Effect of internal control systems on revenue generation of Osun internal revenue services

G. Tayo, Akinleye and C. Segun, Afolabi

Department of Accounting,
Faculty of Management Sciences, Ekiti State University,
Ado-Ekiti, Nigeria

Corresponding Author: **C. Segun, Afolabi**

Abstract

The study examined the effect of internal control systems on revenue generation. The main thrust of the study was to determine the effect of internal control systems on the revenue generation of Osun Internal revenue service (OIRS). The study made use of both primary and secondary data. The primary data was gotten through the administration of closed-end questionnaire administered on 123 sampled staff of OIRS out of which 117 returned and the secondary data via journals and related textbooks. The data collected was analyzed using descriptive and inferential statistics with the aid of statistical packages for social science (SPSS). Frequency and percentage were used to answer the bio-data of respondents, Pearson correlation used to examine the relationship between the predator variables and the outcome variables. Multiple regression analysis was used to test the hypothesis at 0.05 level of significance. The result showed that the control environment exerted a positive and significant effect on revenue generation at OIRS to the tune of 0.542 (p=0.001<0.005). Other components of internal control systems were significant (control activities at 1.406, risk assessment at 2.041, information and communication at 2.709 and monitoring and evaluation at 1.551) where P=0.000<0.05. The study concluded that any increase in the control environment will lead to a corresponding increase in revenue generation. The study recommended that the management of the organization should constantly monitor and improve its system of internal control to adopt it with the changing business environments. Future works in the similar body in other states in Nigeria and other countries for comparisonand policy formations.

Keywords:1 Internal control,2 revenue generation, 3control environment,4 control activities.

1.0 Introduction:

The duty of government at all level among other things is to secure the lives and property of its citizenries provide social amenities, such as good road networks, hospitals, creation of jobs and enabling business environments. These objectives of the Government cannot be met without adequate revenue either generated locally (internally) or externally. Government generate these revenues through the collection of various taxes, dues, fines, sales of government properties, interest from government investments, grants and loans (Muhammed and Asfaw, 2014). The government of Osun state created an agency called Osun internal revenue service in 2013, the agency was signed into law on December 27, 2013, and it derives its powers from the state tax law which has 83 sections. The objective is to operate an efficient tax system that optimizes tax revenue collections and compulsory compliance with transparency and accountability. (info@ Oirs. ng accessed in 24/08/2020)

Complying with transparency and accountability which is the main thrust of Osun internal revenue service (OIRS) cannot be met without the installation of adequate internal control systems (Frimpong, 2013). The internal control systems in a measure put in place by the management of an organization to attain the objective and goals of the organization.

The internal control systems established by the management of the organization is to ensure that the business of the enterprise is carried on in orderly and efficient manner to ensure adherence to management policies and safeguard the assets of the organization and ensure completeness and accuracy of records. The management of any organization has to constantly improve the internal control systems to improve its revenue generation and continue in operational existence into a foreseeable future (Kantzos and Chondraki, 2006).

The system of internal control installed must be adequate and working to ensure that all monies collected on behalf of the government are accounted for and paid to the appropriate account (Owusu, 2012). An effective internal control system will provide an independent appraisal of the quality of managerial performance is assigned responsibilities for revenue generation.

The internal control system of any organization will contain five major components namely; the control environment, the risk assessment, the control activities, information and communication and the monitoring. The controlled environment of an organization is the foundation of the other elements in the internal control systems, it has a direct effect on the implementation of internal control (Muhibat,2016). It provides structure and discipline with the climate that influences the internal control. Its influence is on objective and strategy established by the organization. If risk will be minimized or not eliminated in an organization, it will be done through the internal central activities.

