

EVALUATING THE ROLE OF INTERNAL AUDITING ON FRAUD PREVENTION IN THE NIGERIA PUBLIC INSTITUTIONS: A CONCEPTUAL PERSPRTIVE

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Abstract

This paper conceptually reviews the role of internal auditors in preventing fraud in the Nigeria public institutions. The paper relies mostly on secondary source of information, where scholarly papers, journal articles on the subject matter were reviewed in line with the aims and objective of the study. The reviewed articles reveal that auditors play an immeasurable role in the prevention of fraud and other financial crime in Nigeria public institutions. Internal auditing has been the traditional method of checking discrepancies in the accounting books of any organization mostly government owned institutions with the view of curbing fraud and financial crime but fraud and other financial crime has assume a geometric proportion as observed in many of the reviewed articles . Base on the findings, it was recommended that public institutions should engage in outsourcing of auditing services to stem the rising cases of fraud and financial crime in the public service as the traditional internal auditing has fail to curb fraud over the years.

Key words: Financial Crime Prevention, Fraud Detection, Internal Auditing

JEL Classifications: A1; A19; M42

1. Introduction

The abysmal performance of most federal government institutions in Nigeria have been attributed to the endemic and systematic fraud deeply rooted and perpetrated by the managers and staff of these institutions over the years (Bello & Orah, 2019; Abdullahi, 2018). Fraud and fraudulent activities in these institutions has cause the underperformance and the inability of the institutions to fulfill the purpose for which there were created. The increasing rate of fraud in these institutions is an indication of the failure of internal control mechanism, a responsibility that is usually vested on the internal auditor as trained professional, tasked with providing independent and objective evaluation of the institutions financial and operational activities through the examination of financial statement, expense reports, inventory, financial data, budgeting and accounting practice, as well as creating risk assessments for each department in the institutions. Man by nature is fraudulent and his appetites for fraud must be put to check to curb fraud and its consequences in any organization manage by man (Abdullahi, 2018; Bello & Orah, 2019).

Fraudulent activity by man is an aged long phenomenon associated with mankind mostly in his public interaction with others. Nigeria Government institutions are not exception to this aged long tradition of fraud in the public service sector of our economy. Fraud no doubt is one of human phenomenon that creates serious challenges for all kinds of businesses be it public or private (Perri & Brody, 2012). The concept of fraud focuses on any deliberate action or in-action of man either as an individual or as a group to deceived others or take possession of an item deceitfully at the expense of others (Halbouni, Ahem & Muhammed 2016; Abang, 2019).

The survival of any organization to a large extend depends on its ability to detect and prevent fraud and its attendance consequences by the adoption of auditing practices mostly in the public sector of any economy. Auditing is the arts of checking the books and accounts of any business to protect the business from fraud and fraudulent activities highlight any discrepancies in accounting methods of the day to day business transaction of the company for its growth and survival (Perri & Brody, 2012). The constant review and verification of the accuracy of financial records of any

organization is the surest way to curb if not eliminates completely fraud and fraudulent activities in any organization be it private or public (Bello & Orah, 2019).

According to Abdullahi (2019) the cardinal responsibility of auditing is the detection and prevention of fraud and fraudulent activities in any organization especially the public organizations, this core principles of auditing and auditors seems to have fail over the years as fraud cases in Nigeria public service sector has assume an alarming proportion evident by the recent fraud(corruption) allegation against the former EFCC Ibrahim Magu and the Minister of Niger Delter Godswill Akpabio . Internal auditors who are gate keepers in checkmating fraud and fraudulent activities in any organization especially public service institution in Nigeria have not been able to detect and curb fraud in these institution based on the increasing rate of fraud in government owned institutions in Nigeria.

Despite these auditing activities being carry out by both internal and external auditors in the private and public organization in our country, incidences of fraud and fraud related activities is being reported by the day in the country especially in government owned institution in Nigeria. Does it mean that auditing practice mostly in government owned institutions in Nigeria cannot curb fraud and financial crime? Or has the auditing process been compromised by the Auditors and Managers of such government institutions in Nigeria? This is what this review paper seeks to conceptually investigate (Abdullahi, 2019).

