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INTERNAL CONTROL AND FINANCIAL EFFECTIVENESS IN TERTIARY INSTITUTIONS IN OGUN STATE

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ABSTRACT

This study examines the impact of internal control system on the financial effectiveness of tertiary institutions in Nigeria. This is with the view of ascertaining whether strengthening of internal control system in tertiary institutions can have any effect on financial effectiveness. The study used a survey research design. Data were collected using structured questionnaire administered to bursary staff of selected tertiary institutions. This study employed quantitative method of data analysis using the regression analysis with the aid of the Statistical Package for Social Science (SPSS). The Ordinary Least Square Method was used to examine the impact of internal control on financial effectiveness. The findings showed that tertiary institutions with effective internal control unit make proper use of their finances. Based on this, it was observed that internal control significantly affects usage of capital grants, accumulated surplus, recurrent subvention, revenue from fees and investment policy. Hence, it was recommended that proper check and balance of all financial transactions should be encouraged and that disbursement of funds to tertiary institutions should be implemented as stipulated in the National Policy on Education.

Keywords: Capital Grant, Financial Effectiveness, Internal Control, Tertiary Institutions

1.0 INTRODUCTION

Internal control system has gained importance especially in the public sector. This is as a result of its public interest and the preservation of government assets. However, this usually reflects the public funds. Hence, since public money represents a cornerstone in the survival of any country, only the internal control units became the first line of defence for protecting and managing government assets. It also helps to prevent them from manipulation and corruption which is a usual occurrence in the government sector (Ghneimat & Siam, 2011). Many government sectors in recent time in Nigeria have been accused of different financial scandals and misappropriation. One of such sectors that is at the forefront is the educational sector.

Education in Nigerian is currently in crisis, because of alleged insufficient fund allocation to Tertiary education (Adewale, Ajayi & Enikanoselu, 2004). Education sectors complain of under-funding while the government accuses the sector of improper utilization of available resources. The donor suggested that capital grant on education should be reduced. At the same time, there is growing changes at the education level. Moreover, there are increasing complaints about poor standard of education at a period when globalization demands much from the educational system in term of preparation of skilful labour force. (Adewale, etal 2004). Currently, there is low-level of University Education funding and it is often a recurrent debatable issue among stakeholders with its effects on quality of university education in Nigeria. The World Bank study reported that the problem of higher education financing, particularly university education is more acute in Africa than the rest of the world. (World Bank 2010 in Olayiwola, 2010).

Government funding of education is very important in most, if not all countries because education is seen as a social service and government allocate a sizeable proportion of their annual budget to the provision of and finance of education. According to Benedict (2007), when capital grant is paid to institution of higher learning, it is meant for the erection or construction of new building, carrying out of major repairs of old structures and the purchase of hardware, school equipment such as laboratory equipment, etc. The amount of capital grant changes from year to year.

The important of adequate financing of education cannot be over-stressed. Ozigi (1977) argued that no organization could carry out its functions effectively without adequate financial resources at its disposal .Money is needed to pay staff, maintain the plant and keep the service going. This argument supported earlier findings that finance is of vital importance to education and economic growth (Sheehan, 1973; Eaton, and Nofsinger, 2000; Taggert, 2003). However, people have claimed that funds availability to tertiary institutions is as equally important as ensuring that such funds are well utilised. That is, Nigerian tertiary institutions are seen to be capable of only demanding for more funds without given appropriate account for the previous funds collected. This is as a result of poor internal control associated with many tertiary institutions which has given room to fraudsters to loot the treasury of the institutions.

No wonder, Public Universities these days have continued to register financial mismanagement even when there are guidelines for the utilization of funds (Tumwine, 2011). There is however, continued poor financial effectiveness, where capital grants, accumulated surplus, recurrent subventions and revenue from fees are not properly utilized and rules and regulations on the use of all these source of finance are not adhered to and there is massive unaccounted funds (Audit General, 2008). Thus, the purpose of this study is to examine and evaluate the impact of internal control system on financial effectiveness with a view of knowing whether strengthening of internal controls can have any effect on the usage of capital grant and usage of revenue from fees generated in tertiary institutions.

Other sections of the paper include the literature review, methodology, data analysis and findings, conclusion and recommendations.