Several empirical studies had been done on the effect of internal control systems on revenue generation in recent past among which are; Wonder, Yuansheng and Konka, 2018), they studied government internal control systems as a tool for revenue mobilization and financial reporting respectively, both studies were carried out in Ghana and not in Nigeria. Daniel, 2016, assess internal control systems effect on revenue collection in Kenya, which was not also on Nigeria. Wilson, Loveness, Ever and Elinah, 2012 Alhassan, 2018, Anne and Mirie, 2019), all worked on the effect of internal control systems on revenue generations of Zimbabwe, Kintampo and Kiambu countries respectively among others. Only, Muhammed, 2017, Omopariola, 2018 and Ogunmakin 2020 studied the effect of internal control systems on revenue generations, and on accountability of parastatals in Nigeria. Of all the studies in Nigeria, none was conducted on Osun State, been one of the states in southwestern Nigeria regarded as civil servant state with rare presence of industries but a heavy presence of schools and local governments. Osun state depends on the allocation from the federation account, internally generated revenue and grants from other donors. The study assessed the effect of internal control systems on revenue generation in Osun state internal revenue service.

2.0 Literature Review

2.1 Internal Control Systems.

Internal control is the whole system of control financial and otherwise established by the management of an organization to carry on the business of the organization in an orderly and efficient manner, to safeguard the

assets and secure as far as possible the completeness and accuracy of the records (Saleemi, 1997). The system of internal control requires to contain measures in places before it can function properly. The features of the internal control system according to the committee of sponsoring organization of the trade way commission (COSO 2013) include; control environment, control activities, risk assessment, information and communication and monitoring.

The control environment is the management's philosophy, operating style, Integrity and ethical values, the delegation of responsibility and authority, human resources practices, audit committee and internal audit (Inusah and Abdulai, 2015). To ensure reliable control environment; the organization must have adequate and tight budgetary control, effective audit function with the right staffing of the audit committee. (Magara, 2013). The direction of an organization are often set by the control environment. It has a strong influence on the way businesses are structured, how risk is accessed and objectively established. It is the foundation of all other components of internal control. Control activities are about performance reviews and information processing, physical controls and segregation of duties. (Ray and Pany, 2001). The essence in for performance evaluation comparing actual with the budget, checking accuracy, completeness and authorization of transactions, providing security over records and other assets and ensuring that no one person handles all aspect of the transactions. Risk assessment impact on internal control system on the attainment of business objectives. The impact of internal control system on the strategic objectives of the organization (high-level goals, aligning it with and supporting it with the mission) financial objective (safeguarding the assets of the organization, operational which is the process that set to achieve the goals, information and communication, must be identified, captured and communicate to time for users to carry out their responsibilities (Musya, 2014). Adequate and timely information and effective communication formed an integral part of the internal control system (Inusah and Adulaih, 2015). Monitoring is the system that evaluates the quality of the system performance from time to time. It is the regular management and supervision of activities. The degree of evaluations depends on the risk assessment and adequacy of monitoring procedures (COSO 2011). Monitoring will allow deficiency in the system to be reported upward to the strategic managers for proper actions to be taken.

The Concept of Revenue

Revenue is the inflows or enhancements of assets of a firm or settlement of its liabilities in a period through delivery or production of goods, services and other activities in line with the organization's line of operation (Riltenberg and Schwieger, 2005). Organizational's revenue can be measure in terms of wealth created; asset accumulated. The organization that will improve its revenue generation will have in place a working internal control system that will reduce if not blocked all revenue linkages.

Effects of Internal Control Systems on Revenue Generation

The Internal control is an independent appraisal of the quality of managerial performance in assigned responsibilities to improve revenue generation/collection. The objective of the system of internal control is to enhance directly or indirectly the reliability of financial performance through accountability (Jensen, 2003). An effective internal control system that will aid revenue collection will ensure employees compliance with management policies; regular review of controls put in place to safeguard assets, `procedures, laws, regularities and appraisal of management attainment of organizational objectives. Therefore, the level of adherence to the internal control systems will determine whether the organization will meet its revenue target (Doyle and Mcvay, 2005).