Successive government and accounting/auditing professionals bodies has committed huge resource to create an enabling environment for the practice of auditing and the training of auditors to enhance their technical know-how in preparing, checking and handling of financial statements in order to curb the increasing rate of fraud in public institutions in Nigeria. But this effort by government and various accounting bodies has not yielded the desire result, as fraud and corruption allegations against managers of government owned institution are increasing by the day in Nigeria. Therefore the need to conceptually investigate the role of financial auditing in detecting and preventing fraud and financial crime in the Nigeria public sectors becomes imperative.

2. Literature Review

Literature review deals with an intellectual excursion into existing body of knowledge in a particular field of interest to identify what has been done by previous scholar and the area to be covered by current research effort. It is carryout to identify the gap that exist, the answered and unanswered question, the known and the

unknown in order to guide current research effort in solving the unsolved problems by previous researcher. It includes the concept of auditing, auditor, internal auditing, fraud prevention, empirical review among other subheads.

2.1 Concept of Auditing

According to Afu (2019), auditing is the process of assessing the financial statement and information of an enterprise in order to ascertain the economic condition of the enterprise. It is the process of checking financial books of a company to ensure compliance to rules and regulation and to prevent fraud and fraudulent activities in the organization. The books are check to enhance accountability, accuracy and conformity with acceptable accounting standards, regulations and laws. The process of examining the company books helps to prevent fraud and fraudulent behavior from occurring in the organization in the first place and at the same time detects fraud and fraudulent actions that might have occurred already in the organization.

Audits and auditing practice are aged long traditions in both public and private sector to ensure accuracy of organizational accounting books to ascertain the financial health status of the organization through prevention and detection of fraud and fraudulent actions by certain personnel in and out of the organization. An audit is latently aim at fraud prevention and detection thereby enhances the profitability of the organization (Ogar, 2018). Abang (2019) argue that auditing is a financial practice that is deliberately incorporated into any entity or human endeavour to check mate fraudulent behavior that may affect the credibility and sustainability of such human interaction's

2.1.1 Concept of Auditor

An auditor is a well trained professional tasked with the responsibility of providing an independent and objective evaluations of company financial and operational business transactions over a period of time. Internal auditors are saddles with the responsibility of ensuring the company comply with laws and regulations, follow proper procedures and function as efficiently as possible to prevent fraud and fraudulent behavior in such an organization (Abdullahi, 2019).

Bello and Orah, (2019) an auditor is a trained person authorized to review and verity the accuracy of a company financial records and ensure that company is free from fraud and corrupt practice while complying with financial and tax regulations. They protect business from fraud, point out discrepancies in accounting

methods, helping the company to spot ways of boosting operational efficiency.

2.1.2 Concept of Internal Audit

An internal audit is typically done in-house, focusing on process examination, control assessment, the safety of assets, and legal compliance. It is design to improve an enterprise operation and add value to the enterprise by boosting public confidence.

Internal audit evaluate company internal controls, including its corporate governance and accounting processes. Auditors ensure compliance with laws and regulations and help to maintain accurate and timely financial reporting and data collection. The managers of public institutions mostly are provided with the necessary tools to attain operational efficiency by identifying problems and correcting the gaps observes before they are discovered by external audits (Abdullahi, 2018).

The Institute of Internal Auditors (IIA)(2014) defines internal auditing as “an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations.” It further elaborates that internal auditing “helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, governance processes and eliminate all forms of fraud and fraudulent activities in the organization. Auditing whether financial or otherwise is a veritable tool for the survival and growth of any organization through the routine audit to ensure the organization has the ability to survive in a competitive and turbulent business environment and continue to prosper. This is achieved through monitoring, analyzing and assessing the risk and controls of the organization by reviewing the organization compliance with states and federal policies and laws.

Internal audits was traditionally design to ensure reliable accounting information to safeguard the organization asset especially public organizations, but more recently, internal auditing has evolved to encompass operational auditing, risk assessment ,information technology assurance services, and more(Bello & Orah, 2019). This expanding role has increased the relevance of internal auditing as part of the organization’s management control structure thereby requiring different skills and competencies, and many organizations need to face the choice whether to develop these broader competencies internally or to outsource internal auditing to outside service providers (Ahlawat & Lowe, 2004; Widener & Selto, 1999). Over the last decades, this decision has

been keenly debated in both academic and professional literature.

