Ebong (2006) sees financial management as the operational activity of education that is responsible for obtaining and effectively utilizing the funds necessary for efficient operations. The objective of fund management is to see that adequate cash is at hand to meet the required current and capital expenditure in the educational system and otherwise to assist in maximising profit in the profit making organization.

Financial management as defined by Pandey in Sanusi (2009:9) states that financial management is that managerial activity, which is concerned with the planning and controlling of the firm’s financial resources. According to Peterson (1994:6), financial management is the management of cash flow of a firm to make a profit for its owners. The day to day purpose of financial management is to meet current and future operating needs of that educational organization. Ensuring that funds in the universities are being utilized in the most efficient and effective manner. Moyer, McGuigan and Roa (2005:2) sees the financial managers as those people who have the responsibility of acquiring funds (cash) needed by a firm and for directing those funds into activities that will maximize the value of the firm for its owners.

Fund management in education is seen as the process of relating resources to objectives required in organizations by Passey in Dede (2014). Fund management, seeing to it that the university funds it requires to meet its goals and those funds are used for the purpose for which they were meant. Fund management covers the following areas: the procurement of the funds, allocation of funds, monitors their use in the interest of accountability and producing financial reports for the relevant stakeholders. Effective fund management ensures that all financial regulations and procedures are complied with all financial transactions accurately. Adequate controls should be in place to ensure that expenditures do not exceed income and only authorised expenditures are incurred.

The Need for Financial Management in Nigeria Universities

Since our resources are limited and our needs are unlimited coupled with the fund allocation that does not increase to meet the demand of funds resulting from the increase of enrolment rate in our Nigerian universities. There are still difficulties on the universities to meet her
only 10% internal funds generation. Notwithstanding, the current subvention allocation to higher institutions in Nigerian university education is grossly inadequate or underfunded. Inadequate funding usually puts the university management under stress and strains. Hence they are incapacitated in providing essential services. This has led to rampant crisis in the system resulting in strikes by teaching and non teaching staff, dearth of equipment and facilities, indiscipline among staff and students, uprisings in the activities of secret cult among others (Arikewuyo, 2001). Furthermore, Nigeria as signatory to the United Nations Educational Scientific and cultural organization is still unable to meet the recommendation of the international body which required that 26% of their total yearly budgets be devoted to education sector (Oluponu in Dede, 2014). It is against this backdrop that the need for fund management which internal control system has a key role to play.

Challenges in School Funds Management

Fund management in our Nigerian universities is bedevilled with numerous problems to the extent that it has become a topical issue. There is no educational programme that can be effectively implemented without proper funds management. Ogbonnaya (2012) listed the following as problems confronting proper funds management in schools.

1. Inaccurate statistical data: These are the issues of haphazard financial planning due to insufficient and or poor data. The national universities commission has always requested universities to submit accurate data on students enrolment, staff strength and number of facilities and equipment available in each university, unfortunately, wrong insufficient or poor data is always submitted so it is making it difficult for the commission to know the particular funds it should allocate to the universities for development.

2. Inadequate allocation of funds to the education sector: The financial insufficiency in Nigerian universities has also been attributed to the relevance of university curricula to the nation’s societal needs and aspirations. Nigerian universities still offer courses in history, philosophy, archaeology, psychology and religious studies. These courses are always regarded as not being relevant to the nation’s needs and aspirations. There is therefore need to evolve new curricula which must be linked to the avenues for raising funds for Nigerian universities.

3. Population explosion: The situation in Nigerian universities is such that there is need for more funds. The dilemma of unplanned and exponential population growth is one of the reasons for the financial crisis in Nigerian universities. There is an astronomical increase in students’ enrolment in Nigeria universities. Some universities have more than ten thousand students. So enrolment in Nigerian universities have passed the 300,000 mark, bringing with it excess pressure on hostel accommodation, library facilities, laboratories, staff and of course, funding.

4. Indiscipline and corrupt leadership: This appears to be one of the greatest challenges facing the Nigerian universities. The public office holders hardly discharge their duties with integrity and fear of God. Some of them divert funds meant for the Nigerian university to other channels especially for selfish interest to them. They embezzle public funds, collect illegal fees from students and contractors. Poor management and leadership problems contribute immensely to the present financial crisis facing Nigerian universities.