 Theory

Agency theory was propounded by Jensen and Meckling in 1976. The main thrust of the theory was to determine the relationship between two parties (Principal and the Agent). The principal delegates responsibility to the agent. This kind of relationship often creates a conflict of interest. The theory believes that the agent has more information than the Principal, this information asymmetry, affects the Principal's ability to effectively monitor their interest in their business managed by the agent. Agents are assumed to be self-seeking and can use the privilege to act against the interest of the principal, which can be overcomed by designing appropriate contact terms between the agent and the Principal (that in the creation of a system that allows the Principal to monitor the activity of the agent (internal central system). (Jussi and Petri, 2004)

This theory is relevant to this study because of the stakeholders (the government and the people of Osun) whom the Osun internal revenue service (OIRS) is collecting revenue on behalf, has delegated the duty of revenue collection to its management (the agent). The delegation of responsibilities called for the establishment of adequate and working internal control systems, that will allow the interest of the stakeholder to be protected. The theory supports the existence of control environment, internal audit, risk assessment, control activities, information and communication; all these are the main thrust of this study.

Edward (2018) examined the internal control as a tool for efficient management of Revenue mobilization at the Metropolitan, Municipal and District Assemblies in Ghana. The objective of the study was set off to investigate the internal control systems in the Accra Metropolitan Assembly (A.M.A) and its effect on revenue mobilization for the Assembly. The study used a sample of 100 staff, purposively selected staff that are saddled with revenue collection and installation and maintenance of the internal control system of the organization. The study used both primary and secondary data. Primary data used was through the administration of closed-end questionnaire and secondary data from published journals, articles and internet. The study used statistical packages for social science (SPSS) for data analysis. The result showed that there are internal control systems within A.M.A. and composed of at least four components of internal control: the risk assessment, find to be poorly complied with; control activities, information and communication and monitoring of revenue. The study concludes that there is no significant relationship between internal control and revenue mobilization in A.M.A. The study recommended that, management should ensure regular communication of information, Management and other stakeholders should be competent to fulfil the internal control responsibility, both individual control as well as the internal control systems as a whole, should be regularly monitored among others.

Muhammed (2017) studied the internal control and public sector revenue generation in Nigeria, an empirical analysis. The objective of his study was to establish whether internal controls have produced any meaningful result that increased revenue collected. The study made use of senior staff at federal internal Revenue Service (FIRS) in the year 2016. The study used both quantitative and qualitative approaches and primary data was used with the administration of the questionnaire on 38 respondents. Linear regression was used to analyze the data obtained

Daniel (2016) studied the assessment of internal control systems effect on revenue collection at Nakuru Level five hospitals. The general objective of the study was to examine the effect of internal control systems on the revenue collection in Nakuru level five hospitals in Kenya and other objectives include, to evaluate the effect of control environment on revenue collection. The study used agency theory and primary data were used through the administration of the questionnaire on a sample of 40 respondents' correlation analysis was used to analyze the data obtained. The study finds out that control environment has no influence on revenue collection in Nakuru level five hospitals in Kenya. The study recommended setting of revenue targets and installation of accounting & management systems to enhance revenue collection.

Wilson, Loveness, Ever and Elinah, (2012) studied the effectiveness of internal controls revenue management of Zimbabwe revenue authority. The objective of the study was to establish whether measures of establishing internal controls produced meaningful results in increased efficiency, revenue inflows and reduces revenue leakages. The study concluded that revenue collection is crucial in financial management and that budgets depend largely on it. The study recommended that; the management should continually upgrade the internal control system, to keep the system well updated with growing capacity of operations, regular in-house training and staff development.

Alhassan (2018), Studied the effects of internal control on revenue collection in Kintampo municipal assembly. The objectives of the study were to assess the effect of control activities on revenue collections: the influence of the control environment on revenue collection, how information and communication affect revenue collection in the Kintampo Municipal Assembly. The study administered a questionnaire on 63 respondents and analyzed the data collected with SPSS version 20 through descriptive statistics. The study finds that, internal controls had a significant influence on revenue collection in Kintampo Municipal Assembly and concluded that, internal controls functions but with hiccups and there exist a significant effect between internal controls and revenue collection and recommended that management should redesign internal control system that aimed at ensuring efficiency and effectiveness of operations.