2.1.2 Fraud Prevention and Detection

Fraud detection and prevention is the strategy put in place by forensic expert to reduce or curb attempt to take money or other valuables through deception. Fraud detection and prevention is not a static process, there is no starting and ending point, rather it is an ongoing cycle involving monitoring, detecting, continuous decision making, case management and learning to feed improvement in the detection back into the system. Organization should strive to continually learn from incidents of fraud and incorporate the results into future monitoring and detection processes (Chary,2005;Owojor&Asaolu,2009;Kasum,2009).

Afu (2019) argue that fraudulent activities encompass a wide range of activities including money laundering, cyber security, tax evasion, payroll fraud, financial statement preparation and reporting, terrorist financing, identity theft, and is prevented throughout the financial institution, government public sector. Combating this growing list of opportunities for fraudulent transactions, organizational are implementing modern fraud detection and prevention technologies and risk management strategies which combine big data source with real-time monitoring, and apply adaptive and predictive analytics techniques like machine learning, to create a risk of fraud score.

Detecting fraud with data analytics , fraud detection software and tools, and a fraud detection and prevention program enable organization to predict conventional fraud tactics, cross-reference data through automation, manually and continually monitor transaction and crime in real time, and decipher new and sophisticated schemes(Wells, 2007).

According to Enoye (2018), fraud data analytics methodologies can be categories as either statistical data analysis techniques or artificial intelligence (AI). Statistical data analysis techniques may include statistical parameter calculation like averages, quintiles and performance metric. Regression-analysis- estimates relationship between independent variables and dependent variables, probability distribution and models, data matching- used to compare two sets of collected data, remove duplicate records and identify links between sets.

AI techniques may involves Data mining for fraud detection and prevention usually classifies and segments data group in which millions of transactions can be

performed to find patterns and detect fraud. Neural networks involve suspicious patterns that are learned and used to detect further repeats while machine learning fraud analysis automatically identifies characteristics found in fraud. Pattern recognition detects patterns or clusters of suspicious behavior. The four most crucial steps in the fraud prevention and detection process may include; capture and unify all manner of data types from every channel and incorporate them into an analytical process. Continually monitor all transactions and employ behavioral analytics to facilitate real-time decision. Incorporate analytical culture into every facet of the enterprise through data visualization and employ layered security techniques (Bhasin, 2013).

Fraud detection using Big data analysis; Fraud detection and prevention analytics relies on data mining and Machine Learning, and is used in fraud analytics use cases such as payment fraud analytics, financial fraud analytics, and insurance fraud detection analytics. Data mining reveals meaningful patterns, turning raw, big datasets into valuable information. Machine Learning then submits that information to either Supervised or Unsupervised algorithms (KPMG, 2012).

2.3 Empirical Literature

Haron, Mohamed, Jomitin and Omar (2014) found that a forensic accountant is essential for an organization with the intention of decreasing the number of fraud occurrences in a public sector. A forensic accountant has an advantage to investigate beyond the figures over traditional auditor or accountant methods. This study was conducted from interviews and questionnaires distributed to public administrators from four public sector agencies in Malaysia; Federal Government, State Government, Local Authority and Statutory Bodies.

Eiya and Otalor (2013) suggested that forensic accounting is a tool for fighting financial crime where the forensic auditor as an expert witness should at all times apply his skill and experience to support his expert opinion regarding an evidence or issue. According to Bierstaker et al. (2006), although the organization's use of forensic accountant is minimal for any fraud detection and prevention, it has the highest rating of mean effectiveness. Albrecht and Zimbelman et al. (2012) found technology advances has derived proactive fraud detection techniques which analyze data and transactions to isolate fraud symptoms such as the trends, numbers and other related anomalies. While Bierstaker, et al. (2006) concluded firewalls, password protection and computer viruses are regularly used to combat fraud. However, despite receiving high ratings on effectiveness; discovery sampling, continuous auditing, digital analysis

software and data mining are less often used by accountants for anti-fraud techniques.

