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Impact of internal audit on financial management with reference to college of education Oju, Benue State, Nigeria

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Abstract: This study investigates the impact of internal audit systems on key financial variables at the College of Education Oju, Nigeria, specifically focusing on accountability and prudence, compliance with financial regulations, and revenue and expenditure control. The study employs a descriptive survey design, using a total population of 54, with 51 valid responses. A structured questionnaire was used as the primary data collection instrument, and the data were analyzed using linear regression analysis. The study found a significant positive relationship between internal audit and accountability and prudence, compliance with financial regulations, and revenue and expenditure control. Moreover, the effects were ranked as follows: accountability and prudence ranked first, demonstrating the strongest impact, followed by compliance with financial regulations, and lastly, revenue and expenditure control, which showed the weakest effect. These results highlight the crucial role of internal audits in enhancing financial governance, ensuring regulatory compliance, and improving resource management. Based on these findings, the study recommends implementing audit software for real-time tracking, collaborating with external oversight bodies and regular training of auditors, these actions are expected to enhance financial transparency, reduce mismanagement, and improve the overall financial performance of the institution.

Keywords: Internal audit, accountability and prudence, compliance with financial regulations, revenue and expenditure control, college of education Oju.

1. Introduction

1.1 Background to the Study

The College of Education Oju, established by the Benue State government, is a vital institution dedicated to producing professional teachers equipped with the knowledge and skills to drive Nigeria's education sector. Central to its governance and operational structure is the internal audit function, which provides management with assurances about the effectiveness of financial controls and ensures the reliability of organizational operations. Internal audits are indispensable in today's public sector, where the demand for transparency and accountability has increased significantly due to globalization and pressure for improved service delivery [1].

As an ongoing appraisal mechanism, internal audits evaluate compliance, risk management, and financial control practices, thus ensuring efficient resource utilization. These evaluations not only address financial issues but also influence broader institutional goals such as quality education delivery. In higher education institutions like the College of Education Oju, internal audits play a crucial role in fostering a culture of accountability and in aligning financial practices with organizational goals. This aligns with broader public sector priorities, where effective governance mechanisms are essential to improving resource allocation and institutional performance [2].

1.2 Problem Statement/Justification

The prevalence of financial mismanagement in higher education institutions across Nigeria, including the College of Education Oju, poses a significant threat to the achievement of their mandates. Inefficiencies in resource allocation, corruption, and poor compliance with financial regulations have eroded the capacity of these institutions to meet their objectives, particularly in delivering quality education. Although internal control systems are in place, they often fail to address these challenges adequately, raising questions about their effectiveness. At the College of Education Oju, a robust internal audit system could provide the oversight needed to mitigate resource wastage, inefficiencies, and financial mismanagement. This study, therefore, investigates how internal audits influence financial management by examining their impact on revenue and expenditure control, compliance with financial regulations, and accountability.

1.3 Objective(s) of the Study

The main objective of this study is to evaluate the impact of internal audit on financial management with reference to College of Education Oju, Benue State. Specifically, the study seeks to:

i. To determine the impact of internal audit on accountability and prudence in College of Education, Oju
ii. To determine the impact of internal audit on system compliance with financial regulation or system adherence to office stipulated procedures in College of Education, Oju
iii. Assess the impact of internal audit on revenue and expenditure control in College of Education, Oju.

2. Literature Review

Literature review in this study is done on the basis of conceptual framework, empirical review and theoretical framework.

2.1 Conceptual Framework

Under this section major concepts of the study are discussed.

2.1.1 Concept of Internal Audit

Internal audit is a structured, independent evaluation of an organization's operations aimed at adding value, improving performance, and ensuring the effectiveness of control systems. The Institute of Internal Auditors [3] defines internal auditing as an independent, objective assurance and consulting activity designed to improve governance, risk management, and control processes. Reference [4] emphasizes that internal audits provide managerial oversight by measuring and evaluating the effectiveness of internal controls and identifying areas of potential improvement. Similarly, Reference [5] describes internal audits as an ongoing appraisal function that supports organizational goals by ensuring operational and financial accountability.

In the context of tertiary education, internal audits serve as a mechanism for evaluating compliance with regulations, ensuring proper revenue management, and promoting accountability. At the College of Education Oju, internal audits focus on three critical areas: revenue and expenditure control, compliance with financial regulations, and accountability. Revenue and expenditure control ensures that resources are allocated efficiently and in alignment with the institution's budget. Compliance involves adherence to financial regulations to avoid legal violations and maintain operational integrity. Finally, accountability ensures that all stakeholders are responsible for their financial decisions and actions, promoting transparency and trust within the institution.