2.0 LITERATURE REVIEW

2.1 Concept of Internal Control

Internal control refers to the measures instituted by an organisation so as to ensure attainment of the entity's objectives, goals, and mission. They are a set of policies and procedures adopted by an entity in ensuring that an organisation's transactions are processed in the appropriate manner to avoid waste, theft and misuse of organisation resources (Ndifon & Patrick 2014). According to Mwindi (2018), internal control are processes designed by those charge with governance, management, and other personnel to provide reasonable assurance about the achievement of an entity's objective with regards to reliability of the financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulation. Also, (ARABOSAI, 2012) defined it as a set of methods and procedures used to develop efficient regulation and promote acceptance of sound policies and procedures in the Commission. This is used for checking the validity of information management, protection of assets, and for minimising mistakes. More so, the Audit Committee on methods of auditing procedures which emanated from the American Institute of Certified Public Accountants (AICPA), defined internal control as "organizational plan and all methods and procedures developed by the company management, which aim to preserve the company's assets and ensure the accuracy and correctness of accounting information, increase the reliability and operational efficiency, and to verify the employee commitment to administrative policies set by the administration."

2.2 Elements of the Internal Control System

Internal control system is an organizational plan for a range of actions and issues adopted by the facility which consists of basic elements. However, these elements must be provided by management and committee in order to achieve its objectives (Rashid, 2012). They are:

2.3 Separation of Responsibilities

An established department must separate the responsibilities of their employees, and even reduce possible fraud or inadvertent errors in the financial statements and management. Thus, it is based on this assumption hard collusion between employees or more is used in the implementation of manipulation or hides any unintentional errors. If proper separation between the responsibilities of employees depends on the separation of the functions of retained assets or possession of the evidence in the records and the certification authority (i.e. workers who have the authority to authorize operations), the cashier who keeps cash and account manager and his staff are doing a job of proof in the records. The Director of the Administrative and Financial Department approval of the job is the financial director of the administrative department. Thus, it is the person responsible for granting approvals.

2.4 Clear Lines of Authority and Responsibility

Large number of employees performs various functions in the facility. In order to achieve effective control over all the jobs, they must be held accountable through the allocation of specific responsibilities to specific individuals. In addition, it must be done through the manual mode (job description and powers), which should be known and not available to all employees.

2.5 Administrative and Organizational Plan

The system depends on the presence of an organizational plan and specific management objectives which clarifies the overall framework to guide and adjust the institution activity. This is done by having an organizational structure capable of clarifying authority's policies, determine responsibility, and provide procedures which do not allow anyone to breach internal control system through the creation of a clear link between the different functions.

2.6 Accounting System

Accounting system is based on an integrated set of documents, records, and classified evidence for calculations taken into account. Generally accepted accounting principles, documents, and records are considered as an essential foundation for documenting an enterprise's operations and information source for management decision-making. In addition, it aims at benefiting from the parties. Also, the statements cannot imagine the success of any facility in the provision of information without installing its operations in documents and in the records of any of its employee's memory. The document is the beginning of the accounting system point. It contains the necessary data to prove the placement of each process in the institution. They are documenting what is going on from the activities and daily operations. Based on registration records and the issuing of various reports required by management or third parties (externally), great care should be taken by the employee. Group accounting books is the basic support of the accounting system. Thus, it is considered as a tool for recording, analysis, and presentation. Furthermore, it also serves as a means for the preparation of financial statements and various reports that serve multiple objectives.

2.7 Protect Assets and Records

Institutions must have the necessary capabilities and procedures to protect and prevent all of the assets and records from damage, loss, waste, and misuse. Therefore, this is done through written instructions shown through work methods, protection procedures, and the follow-up personnel's commitment to these instructions. Thus, these instructions include saving money procedures and deposit in the bank, and the procedures for organizing stores. In addition, it helps to protect them from theft and manipulation, as well as noncurrent assets. For the records, it must be kept in places to prevent unauthorized access and make illegal adjustments. Also, a second copy of the records should be kept in the case of possible work.

2.8 The Efficiency and Integrity of Staff

The effectiveness of internal control depends on the efficiency and integrity of the employees in the institutions. Thus, this is despite the clarity of authority, lines of responsibility, and the correct distribution of jobs in accordance with the internal control system. However, there is a failure of any system in achieving its objectives due to inefficiency of the secretariat staff in the institution to perform the responsibilities entrusted to them. Internal control system may be a good and effective to talented and qualified staff and Trustees. Although this system does not include specific detailed functions and authorities, it must therefore follow institution policy in hiring new employees or upgrading existing employees. This is done by taking into consideration the job description and qualifications required for occupancy jobs.