A study conducted by Rahman and Anwar (2014) on Islamic banks in Malaysia found effective fraud prevention and detection methods using protection software such as firewalls and filtering software installed in the computer system with password protection. Jans, Lybaert and Vanhoof (2010), focusing their study on internal fraud risk reduction involving both prevention and detection, found using a case company's procurement, data in a descriptive data mining technique facilitates assessing the current risk of internal fraud. Another type of fraud prevention and detection method involves red flags..

Omar and Bakar (2012) conducted a survey on Fraud Prevention Mechanisms of Malaysian Government-Linked Companies: An Assessment of Existence and Effectiveness and their results showed that management review of internal controls and external audits of financial statements ranked as the top-most fraud prevention mechanisms in terms of the percentage of existence in organizations as perceived by internal auditors and fraud investigators, followed by operational audits, internal audits or fraud examination departments, and internal control review and improvements by departments. Omar and Bakar (2012) asserted that companies ignored the existence of red flags, and actions were only instituted after the discovery of fraud. They identified the top-most fraud prevention mechanisms in Malaysian Government-Link Companies (GLCs) are management review of internal controls and external audit of financial statements while effective fraud prevention mechanisms are fraud hotline, surprise audits, anti-fraud policy, fraud prevention program and training, operational audits, fraud vulnerability reviews, internal audit or fraud examination department, whistle-blowing policy, and imposing penalty and disciplinary action.

Efiong (2012) investigated the awareness of Forensic accounting among the Nigerian undergraduates. The study found that there is a very low level of awareness of forensic accounting among undergraduate students. And recommend increased awareness can be achieved via adoption of forensic accounting into the universities accounting curriculum to enhance students' skills and competencies. Eiyal, Otalor and Awili, (2013) explore how forensic accounting can be employed in fighting financial crime in Nigeria. Thus concluded forensic accounting assignment is more comprehensive in nature than financial audit. This is because forensic accounting looks beyond the transactions and audit trail instead focus on substances of the transactions.

Akhidime and Uagbale-Ekatah (2014) explore the role of forensic accounting in preventing fraud in Nigeria public institution, found that though forensic have helped in fraud detection, it is lacking statutory backup. Hence it has no significant impact in tackling corruption in Nigeria. O' zkul and Pamukc (2012) in their investigation into fraud detection and forensic accounting concluded that forensic accounting will be one of the best careers in the future and urge companies and government around the world to make material and moral investments for this profession, in order to ensure better world economy free of fraud. Bressler (n/d) researched on the role of attorney and judges' understanding of forensic accounting data as aid to litigation services. Stating that the judges' perception of Accounting Information Systems (AIS) is key in a judicial process, as it affects the jurors' position.

Okoye and Gbegi (2013) examined forensic accounting as a tool for fraud detection and prevention in the public sector organizations. Their study was conducted with reference to Kogi State in Nigeria. Data for the study were obtained from both the primary and secondary sources. 370 copies of the research questionnaire were administered to staff of five selected ministries in the state with 350 copies properly filled and return. This quantitative method of data collection was complimented with oral interviews. It was discovered that the use of forensic accounting significantly reduces the occurrence of fraud cases in the public sector. Based on the oral interview, it was discovered that Kogi State does not use the services of professional forensic accountants. It concluded that the use of forensic accountants can help better in detecting and preventing fraud occurrences in the public sector and therefore recommended that forensic accountants should replace external auditors in Kogi State.

Njanke, Dube and Mashayanye (2009) in their study on the effectiveness of forensic auditing in detecting, investigating, and preventing bank frauds, sought to find out level to which the forensic auditors are able to fulfill this mandate and investigate problems that hinder forensic auditors to make progress in their operations in developing countries. Their study made use of questionnaires, personal interviews, and document review as the instruments for data collection. Using a sample of thirty forensic auditors from thirteen commercial banks, four building societies and four audit firms in Zimbabwe, it was found that the forensic auditing departments suffer from multiple challenges. Amongst these challenges were lack of material resources, lack of technical know-how, interference from management, and unclear recognition of the profession.

Enyi (2008) applied a combination of simple auditing techniques of internal control evaluation tests on randomly selected significant transactions, simple accounting ratio analysis and simple variance analysis to arrive at clues which pointed out the true direction to follow in the investigation to be able to uncover series of fraudulent activities that were concealed on incremental basis over a period of four years in a company's financial statements. The instance of forensic investigation was able to provide an accounting analysis that almost revealed the whole extent to which fraudulent activities in the buying and production division affected the company's fortunes over the stated period. The main points of the analysis became the main evidence with which the police was able to arrest and prosecute the perpetrators of the fraud, the outcome of which was an out of court settlement between the company and those accused.