Anne and Mirie (2019), Effect of internal controls on revenue collection of level five hospitals in Kiambu country. The study used both primary and secondary data through the administration of questionnaire and Literature review respectively. SPSS used for data analysis and tables to present results. The study employed Chi-square to examine the relationship between internal controls and revenue collection. The study finds a

decreasing trend in revenue collected by level five hospitals in Kiambu country in 2016. The study concluded that level five hospitals management in Kiambu country ensure that fraud is prevented by establishing measures that detect or prevent fraud.

Wonder, Yuansheng and Komka, (2018), worked on assessment of Government internal control systems and financial Reporting analysis of Ghana revenue authority. The objective of the study was to examine the impact of internal control systems on financial reporting quality in Ghana revenue authority. The study employed quota and simple random sampling technique by select 50 respondents and administered a questionnaire on them. The correlation matrix was to access the relationship between government internal control and financial reporting quality. The study finds that monitoring harms the quality of financial reporting and statistically significant, and recommended that the government must ensure that the internal control system is monitored and evaluated periodically.

Ogunmakin (2020), Studied the effect of internal control systems on the accountability of parastatals in Ekiti State; Nigeria using a purposive sampling method to select 7 public parastatals. A 5-point Likert-scale questionnaire was administered on 100 respondents and the result analyzed with statistical package for social science (SPSS) version 21. The study revealed that, all the component of internal control system should be in place and allowed to maintain their independent position.

Omopariola (2018) investigated the impact of internal control system on manufacturing industries using Evans medical Plc. The study made use of primary data obtained through questionnaire and the industry selected using convenience sampling. Frequency counts, percentage and multiple regression analysis used to analyze the data obtained. The result showed that the determinants of internal control have a significant effect on the efficiency of operation of the sampled industry. It was concluded that the internal controls grounded in the COSO model have a significant effect on small business survival and profitability. It was recommended that, industries should strengthen their internal control environment mechanisms.

3.0 Methodology

Descriptive research of the survey design was employed. The research design is descriptive because it involves the collection of data to describe the existing phenomenon as they exist, and survey design is very useful because it has a wide range of scope and coverage, hence generalization is possible. The population covered all the 170 staff of Osun State Internal Revenue Service (OSIRS), out of which 123 staff were sampled using Taro Yamane formula model of 1964. In the same vein, purposive sampling technique was used to determine the participants of the study. A closed-ended questionnaire that covered all the predictor and outcome variables was used to elicit the needed information from the respondents. Out of the 123 questionnaires that were administered, only 117 were filled, returned and used for this study. However, the questionnaire was subjected to validity and reliability before the administration process.

To ensure the validity of the instrument, the instrument was subjected to face and content validity by experts in the Department of Accounting of Osun State University, Nigeria. For the face validity, the experts determined the appropriateness of the instruments in measuring what they supposed to measure facially. Thereafter, the research experts also took time to check the extent to which the items in the instruments represented the content and suitability specified by the concepts to be measured. Amendments were made in the final draft of the questionnaire. For the reliability test, a pilot study was conducted where 25 copies of the questionnaires were administered on the staff of Osun Internal Revenue Service. Thereafter, Cronbach Alpha which measures internal consistency was used. As argued by Alhassan (2018), the reliability coefficient should be at least 0.70. The reliability coefficient of all the variables was given in table 1:

S/N	Variables	Reliability Coefficient
1	Control Environment	0.762
2	Risk Assessment	0.811
3	Information and Communication	0.848
4	Control Activities	0.803
5	Monitoring and Evaluation	0.924
6	Revenue Generation	0.839