2.9 Financial Effectiveness Procedures and System

Owolabi (2010) says that financial effectiveness is more of installing and operating good and efficient management information systems. This is to include appropriate accounting information systems which will take care of all policies, rules, procedures and practices as well as the physical element that are used to record, process and communicate the financial

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information of an institution. A good accounting information system should be able to meet the need of the management, employees, students, tax authority, investors, suppliers and other stakeholders. Each of these groups should be able to collect statement of account as at when required. The financial situations of these parties should be able to be confirmed at any time. This enhances confidence, trust, reliability, and therefore quality of service delivered. Safeguarding of securities, insurance policies and other valuable papers are essential.

2.10 Theoretical Framework

The need to anchor the concepts of internal control and financial effectiveness in tertiary institutions within the framework of certain theory cannot be over emphasized. The theory upon which this study was anchored was restricted to "Control theory".

Control theory has been described as "an interdisciplinary branch of engineering and mathematics that deals with the behaviour of dynamical systems with inputs". The external input of a system is called the reference. When one or more output variables of a system need to follow a certain reference over time, a controller manipulates the inputs to a system to obtain the desired effect on the output of the system (Brian, 2013).

The objective of a control theory is to calculate solutions for the proper corrective action from the controller that result in system stability, that is, the system will hold the set point and not oscillate around it. Systems have inputs and outputs to bring a product after processing and so inputs and outputs of a control system are generally related by differential equations (Brian, 2013).

This theory is relevant to this study because setting objectives, budgets, plans and other expectations establish criteria for control. Control itself exists to keep performance or a state of affairs within what is expected, allowed or accepted. Control built within a process is internal in nature. It takes place with a combination of interrelated components-such as social environment effecting behaviour of employees, information necessary in control, and policies and procedures. Internal control structure is a plan determining how internal control consists of these elements (Brian, 2013).

2.11 Empirical Studies

The inquisitiveness to proffer lasting panacea to the ever-skyrocketing alleged insufficient funds allocation and fund mismanagement in tertiary institutions has given spur to increasing the debate on whether or not strengthening of internal controls can have any effect on financial effectiveness of tertiary institutions in Nigeria. This is viewed in the perspectives of developing countries.

Al-Hawatmeh and Al-Hawatmeh (2016) studied the evaluation of internal control units for the effectiveness of financial control in administrative government units. In order to achieve the objectives of the study and the testing of hypotheses, the researcher designed a questionnaire. This questionnaire was distributed to managers and employees in the internal control of the administrative government units. Out of the 125 questionnaires distributed, 96 were recovered with an adoption rate of 77%. The results showed that the assessment of internal control units for the effectiveness of financial control in administrative government units typically became high with an arithmetic mean (4.099) and standard deviation (0.511).

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The researcher attributed this result to the data analysis, verification, and validation of the financial transactions. Based on the results of the study, the researcher recommended the need for attention to the human element as one of the main components of internal control system.

Ejoh and Ejom (2014) studied The Impact of Internal Control activities on Financial Performance of tertiary institutions in Nigeria. The study aimed at establishing the relationship between internal control activities and financial performance in tertiary institution in Nigeria. Using Cross River State College of Education, Akamkpa as the case study, it was revealed that all activities of the college are initiated by the top management regarding control activities. The study also found out that there is clear separation of role in the institutions' finance and account department and that superior officer in the college supervised regularly work done by their subordinate. Also, the study found out that the institution financial statements are audited annually by external auditors. The study results further show that there is no significant relationship between internal control activities and financial performance of Cross River State College of Education. The investigation recommends proper checks and balances in all financial transactions. There should be effectiveness and efficient security network to reduce frequent theft, threat to life and property. Also recommends that management of the institution should organize regular training for staff on control mechanism.

Adewuyi & Okemakinde (2013) studied higher education financing in Nigeria: issues and trends. This study investigated that the potential of the higher education system to act as an agent of growth and development in Nigeria is being challenged by the long standing problem of limited access, inadequate financing, poor governance, declining quality and relevance. The argument in this paper support increased public investment in higher education for many reasons. The study however recognizes the fact that government alone cannot provide all the resources needed to increase access into and promote quality of higher education. This study recommends the need for alternative financial mechanisms to complement public funds in higher education.