In his study on the relevance of forensic accounting to financial crimes in private and public sectors of the third world economies, Kasum (2009) empirically found that investigative or forensic accountant has a role to play in fighting financial crimes. Moreover, the study reveals that their services are needed more in the public sector. His methodology adopted the combination of library and empirical survey where documentary records of institutions that use the services of forensic accountants and those that coordinate their studies provided the relevant materials for review on the nature in the field. The perceptions of the accountants, lawyers, economists, bankers, contractors, engineers and other related professionals on the subject matter were obtained through the questionnaire. However, the study did not investigate the intentions of the practitioners to use forensic accounting techniques in the public service, hence the lacuna.

Eide Bailly (2002) forensic accounting team was able to uncover a large fraud scheme for her client using forensic accounting techniques. The team was invited by the client when the company was experiencing an unexplainable decline in profit. From the available documents and records, and from interviews with key employees, a fraud report was produced that revealed that the activities of the Chief Financial Officer were fraudulent. The Chief Financial Officer was interviewed and in the process confession of fraudulent act was made. The team assisted the client in filing employee dishonesty claim and further assisted law enforcement with the prosecution of the individuals.

In their work on an overview of forensic accounting in Malaysia, Ibrahim and Abdullah (2007) discovered that forensic accounting was still in its infancy stage and most

Malaysians seemed to assume that there is no difference between forensic accounting and auditing. From the study it was concluded that the slow progress of forensic accounting in Malaysia may be due to two main reasons. Firstly, forensic accounting is seen as an expensive service where only the big companies can afford. Moreover, it will also be costly if the suspected wrongdoing is brought to court especially if it involves a forensic accountant as an expert witness. Secondly, there is no mandatory requirement for companies to conduct forensic accounting, even for distress companies.

However, Okunbor and Obaretin (2010) conducted a study on effectiveness of the application of forensic accounting services in Nigerian corporate organizations and came up with something different. The main objectives of their study were to establish whether the application of forensic accounting services by corporate organizations is effective in deterring fraudulent practices and to find out the perception of the users of forensic accounting services, in Nigeria. The research was conducted using the mixed methods approach, involving the combination of structured interviews and questionnaire. Ten companies were selected as the sample for the study from the population of companies quoted on the Nigerian Stock Exchange. Their study revealed that the application of forensic accounting services by corporate organizations in Nigeria is not effective in curbing fraudulent activities.

While their result is consistent with the findings of Okoye and Jugu (2009), who examined the effectiveness of fraud deterrence policies in the banking sector of the Nigerian economy, it is rather inconsistent with the general belief on the importance forensic accounting. They do not also agree with the bulk of the literature from elsewhere that as reviewed in this work. This particularly makes the fraud situation in Nigeria to be complex and calls for the need to examine the factors that

may have militated against the effectiveness of forensic accounting in the country.

Efstahios, Charlambos and Yannis (2007) examined the data mining techniques for fraudulent financial statements. Here they carried out an in-depth examination of publicly available data from the financial statement of various firms in order to detect false financial statement by using data mining classification models.

Most of the reviewed article focuses more on the private sector of various countries economics of the world, adopting different approach and methodology in data collection, analysis and interpretation of result. Majority of the reviewed articles (69%) concluded that internal control and auditing have not been able to effectively prevent and curb fraud in today's organization evidence by the continuous and unabated fraud and financial crime across the world. Hence, to reduce the frequency of fraud occurrence in the Nigeria public institutions, auditing practices should be out-source instead of internal auditing which have not shown capacity of prevent these institutions from public rape of its resource by those who are meant to protect the institutions. This view is strongly align to by this paper due to the continuous fraud and fraudulent practices taking place in Nigeria public institution like EFCC, NDDC, JAMB, NASS among others under investigation presently in Nigeria.