The instrument for the study was administered by the researcher with the help of three research assistants who were subjected to training on how to administer questionnaire successfully. The data collected was analyzed using descriptive and inferential statistics with the aid of Statistical Packages for Social Science (SPSS). Frequency and percentage were used to answer the biodata of the respondents, Pearson Correlation was used to examine the relationship between the predictor variables and the outcome variable, and Multiple Regression was used to test the hypotheses at 0.05 level of significance. The study adapted and modified the model used by Alhassan (2018) to examine effect of internal control on revenue collection in Kintampo Municipal Assembly. The adapted model is given thus:

RC = f (CE CA IC).. (3.1)

Where: RC is Revenue Collection, CE is Control Environment, CA is Control Activities and IC is Information and Communication and f is functional relation. The model is modified with the inclusion of risk assessment and monitoring and evaluation as part of the explanatory variables. The modification was grounded on the fact that risk assessment and monitoring and evaluation are part of the internal control mechanisms and their exclusion might affect the essence of internal control to improve revenue generation. Hence, the linear representation of the modified model is thus given thus:

$RG = \alpha_0 + \alpha_1 CE + \alpha_2 CA + \alpha_3 IC + \alpha_4 RA + \alpha_5 ME + U$................... 3.2

Where RA is Risk Assessment, ME is Monitoring and Evaluation, α_0 is Intercept, $\alpha_1 – \alpha_5$ is the Coefficient of independent variables.

Table 2: Measurements of Variables

S/N	Variables	Measurements
1	Control Environment	Good financial and accounting system
		Management commitment to internal control implementation
		Elaborate Organization structure
		Proper documentation of policies
		Integrity of the management team
2	Risk Assessment	Internal risk management section
		Availability of adequate resources
		Sensitive information has security protocol
		Risk management
3	Information and Communication	Smooth channels of communication
		Timely information
		Information control
		Well networked communication system
		Communication with outside parties
4	Control Activities	Provision of policies and procedures
		Adequate supervision
		Performance review
		Segregation of responsibilities
		Provisions for authorizations
5	Monitoring and Evaluation	Internal independent process
		Reviews of implementation
		Assessment of performance quality

		Revision of audit reports	
		Monitoring of target	
6	Revenue Generation	Yearly revenue target	
		Revenue target is achievable	
		Effective collection of revenue	
		Devoted revenue collectors	

Gamage, Lock and Fernando (2014) and Alhassan (2018).

4. Results and Discussion

4.1 Results

Table 3: Analysis of the Background Information of the Respondents

Gender	Frequency	Percentage
Male	62	53
Female	55	47
Total	177	100
Years of Working Experience		
1-2 years	10	9
3-5 years	17	14
5-10 years	53	45
10-20 years	27	23
Above 20 Years	10	9
Total	177	100
Highest Level of Certification		
Diploma	5	4
First Degree	77	66
Masters	32	27
Ph.D.	3	3
Total	177	100
Age		
20-29	5	4
30-39	43	37
40-49	32	27
At least 50	37	32
Total	177	100

Source: Data Analysis, 2020.

Table 3 revealed that the majority of the respondents were male and that the respondents have the experience and academic background needed to respond to the questionnaire resourcefully.

Table 4: Pearson Correlation Matrix

	RE	CE	CA	IC	RA	ME
RE	1					
CE	0.784**	1				
RA	0.198*	0.141	1			
IC	0.434**	0.460**	0.113*	1		
CA	0.752**	0.609**	0.232**	0.344**	1	
ME	0.455**	0.502**	0.389**	0.301**	0.255**	1

Source: Data Analysis, 2020. **. Correlation is significant at the 0.01 level (2-tailed). *. Correlation is significant at the 0.05 level (2-tailed).

Table 4 revealed that revenue generation maintained a positive and significant relationship with control environment, risk assessment, information and communication, control activities and monitoring and evaluation with their respective correlation coefficient of 0.784**, 0.198*, 0.434**, 0.752** and 0.455**. In the same vein, control environment has a positive and significant relationship with risk assessment, information and communication and monitoring and evaluation except for control activities. Also, all other predictor variables have a positive and significant relationship.