2.1.2 Concept of Financial Management

Financial management involves the planning, organizing, controlling, and monitoring of financial resources to achieve organizational goals effectively. Reference [6] describe financial management as the structured allocation and utilization of resources to meet both micro and macroeconomic objectives. Reference [7] highlights its role in fostering fiscal discipline and ensuring resources are allocated in a cost-effective manner. Reference [8] emphasize that financial management underpins an organization's sustainability by aligning expenditures with strategic priorities and long-term goals.

In the educational sector, financial management plays a pivotal role in maintaining fiscal stability and enhancing institutional performance. At the College of Education Oju, effective financial management ensures that resources are used to support educational infrastructure, faculty development, and student services. This study uses three measures to evaluate financial management:

Revenue and expenditure control focuses on the balance between income and expenses to ensure that resources are allocated appropriately and financial wastage is minimized [1]. Compliance with financial regulations involves adherence to statutory requirements and institutional policies to avoid legal penalties and reputational damage [2]. Accountability measures the extent to which stakeholders justify and report financial decisions, promoting transparency and enabling effective monitoring by internal audits [9].

2.1.3 Internal Auditing and Accountability in use of Funds

Recent studies emphasize the critical role of internal auditing in promoting accountability and prudent financial practices. Reference [1] demonstrated that effective internal audits, marked by independence and competence, significantly reduce corruption and foster institutional accountability. Similarly, Reference [2] highlighted that robust internal audit systems enhance transparency, a key component of accountability, in tertiary institutions.

Reference [10] explored the role of internal auditing in Nigerian public sector organizations, finding that effective audits improve accountability by detecting irregularities and enforcing financial discipline. Reference [11] confirmed that internal audits are instrumental in mitigating risks of misappropriation, thus ensuring prudence in resource allocation. More recently, Reference [12] argued that internal audits enhance organizational trust by ensuring that financial transactions are transparent and in line with institutional goals. Finally, Reference [13] found that accountability frameworks supported by internal audits directly improve decision-making and ethical standards in educational institutions.

Despite these findings, most studies focus on broad accountability frameworks without addressing the nuanced impact of internal audits on prudence, particularly in state-funded institutions. This research seeks to bridge this gap by analyzing how internal audits enhance both accountability and prudent resource management at the College of Education Oju. Hence the null hypothesis:

$H0_1$: *Internal audit does not significantly affect accountability and prudence in financial management at the College of Education Oju.*

2.1.4 Internal Auditing and Compliance with Financial Regulations and Procedures

Internal auditing is a critical tool for ensuring adherence to financial regulations. Reference [9] emphasized its role in enforcing compliance with regulatory frameworks, while Reference [2] demonstrated that effective audits promote adherence to financial standards in public tertiary institutions. More recently, Reference [14] examined the link between internal audits and compliance with the Public Procurement Act in Nigerian universities, finding a positive relationship. Reference [4] identified internal audits as key in preventing regulatory violations and ensuring that institutional policies align with national financial guidelines. Reference [15] highlighted that frequent audits reduce the risk of non-compliance, especially in procurement and expenditure processes. In a global context, Reference [13] explored compliance in higher education institutions and found that effective internal audits ensure adherence to international financial reporting standards. Lastly, Reference [16] affirmed that internal audits in public institutions reinforce regulatory compliance through enhanced monitoring and evaluation mechanisms.

These studies collectively underline the significance of internal audits in regulatory adherence but often lack context-specific analyses for state-funded institutions like the College of Education Oju. This study aims to fill this gap by evaluating how internal audits ensure compliance with financial regulations specific to such institutions. Hence this study proposes that:

$H0_2$: *Internal audit does not significantly influence compliance with financial regulations at the College of Education Oju.*

2.1.5 Internal Auditing and Control of Revenue and Expenditure

Revenue and expenditure control remains a key area influenced by internal audits. Reference [4] highlighted the importance of internal audits in preventing revenue leakages and ensuring that expenditures align with budgetary provisions. Reference [17] demonstrated that robust internal controls are directly linked to prudent financial management. More recently, Reference [18] found that internal auditing strengthens expenditure monitoring in Nigerian educational institutions. Reference [19] examined how internal audits in state-funded colleges ensure alignment between budgets and actual expenditures, reducing wastage. Reference [20] identified internal audits as a primary mechanism for detecting and addressing inefficiencies in revenue collection systems. In addition, Reference [21] argued that revenue management significantly improves when internal audit recommendations are systematically implemented. Lastly, Reference [22] found that internal audits enhance financial control by ensuring that expenditures are directed toward institutional priorities.

Although these studies demonstrate the effectiveness of internal audits in revenue and expenditure control, they often overlook external factors, such as funding volatility, which also influence financial outcomes. The current research explores these dynamics in the context of the College of Education Oju, focusing on how internal audits improve financial discipline and mitigate external risks. In the wake of these, this study proposes that:

$H0_3$: *Internal audit has no significant impact on revenue and expenditure control in College of Education, Oju*.