5. Lack of stable educational policies: Successive administrators often abandon the educational policies of their predecessors. There is lack of continuity, this added to the fact that there is no agreed and consistent policy for funding the universities by the government. The result is that the universities and the National Universities Commission end up getting from government only what the nation can afford.

6. Sole dependence on federal oil revenue: In Nigeria, higher institutions of learning of which the universities are one, constitute non-profit oriented organizations which depend solely on government for funding. Governments (Federal and State), in turn depend on the economic fortune of the country to determine what should be allocated to the education sector. The Nigerian economy relies heavily on revenue generated from the success of crude oil. Nigeria has no price control over crude oil. It therefore depends on the market forces of demand and supply and the international politics. This has serious implication on the financing of education in Nigeria.
Political instability: There is frequent change in administration in developing countries including Nigeria. Each government that comes into power initiates its own educational programmes in addition to that of previous government sometimes, successive government abandon completely the programmes of their predecessors and initiate their own. The previous government may be educationally friendly by allocating a reasonable part of the budget to education sector while the incumbent government may not thus obviously affects the funds management of the Nigerian universities.

Diversion of funds meant for education to other sectors: Sometimes public authorities divert funds meant for education to other areas with the intention of replacing then later. Sometimes they get stocked and confuse when things fail to work according to their expectation. This can be avoided by using every fund for the purpose for which it has been provided.

Limited sources of funds available to education: Education is one of the sectors which cooperate with other economic sectors in the economy of any nation. The health, agriculture, power, steel, commerce and industry, works and maintenance etc demand for effective funding like the education sector, the government tries to rationalize available funds to all these economic sectors hence, education hardly gets enough.

Methods of disbursing funds to various levels of education: The methods of disbursing funds to various levels of education sector is another problem. Funds are very often released late and in piece meal. The cause of this problem is that funds are often released directly to the schools or parastatals where they are to be used. Funds are often transferred from the headquarters to the state or zonal officers and then to the areas where they are needed. This leads to delay in the disbursement of these funds and sometimes diversion of part of the funds to other areas such as hotel bills, public relations and other expenditures that will further cut down the funds.

CONCLUSION

For the universities in Bayelsa State to manage their funds or financial resources, through the detection and prevention of errors, waste, frauds and mismanagement to ensure adherence to management policies and regulations, safeguarding the universities assets ad properties and finally securing accurate and reliable records hence the need for strong internal control system in our Nigerian universities. Therefore, internal control system is designed as being the whole system of controls financially, physically and otherwise established by the management in order to carry on business of the organization in an orderly and efficient manner, to ensure adherence to management policies, safeguard the assets and secure as far as possible the competence and accuracy of the records.

RECOMMENDATIONS

1. The Bayelsa universities should ensure that internal auditing approaches are introduced to manage financial resources in schools for proper maintenance of school properties, adequate provision of infrastructural facilities and proper management of school funds.
2. The Nigerian universities should ensure the use of revenue yielding projects to manage funds or financial resources in schools.
3. Staff performing internal control functions in the Nigerian universities must be adequately trained.
4. Management should follow a strict and objective process of selecting accounting principles and personnel.
5. Financial reports should be kept and published annually.
6. Management should ensure that all assets of the schools are adequate protected.
7. Management should ensure that sensitive accounting and financial data and information are protected with password.
8. Accounting and auditing departments should be empowered to improve the level of internal control system of the organization.
9. There is need to monitor all the internal control system closely.
10. Qualified personnel should be employed to carry out the operations of internal audit in schools as this tends to redirect fraud and irregularities in the organization.
11. Whistle blowing should also be introduced as part of internal control system in our Nigerian universities.

12. The universities should supplement government subventions by generating revenue internally and the employment of basic skills in the management of available resources.

13. Careful management of the resources when made available should be given serious attention in order to avoid or curtail wastage and/or embezzlement and misappropriation of funds.

14. In order to curb the menace of misappropriation and embezzlement, the institutions should introduce a strong internal control system and review of the management techniques being employed in order to optimize the available funds for effective administration of the various institutions so that they can meet their goals and objectives.

15. The researchers are of the opinion that the mechanism of checks and balances be put in place to guard against unscrupulous individuals from plundering the institution.

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