Brian (2013) studied the effect of internal control on revenue collection in Kenya Revenue authority. The study closely looks at the internal control in operation at Kenya Revenue Authority with a view to establish whether internal controls have produced any meaningful results in increased collected revenue. The finding revealed that the five components of control environment, risk assessment, control activities, information and communication and monitoring must be available for internal control to work. The study establishes that weak internal controls have encouraged collusion of fraud, loss of revenue and embezzlement of collected revenue. The study therefore concludes that internal controls do function although with hiccups and that there is a significant effect between internal control and revenue collection in KRA.

Abraham (2013) in his study tagged "internal control performance in Non Governmental Organizations". The study was to assess the impact of internal controls on performance of Non Governmental Organizations (NGO), case study of management sciences for health (MSH) Juba, South Sudan. The study found out that the payment procedures followed by management science for health (MSH) attracted a positive response with majority acknowledging it performed well. The internal audit function attracted a relatively fair response with some agreeing and others not. Meanwhile majority of respondents gave a negative view about the procurement process indicating it was fraud, likewise they didn't appreciate the budgeting process. It was concluded therefore that internal control can affect performance of an organization. It was therefore recommended that the implementation of internal control system can be reviewed especially in the area of procurement and budgeting control.

In the study of Abo Dalobh (2012), it was established that the effectiveness of financial control has a positive impact on the ability of financial institutions to minimize deviations of actual expenditures from the budget estimate and for achieving the rationalization of spending. Also, Tumwine Anne (2011) examines internal audit function, employee attitudes and financial performance of public universities. The finding of the study revealed a significant and positive relationship between internal audit function and financial performance and between employee attitudes and financial performance in public universities. The study recommended that public universities should adopt strong policy measures on the variables of internal audit function which are risk management and internal controls and also aim at creating a committed work force for better financial performance.

Ubogu (2011) researched on financing higher education in Nigeria. The finding revealed that one of the major problems now facing educations in Nigeria is the problem of under-funding. This is because government revenues have reduced sharply while the national economy itself is in chaos. The government, which statutorily bears the cost of higher education in the country, now faces tight budget constraints due to the collapse of the oil market, and the need to meet heavy and raising debt service obligations. The study examined the past and present trend of funding higher education in Nigeria, the effects of inadequate funding and possible resources of funding. To sustain higher education in the country, the study suggested that parent and guardians, the society in general; the private sector and non governmental agencies must become involved in financing education in the country.

Benedict (2007) researched on the Alternative Strategies for sustaining the revenue base of tertiary institutions in Nigeria. The finding of the study revealed that the rising costs of higher education during a period of stagnant or declining public support and the consequence increases in non-tuition fees have triggered great concern about both the access to and quality of higher education. The finding revealed that tuition fees should be re-introduced to all undergraduate programmes in Nigerian universities as well as other institutions of higher learning in Nigeria, as opposed to the present situation whereby tuition is made free. However, this can only be achieved, if and only if, universities are granted full autonomy by the government. This will enable them to take decisions on sensitive matters affecting them like the issue of tuition payment. With the sharp reduction in government subventions to these institutions, and the seemingly enrolment upsurge in the universities and other institutions of higher learning, the institutions are left with no choice but to introduce tuition. The payment of tuition will make students to appreciate the value of education and also imbibe in them the spirit of hard work. Consequently, there will be an improvement in the overall quality of higher education.

According to Udu (2006) while examining the financial control and accountability in local government opined that one of the ways by which management can discharge the responsibility of detecting and preventing fraud, waste, abuse and errors is by instituting an effective internal control system. Oshisami (2004) supported this claim by stating that internal control can do much to protect against both errors and irregularities and ensure the reliability of accounting data.

Smith Jones (2000) Study was aimed at illustrating various ways to strengthen internal controls in the organizations and their importance, especially in the field of preventing and detecting errors, fraud, and mismanagement. The study depends on descriptive and analytical approach. A questionnaire was also prepared and distributed in coordination with the organizations in the United Kingdom and Australia. It was discovered that internal control weaknesses would result in serious consequences. Thus, the most important is the lost through neglect and lack of attention. This study then concluded that the possibility of fraud does exist, and that good internal control program-on paper-does not guarantee the commitment of individuals to control procedure

2.12 Gap in the Literature

Previous studies on internal control such as Beyang (2011), Brian (2013) and Abraham (2013) have focused on financial performance and most of them did not mention the impact of internal control on various sources of finance of tertiary institution which makes their finance effective. Also Ubogu (2011), Benedict (2007) and Adewuyi, etal (2013) studied on higher education financing, the issues, trend and sources of finance. But they did not state how all these sources of finance can be effectively utilized and the impact of internal control on it to reduce or detect fraud and avoid embezzlement of fund.