2.2 Empirical Studies

This section reviews previous studies conducted by other researchers that are related to topic.

Reference [1] analyzed the impact of internal audit quality on mitigating corruption in Nigeria's public sector, using a sample of 160 internal auditors in Lagos State. Findings revealed that internal audit quality, characterized by auditor independence, competence, and integrity, significantly reduces corruption. While the study emphasized legislative support for auditor independence, it was limited to a single state, excluding broader regional and organizational contexts. This gap creates an opportunity for the current research to examine the role of internal auditing in a more localized context, such as a specific tertiary institution, and explore additional outcomes like accountability and financial prudence.

Reference [2] assessed how internal audit quality affects the performance of public tertiary institutions in Osun State, Nigeria. With data from 72 staff members, it found a strong correlation between audit quality and institutional efficiency. The research emphasized the role of internal audits in enhancing service delivery but did not address specific financial variables like revenue control or adherence to regulations. This omission leaves room for the present study to delve into these specific financial aspects within a comparable educational setting.

Reference [9] investigated the influence of internal audit quality on organizational performance across 40 federal universities in Nigeria. They highlighted how factors like audit independence, size, and top management support enhance effectiveness. However, the study focused on broad institutional outcomes without isolating specific financial management elements. Additionally, the reliance on federally funded universities limits the generalizability to state-owned institutions like the College of Education Oju. This gap justifies the need to study financial management variables in a more localized and state-funded educational institution.

Reference [23] explored internal audit efficiency in four municipalities in South Africa's Vhembe District. It revealed challenges such as inadequate resources, absence of quality assurance, and low professional prestige of auditors. While these findings are critical, the study's municipal focus neglects the unique dynamics of educational institutions. The current research addresses this gap by investigating internal auditing's impact within a college context, particularly on financial governance variables like compliance with regulations and expenditure control.

Reference [17] examined internal control systems in universities across South-West Nigeria, identifying a strong link between internal controls and prudent resource management. However, the study's general focus on internal controls lacked specific emphasis on internal auditing as a distinct mechanism. Furthermore, it did not evaluate regulatory compliance or accountability comprehensively. The present study builds on this by isolating internal auditing and exploring its impact on these critical financial dimensions.

Reference [24] investigated internal auditing's influence on revenue generation in Doma Local Government, Nasarawa State. Findings showed that effective auditing reduces revenue leakages, but the study was narrowly focused on revenue collection, omitting other financial management variables like accountability or regulatory compliance. Moreover, its local government setting limits its applicability to educational institutions. The current research fills this gap by broadening the scope to include accountability, compliance, and expenditure control within an academic institution.

Reference [25] examined internal auditing's role in revenue collection in Katsina-Ala Local Government. The study highlighted the significance of regular audits but was confined to revenue processes, excluding other critical financial governance aspects like adherence to regulations and financial prudence. Additionally, it used basic statistical tools that limit the robustness of its conclusions. The current study addresses these limitations by adopting advanced analytical techniques and expanding the scope to cover additional financial variables.

Reference [26] focused on the relationship between internal auditing and transparency in fund utilization in Gboko Local Government. It established a significant link between the two but did not explore the mechanisms through which auditing enhances transparency. Additionally, its focus on local government settings leaves room for investigation in educational institutions. This study contributes by analyzing not only transparency but also how auditing affects accountability, compliance, and financial control in a tertiary institution.

Reference [27] explored internal auditing's effect on accountability in Gboko Local Government, finding that it significantly enhances responsible fund management. However, the study was limited to a single financial variable and did not consider compliance or expenditure control. Furthermore, it relied on t-tests for hypothesis testing, which may not capture the complexity of the relationships between variables. The current study fills this gap by employing more robust statistical methods and addressing a broader range of financial management variables.

2.3 Theoretical Framework

By integrating Agency and System theories, this study highlights the dual role of internal audits in addressing conflicts of interest and fostering collaboration across organizational subsystems. These theoretical frameworks provide a comprehensive understanding of how internal audits influence financial management at the College of Education Oju, Benue state.

2.3.1 Agency Theory

Agency theory, developed by [28], explores the relationship between principals (owners) and agents (managers) in an organization. The theory assumes that agents may act in self-interest, which can diverge from the principals' goals. Consequently, mechanisms like audits are necessary to align managerial actions with organizational objectives. Internal audits reduce information asymmetry, monitor financial activities, and ensure accountability within organizations.