Table 5: Multiple Regression Analysis

Dependent Variable: Revenue Collection

Variable	Coefficients	Std Error	t-statistics	Prob.	R-Square 0.845
C					Adjusted R-square 0.822
CE	0.542	0.182	2.705	0.001	F-Stat 94.115
RA	2.041	0.280	5.112	0.000	Sig Value 0.000
IC	2.709	0.782	3.010	0.000	
CA	1.406	0.306	4.838	0.000	
ME	1.551	0.208	5.186	0.000	

Source: Data Analysis, 2020.

Estimation result presented table 5 above the reported coefficient estimate of 0.542, 2.041, 2.709, 1.406 and 1.551 alongside the p-value of 0.001, 0.000, 0.000, 0.000 and 0.000 for control environment, risk assessment, information and communication, control activities and monitoring and evaluation exert a significant positive effect on revenue generation. Adjusted R-square reported stood at 82%. This implies that about 82% of the systematic variation in the revenue generation can be explained by the control environment, risk assessment, information and communication, control activities and monitoring and evaluation. The F-statistics of 94.115 revealed that the regression model was significant.

4.2 Discussion of Findings

Investigations conducted in this study showed the major findings considered as answers to the objectives of the study in both broad and specific sense. It was revealed that the majority of the respondents were male and that they have the experience and academic background needed to respond to the questionnaire resourcefully. Concerning the multiple regression, it was discovered that the control environment exerted a positive and significant effect on revenue generation to the tune of 0.542(p=0.001<0.05). This reflects that revenue generation stands the chance to increase by 0.542, with just a 1% per cent increase in the control environment. This could be attributed to the effort of the management to ensure good financial and accounting system, and proper documentation of the operational activities. The corollary of this discovery is that the control environment could stimulate an increase in the revenue

generation of Osun State. This outcome gave credence to the findings of Anne and Mirie (2019), that control environment has a positive and significant effect on revenue generation.

In this same vein, it was recorded that all the other mechanisms of internal control (risk assessment, information and communication, control activities and monitoring and evaluation) exerted a positive and significant effect on revenue generation in Osun State with their respective coefficient and significant values of 2.041(p=0.000<0.05) for risk assessment, 2.709(p=0.000<0.05) for information and communication, 1.406(p=0.000<0.005) for the control activities and 1.551(p=0.000<0.05) for monitoring and evaluation). The inference of this discovery is that risk assessment, information and communication, control activities and monitoring and evaluation could engender an increase in the revenue generation of Osun State 2.041, 2.709, 1.406 and 1.551 respectively. This might be because timely information, information control, performance review, adequate supervision and assessment of performance quality are instrumental to revenue generation. This outcome corroborated the findings of Wilson, Loveness, Ever and Elinah, (2012), Omoromola (2018), Alhassan (2018), Ogunmakin (2020) that internal control mechanisms are instrumental to revenue generation and the operational efficiency of the organization. However, the findings reported by Daniel (2016) were not in agreement with the findings of this study. It was submitted that the control environment does not influence revenue collection. Also, Wonder, Yuansheng and Komka, (2018) reported that monitoring harms the quality of financial reporting.

5.0 Conclusions and Recommendations

The trust of this study was to access the effect on internal control systems on the revenue generation of Osun Internal Revenue Service (OIRS). Consequent upon the findings of this study, it was evident that staffs and officers of OIRS allowed the installed internal control systems to operate effectively and with an almost unnoticed incidence of overriding of the systems. The study, therefore, concluded that for revenue generation to increase there should be an increase in the control environment to safeguard leakages in revenue generation. Also, all the component of internal control systems (control environment, control activities, information and communication, risk assessment, and monitoring and evaluation) acts individually and collectively as the catalyst for revenue generation. **The study recommended that the management of an organization should constantly monitor and improve its system of internal control to adopt it with the changing business environments. Future works could be done on similar bodies in other states in Nigeria and countries for comparison and policy development.**