3.0 METHODOLOGY

The population of this study is the ten state owned tertiary institutions in Ogun State. This was done because Ogun State has the largest number of tertiary institutions in the southwest of Nigeria. From this, samples of four institutions were selected using purposive sampling technique. The sample frame of this study is the bursary department staff of these selected institutions totalled 220. Out of this, one hundred and thirty five bursary staff was randomly chosen to form the sample size.

Primary data was collected for this study through structured questionnaire. The purpose of using questionnaire survey is because of the direct response, feedback and the literacy level of the proposed respondents. One hundred and thirty five copies of questionnaire were administered to bursary staff of selected tertiary institutions in Ogun State and one hundred and twenty were returned for analysis. The questionnaire was constructed using a five-point Likert type scale.

Furthermore, a pilot study was carried out in which 25 copies of the questionnaire were distributed and 20 were returned to test its reliability. The result indicated that the instrument is reliable since the Cronbach's alpha of the scales ranged from 0.703 to 0.928.

3.1 Model Specification

This study employed quantitative method of data using regression analysis with the aid of the Statistical Package for Social Science (SPSS). The ordinary least square (OLS) method was used to measure the impact of internal control on financial effectiveness. A multiple regression model was structured using the ordinary least squares (OLS) method. The model used a single independent variable (internal control) and a dependent variable (financial effectiveness) which has two variables (capital grant and revenue from fees). The multiple regression model is considered viable for this study because it can provide information about the proportion of criterion variance accounted for by the set of independent variables and it also gives information about each independent variable.

Hence, a functional equation that relates internal control to financial effectiveness is specified as follows:
CAG= f(AUC, ADC, INA, QUC))……………………..F1
REF= f(AUC, ADC, INA, QUC))……………………..F4
Where: FE= Financial Effectiveness
IC= Internal Control
y_1 = Usage of Capital Grant (CAG)
y_2 = Usage of Revenue from Fees (REF)
x_1 = Audit Check (AUC)
x_2 = Administrative Control (ADC)
x_3 = Internal Audit (INA)
x_4 = Quality Control (QUC)

Given the theoretical linkage between internal control and financial effectiveness, there is need to build linear equations that was used to capture their relationship. Therefore, the linear relationship between internal control and financial effectiveness is as shown in equations below:

$CAG = a_0 + a_1AUC_i + a_2ADC_i + a_3INA_i + a_4QUC_i + \mu$..i
$REF = a_0 + a_1AUC + a_2ADC + a_3INA + a_4QUC + \mu$..ii

A Priori Expectation:
$\boldsymbol{a_1}$.…….$\boldsymbol{a_4}$ is greater than zero
Where: a_0 = Constant
a_1, a_2, a_3, a_4 = Model Co-efficient
μ = Error Term

4.0 MEASUREMENT OF VARIABLES

4.1 Independent Variable – Internal Control

This is the policy and procedure adopted by tertiary institutions to assist in achieving institutions' objective of ensuring the orderly and efficient conduct of the institutions. For the purpose of this study, the following are used as proxies for internal control:

- **Audit check (AUC)**

This is an examination of records or financial accounts to check accuracy. Questions 1 to 5 of "Section B" in the questionnaire were used to get necessary information on this.

- **Administrative Control (ADC)**

This is a set of procedure necessary for administrative and financial efficiency. Questions 6 to 10 of "Section B" in the questionnaire were used to get necessary information on this.

- **Internal Audit (INA)**

This is the frequent or ongoing audit conducted by tertiary institutions' accountants to monitor operating results, verify financial records and evaluate internal control. Questions11 to 15 of "Section B" in the questionnaire were used to get necessary information on this.

- **Quality Control (QUC)**

This is a procedure or set of procedure intended to ensure that organisations' operations adhere to a defined set of quality criteria or meets the lay down requirements by the institutions. Questions 16 to 20 of "Section B" in the questionnaire were used to get necessary information on this.

4.2 Dependent Variable – Financial Effectiveness

This is the utilisation of funds in such a manner as to accomplish the objective of the institutions. For the purpose of this study, the following are used as proxies for financial effectiveness:

- **Capital grant (CAG)**

This is yearly money received by the institutions which is restricted to construction of infrastructural facilities within the institutions' community. Questions 1 to 5 of "Section C" in the questionnaire were used to get necessary information on this.