2.3 Conceptual Frame Work

The frame work for this study shows the relationship between internal auditing practice in Nigeria as an independent variable (IV) and fraud prevention in the Nigeria public institutions as a dependent variable (DV) thus:

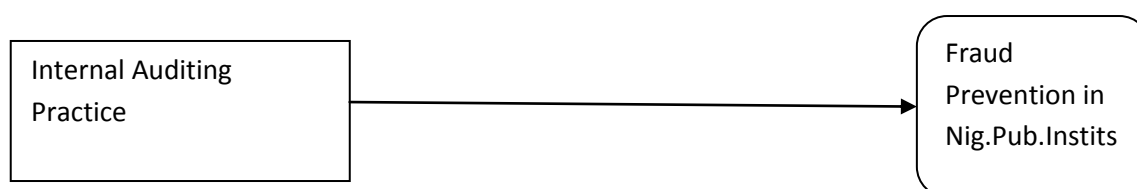


Figure 1: Conceptual framework

Figure 1 shows the direct link and relationship between internal auditing practices and fraud prevention and detection in the Nigeria public institution.

2.4 Theory of Fraud Triangle

The seminar paper was rooted on three element of fraud triangle which are Pressure, Opportunity and rationalization as identified by Cressey in 1953. Cressey. The theory was published in 1953, identifying three key element that are usually present for fraud and fraudulent activity to take place such as; pressure/incentive, opportunity and rationality. These three key elements are depicted in the triangle thus:

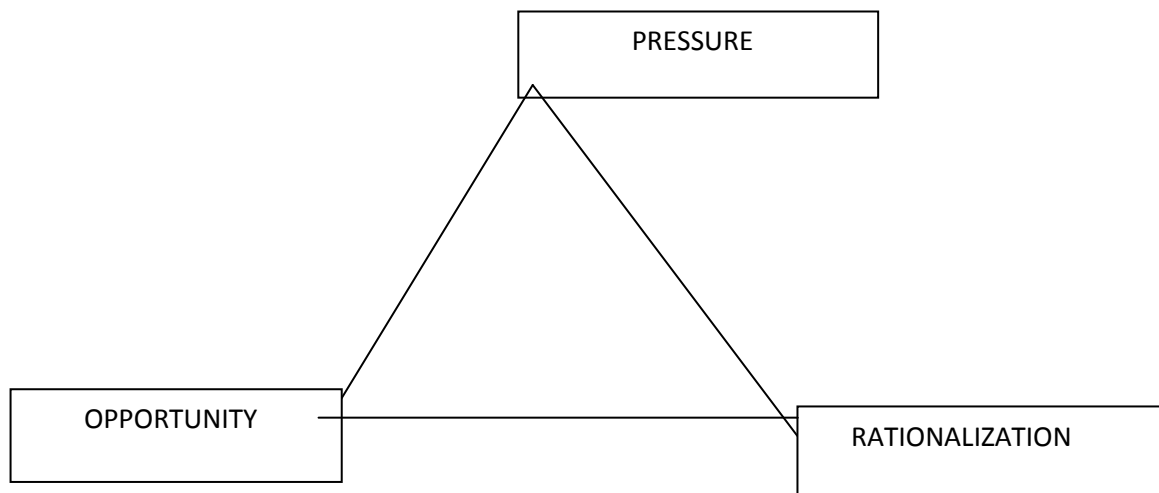


Figure 1: Fraud triangle
Source: Cressey 1953

In analyzing and contributing to these three elements as identified by Cressey many scholars (Hooper & Ponelli, 2010; Rasha & Andrew 2012; Albrecht et al. 2006) have recommended that the word perceived be used when describing the word pressure and opportunity to commit fraud because variable may not be real and may depend on the perpetrator perception. Pressure and opportunity may be the driving forces to commit crime mostly in the public sector with less supervision like Nigerian public sector (e.g: NDDC and EFCC). Pressure and opportunity may be due to greed, living beyond one's means, family financial problem and drug addiction, large expenses or personal debt, among others.

When a particular system is weak like the Nigeria public sector it creates the opportunity and the enabling environment for fraud and financial crime to take place by the employee leveraging on the chance, power and ability to exploit the weak system to commit fraud. The more an institution's internal control system is weak the likely the opportunity to conceal fraud and commit financial crime. Even when an employee has excessive pressure, financial fraud may not possibly take place unless an opportunity exists. Public institutions' internal control weaknesses, poor auditing system, lack of accounting record and poor segregation of duty are significantly influencing individuals to commit fraud (Hooper & Ponelli, 2010).