References

Alhassan Mohammed (2018), Effect of Internal Control On Revenue Collection In Kintampo Municipal Assembly University Of Cape Coast Https://Erl.Ucc.Edu.Gh/Jspui

Anne W., &Mirie M., (2019).   Effect of Internal Controls on Revenue Collection of Level Five Hospitals in Kiambu County. *International Academic Journal of Economics and Finance | Volume 3, Issue 3, pp. 98-116*

Doyle, J., W. Ge, & S. McVay (2005). Determinants of Weaknesses in Internal Control over Financial Reporting and the Implications for Earnings Quality. *Journal of Accounting, Auditing and Finance. 8 (1), 31-52.*

Committee of Sponsoring Organisations of the Treadway Commission (COSO, 2013); Internal Control Issues in Derivatives Usage [online] available at http:// www.aicpa.org/ IC-Issues-Derivatives Usage_Summary.htm

Daniel K. S. (2016). Assessment of internal control systems effects on revenue collection at Nakuru level five hospitals, A research project submitted, Jomo Kenyatta University of Agriculture and Technology

Doyle, J., Ge, W. & McVay, S. (2005). Determinants of weaknesses in internal control overfinancial reporting and the implications for earnings quality. *Journal of Accounting, Auditing and Finance, 8* (1), 31-52.

Frimpong, M.A (2013). Conference on Association of Internal Auditors in the public sectors in Kofo

Inusah, A. M. & Abdulai, S. (2015). Assessing Internal Financial Controls of the Lands Commission of Ghana. *European Journal of Business, Economics and Accountancy, 3(3), pp. 1-2.*

Jensen, K. L. (2003), A Basic Study of Agency-Cost Source and Municipal Use of Internal Versus External Control. Accounting and Business Research, 35(4), 33-48.

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. Journal of financial economics, 3(4), 305-360.

Jussi, N & Petri, S. (2004*).Does Agency Theory Provide a General Framework for Audit Pricing. *International Journal of Auditing*, 8 (2), 253-262.

Karagiorgos, T., Drogalas, G., Gotzamanis, E. & Tampakoudis, I. (2009), The contribution of internal auditing to management. *International Journal of Management Research and Technology, 3 (2), 417-427.*

Kantzos, C. &Chondraki, A. (2006). Auditing theory and practice II", Stamouli, Athens.

Magara, C. N. (2013). Effect of internal controls on performance of deposit taking savings and credit cooperative societies in Kenya (Performance dissertation, School of Business, University of Nairobi).

Muhammed, A. & M. Asfaw, 2014. Government expenditure management and control in Ethiopia. *Research Journal of Finance and Accounting, 5(11): 84-92.*

Mahmoud Ibrahim (2017) Internal Control and Public Sector Revenue Generation in Nigeria: an Empirical Analysis. *International Journal of Scientific Research in Social Sciences & Management Studies | IJSRSSMS ISSN Print: 2579 - 101X | ISSN Online: 2579 – 1928 | Volume 2, Number 1*

Muhibat, A. O., (2016). The impact of internal control system on revenue generation in public establishment. *International Journal of Contemporary Applied Sciences, 3 (8), (ISSN: 2308-1365) www.ijcas.net*

Musya, F.M. (2014). The Effect of Internal Controls on Revenue Collection by County Governments in Kenya. Published MBA Report, University of Nairobi, Kenya

Ogunmakin, A. A., (2020). Effect of Internal Control System on the Accountability of Public Parastatals in Ekiti State. *Journal of Accounting and Financial Management E-ISSN 2504-8856 P-ISSN 2695-2211 Vol 6. No. 4 2020 www.iiardpub.org*

Omopariola Y. A., (2018). The impact of internal control system on manufacturing industries: A Case Study of Evans Medical Plc. Department of Accounting, Faculty of Management Sciences, National Open University of Nigeria.

Owusu, S. K. (2012). Revenue Mobilization and its Impact on the Development of District Assemblies: The study of Kpando Municipal Assembly. University Journal. Department of Business and Economics.