- **Revenue from Fees (REF)**

This is the money realised by the institution through the tuition fees collected from the students. Questions 6 to 9 of "Section C" in the questionnaire were used to get necessary information on this.

5.0 DATA ANALYSIS AND FINDINGS

Table 1: Regression Result of Model 1

Model		Unstandardized coefficients		T	Sig.	F	Prob.	R^2
		B	Std. Error			51.919	0.000	0.644
	(Constant)	.331	.046	7.189	.000			
	AUC	.345	.047	7.370	.000			
	ADC	.126	.045	2.794	.006			
	INA	.203	.047	4.286	.000			
	QUC	.454	.065	7.027	.000			

Source: Researcher's Field Survey

The regression result of model one reveals a multiple regression result of the independent variables on the dependent variable. The result shows that there is a positive relationship between all the independent variables and the dependent variable and this is in line with the apriori expectation. This is invariably implies that a unit increase in all the independent variables (individually) will bring a corresponding increase on the dependent.

The t-statistic revealed that all the parameters are individually significant. The R- Square of 0.644 reveals the explanatory power of independent variables; the result shows that 64.4% variation on the dependent variable is explained by all the independent variables. The F-statistic reveals that the parameter of the general model is significant at 0.000 which is less than 0.05 level significance. This implies that there also exists a joint significant effect of internal control on usage of capital grants.

The above findings confirm to assertions by IIA (2001) which states that internal control provides a foundation for accountability in the usage of capital grants in tertiary institutions. It is further argued that internal controls are designed to ensure that tertiary institutions carry out its required function effectively and efficiently, that its financial reporting is reliable and complies with Audit check, Administrative Control, Internal audit and Quality control. (Policy Belief, 2004)

Table 2: Regression Result of Model 2

Model		Unstandardized coefficients		T	Sig.	F	Prob.	R^2
		B	Std. Error			42.001	.000	0.594
	(Constant)	-.145	.041	-3.571	.001			
	AUC	.245	.041	5.906	.000			
	ADC	-.383	.040	-9.556	.000			
	INA	.107	.042	2.557	.012			
	QUC	-.327	.057	-5.727	.000			

Source: Researcher's Field Survey

The regression result of model two reveals a multiple regression result of the independent variables on the dependent variable. The result shows that there is a positive relationship between some of the independent variables and the dependent variable, except administrative control and quality control every other independent variable is in line with the apriori expectation. This invariably implies that a unit increase in the positive independent variables (individually) will bring a corresponding increase on the dependent, while on the other hand; an increase in the negatively signed variables will bring about a decrease in the dependent variable.

Based on the above, it means that a positive change in internal control will bring a corresponding increase on the financial effectiveness of tertiary institutions. This assertion is in accordance with the findings of Tumwine (2011), Brian (2013), and Abraham (2013) that there is a significant and positive relationship between internal control and financial effectiveness of tertiary institutions. However, the result above is contrary to the findings of Ejoh and Ejom (2014) that states that there is no significant relationship between internal control activities and financial performance of Cross River State College of Education.

6.0 CONCLUSION AND RECOMMENDATIONS

Sequel to the findings above, it is discovered that tertiary institutions have continued to register financial mismanagement even when there are guidelines for the utilisation of funds. There is however, continued poor financial effectiveness, where usage of capital grants, usage of accumulated surplus, usage of recurrent subventions and usage of revenue from fees are not properly utilised and rules and regulations on the use of all these sources of finance are not adhered to and there is massive unaccounted funds, uncompleted projects and deterioration of plants and equipment as a result of misuse of finance facing the system. Most respondents were of the view that there was a relationship between internal control and financial effectiveness. The financial effectiveness of a tertiary institution can be measured by the standard or the effectiveness of the internal control system.

Based on this, the study concludes that internal control has a significant positive relationship to financial effectiveness in tertiary institutions. This implies that the usage of capital grants, usage of accumulated surplus, usage of recurrent subvention and usage of revenue from fees cannot yield any good result without efficient internal control.

Also, it is concluded in the study that the institutions that had entrenched prudent internal control strategies were most likely to manage their finances better hence meeting their financial and other pertinent obligations almost seamlessly.

As a result of the above, this study recommends that:

- Disbursement of grants and subvention to tertiary institutions should be done as stipulated in the National Policy on Education.
- There should be proper check and balances for all tertiary institutions' financial transactions.
- At least one member of the tertiary institutions' Governing Council should be a financial expert.
- Tertiary institutions should review their financial statements periodically and ensure that finance is used for the purpose in which they are meant for.

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