Turner, Mock and Sripastava (2003) argue that despite the presence of pressure or motive on a person yet, he cannot be able to commit fraud until the possibilities are created.

This paper is anchored on opportunity as the underlying theory under the fraud triangle theory that underpins this study. The Nigeria public sector is weak, poorly supervised, lacking internal control mechanism, rules are not observed and laid down procedures not followed thereby giving rise to the surge in fraud and corruption cases being reported by the day.

3.0 Methodology

This study conceptually reviewed the role of internal auditors in the prevention of fraud and fraudulent activities in the Nigeria public institutions. In order to achieve the study objective, the author adopted the conceptual and theoretical approach in reviewing existing work on the subject matter.

4.0 Discussion of Findings

The role of internal auditors in preventing fraud and other financial crime in the Nigeria public institutions is well documented by previous scholars (Eiye & Otolor, 2013; Afu, 2019; Abang, 2019; Mashayanye, 2009; Abdullahi, 2019; Smith, 2012). This is due to the rising case of fraud and financial crime in both private

and public sector of the world, (Adeoye ,2018) The role of internal auditors as “an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations, helping an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, governance processes and eliminate all forms of fraud and fraudulent activities in the organization according to Omar and Bakar (2012) ,varies from one organizational setting to another and from the private sector to the public sector. Most of the reviewed articles (Petracu ,2012;Mashayanye,2009; Eiya & Otalor,2013; Hooper & Pornelli, 2010) are of the opinion that the traditional internal auditing practice and procedures’ are weak, incompatible with the present realities and almost obsolete giving rise to the unprecedented surge in fraud and financial crime cases in the Nigerian public sector of recent time. These scholar advocates for external auditing rather than internal auditing due to its weakness and non adherence to procedural process. This view is in line with the underpinning theory for this paper, the fraud triangle theory, which holds that fraud and financial crime in most public institution is based on the weakness and poor supervision of the system by internal auditing processes.

5. Conclusion and Recommendations

Internal auditors are pivotal to the growth and survival of any human endeavor be its private or public endeavor but this significant and core principles of auditing and auditors of detecting, preventing and highlighting discrepancies in the financial record of any organization seems to have fail over the years as fraud cases in Nigeria public institutions has assume an alarming proportion. The uprising in fraud cases in the public institutions is attributed to the failure of internal auditors to observe the basic principles of internal auditing thereby creating a weak system and opportunity for fraud and fraud activities to take place. Outsourcing auditing practice in the government owned institutions has provided to be a better approach in the detection and

prevention of fraud and financial crime in the public sector. Hence, to curb fraud and the rising wave of corruption in the Nigeria public sector or institutions, the obvious weakness observe in internal auditing most be corrected by, 2019 following strict auditing practice as recommended by the Institute of Internal Auditors ,2014 ; Bello & Orah) otherwise external auditing should be substituted for internal auditing in government own institutions in Nigeria. When a particular system is weak like the Nigeria public sector it create the opportunity and the enable environment for fraud and fraudulent activities to take place by the employee leveraging on the chance, power and ability to exploit the weak system to commit fraud.

The more an institution internal control system is weak the likely the opportunity to conceal fraud and commit financial crime. Even when an employee has excessive pressure, financial fraud may not possibly take place unless an opportunity exists. Public institutions internal control weaknesses, poor auditing system, lack of accounting record and poor segregation of duty are significantly influencing individual to commit fraud.

Based on the reviewed articles and the theoretical underpin of this paper, it was recommended that the Nigeria public service sector should engage the services of external audits in place of internal audits as is the case in the ongoing external and independent audit in the ministry of Niger Delta due to the weakness and by extension the opportunity created by internal auditing for employee and manager of that agency to commit fraud such as contract duplication, extra budgeting spending ,payroll fraud, money laundering among fraudulent activities. Auditing practices should not be left in hands of an individual or a group of individual over a long period of time, some forms of rotation should be observed and strict compliance to the core values of auditing practice be maintain in Nigeria government institutions.

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