Ray, O. Whittington & Pany,. K (2001). Principles of auditing and other assurance services. Irwin/McGraw-Hill. New York

Rittenberg, L.E, Schwieger, B. J. (2005).Auditing –Concepts for a Changing Environment. Mason: South-Western, Thomson Corporation.

Saleemi N. A., (1997) Auditing Simplified. Saleemi Publishers, Nairobi

Wilson M., LovenessN., Ever T., &ElinahM., (2012). The effectiveness of internal controls in revenue management: A case study of Zimbabwe Revenue Authority (ZIMRA) (2011-2012). *Journal of Case Research in Business and Economics Pg 1-8*

Wonder A., Yuansheng J., & K. C., (2018) Assessment of Government Internal Control Systems on Financial Reporting Quality in Ghana: A Case Study of Ghana Revenue Authority. *International Journal of Economics and Finance; Vol. 10, No. 11; 2018 ISSN 1916-971X E-ISSN 1916-9728.*

Appendix II: Questionnaire Part A: Personal information

Job Title: ……………………

Gender [ ] Male [ ] Female

Number of years of working experience:

[ ] 1-2 years   [ ] 2-5 years [ ] 5-10 years [ ] 10-20years [ ] 20 years and above

Formal qualifications [ ] certificate [ ] Diplomas [ ] degrees) [ ] Masters (5). Age [ ] 19 or less   [   ] 20—29 [ ] 30—39   [   ] 40—49   [   ] 50 or more

Part B. Control Environment

Part B. Control Environment	SD	D	N	A	SA

Part B. Control Environment	SD	D	N	A	SA
The Office has good Accounting and Financial Management System in place.			17	67	33
The Office Board of Directors are committed tothe Internal Control System implementation.			33	50	33
There is a well elaborate Organization Structure in The Office		17	17	50	33
Policies, procedures are documented as well as defined			17	84	16
The management and the board are people of high Integrity				67	50
Risk Assessment	SD	D	N	A	SA
There is an internal risk management section	17	33	33	33	
The risk department has the necessary resources for working		50	17	17	33
The employees have knowledge of revenue leakage areas	33			67	17
Access of sensitive information has security protocol in different Levels		17	17	50	33
Revenue variance can be identified by management directly		17	50	33	
The Office staff are adequately involved in risks management Process		50	67		
Information and Communication	SD	D	N	A	SA
There is effective reporting of revenue targets to be achieved in a particular year				33	84
Channels of communication for individuals to report suspected breaches or regulation or other improprieties.				67	50
Procedures have been put in place for complains by customers			17	67	33
The system in place is well networked inthe whole Organization		17	17	67	17
Management receives timely, relevant, and reliable reports for decision-making				84	33
An elaborate maintenance of the system is in place		17	17	50	33
Control Activity	SD	D	N	A	SA
Policies and procedures exist to ensure critical decisions are made with appropriate approval				67	50
There is proper and close supervision of junior staff at The Office		33	17	67	
There are elaborate mechanisms put in place to address weaknesses of controls					117
There is a system in place to ensure that employees are rotated periodically.				100	17
Independent reconciliations of revenue collection on regular basis is done				84	33
Monitoring and Evaluation	SD	D	N	A	SA
There are internal independent process checks and evaluations of Controls activities on continuous basis.		17		50	50

	SD	D	N	A	SA
Internal reviews of implementation of internal controls in units are conducted periodically.				117	
Monitoring and evaluation have helped in assessing the quality of performance of the organization over time				84	33
Management resolves on timely basistoreview auditreports and resolution of any non-compliance in the system			17	67	33
There is always monitoring of targets set on revenue collection				84	33
Revenue Collection	SD	D	N	A	SA
Collection targets set by The Ministry of Finance is realistic and achievable in the past			17	67	33
There is enough effectiveness of control in revenue collection				84	33
The targets set are always met by the Office		84	17	17	
Sometimes people override the system affecting revenue collection		17	33	67	