The theory is anchored on key assumptions, including the idea that agents may prioritize personal benefits over organizational goals unless monitored. It assumes that conflicts of interest naturally arise due to differing priorities and that governance mechanisms like internal audits can mitigate these conflicts. A significant strength of the theory is its relevance to financial governance, as it explains the role of internal audits in reducing fraud and ensuring accountability. However, a limitation lies in its assumption that monitoring alone is sufficient to align interests, often overlooking broader systemic issues like institutional culture or resource constraints.

In this study, agency theory underpins the objective of examining internal audits' impact on accountability. By acting as a monitoring tool, internal audits ensure that managers at the College of Education Oju adhere to financial policies and procedures, thereby aligning their actions with the institution's goals. The assumption that monitoring fosters accountability directly connects to the need for effective internal audit mechanisms to enhance transparency and reduce resource mismanagement.

2.3.2 System Theory

System theory, proposed by [29], views organizations as interconnected systems comprising interdependent subsystems. It assumes that changes in one part of the system can influence the entire system. The theory posits that effective collaboration among subsystems is critical for achieving overall organizational goals.

Key assumptions of system theory include the interdependence of subsystems, the need for feedback mechanisms, and the importance of adaptability in addressing environmental changes. Strength of this theory is its holistic perspective, which emphasizes the importance of collaboration and coordination across organizational units. However, it may oversimplify complex interactions and overlook the challenges of managing conflicts between subsystems.

In this study, system theory anchors the objective of evaluating internal audits' impact on revenue and expenditure control. The internal audit unit at the College of Education Oju interacts with other subsystems such as the bursary, procurement, and management departments to ensure proper financial governance. The assumption that effective collaboration enhances organizational performance aligns with the role of internal audits in streamlining financial processes and ensuring resources are allocated efficiently. Feedback from audit reports further enables continuous improvement in financial practices, demonstrating the interconnected nature of the institution's financial management system.

3. Methodology

The study used a survey research design to collect primary data on the impact of internal audit on financial management at the College of Education, Oju, Benue State. The survey approach is ideal for exploring respondents' perceptions and experiences regarding internal auditing practices. By focusing on first-hand information, this design allows for a detailed examination of the relationships between internal auditing and financial management variables without manipulating any of the study components. The population of the study comprises 38 staff members from the Audit Unit, Bursary Department, and Management Staff of the college of Education, Oju, and 16 members from audit and finance units of education ministry from the State Headquarters. Altogether, 54 members made up the population of the study. These individuals were selected because of their direct involvement in the institution's financial management processes. Due to the manageable size of the population, a total enumeration sampling technique otherwise known as census sampling was adopted. A structured questionnaire was the primary instrument, validated by experts and tested for reliability using Cronbach's alpha. Out of the 54 distributed questionnaires, 51 were successfully retrieved, representing a 94.4% response rate. Data were analyzed using descriptive statistics to summarize trends and linear regression analysis to test hypotheses at a 0.05 significance level. The study adhered to strict ethical standards to protect the rights and welfare of participants. Participation was entirely voluntary, and respondents were informed of their right to withdraw from the study at any point without any repercussions (Table 1).

Table 1. Summary of methodology.

Element	Details
Population	54 (from audit unit, bursary department, management staff of the College and ministry of education).
Sampling technique	Census sampling (Total enumeration).
Sample size	51 valid responses out of 54.
Instrument	Structured questionnaire (divided into sections on accountability, compliance, and revenue and expenditure control).
Reliability	Cronbach's Alpha (value provided through pilot testing).
Data analysis methods	Descriptive statistics and linear regression analysis.

4. Data Analysis and Interpretation

4.1 Regression Analysis

Three regression models were used to analyze data relating to the impact of the internal audit on the three measures of the dependent variable according to the three objectives of the study as presented in Tables 2-4 subsequently.

Table 2. Linear regression result for impact of internal audit on accountability and prudence.

Model			
Obs	51		
R	0.917		
R^2	0.841		
Adjusted R^2	0.822		
Std Error of the Estimate	0.348		
Durbin Watson	1.783		
Variable	Coefficient	t-value	Sig.
Constant	1.013	5.356	0.000
Internal Audit	0.759	10.107	0.000
Dependent Variable: Accountability and Prudence Source: SPSS Output Field Survey, 2024.			

The analysis of Table 2 demonstrates a very strong positive relationship between Internal Audit and Accountability and Prudence, as indicated by the R value of 0.917. This suggests that Internal Audit plays a critical role in enhancing the accountability and prudence within organizations. The R-squared value of 0.841 reveals that 84.1% of the variation in Accountability and Prudence can be explained by the presence and effectiveness of internal audits. This result highlights how integral internal audits are in ensuring that organizations adhere to best practices for accountability, maintaining transparency, and preventing misuse of resources. The Adjusted R-squared of 0.822 supports this conclusion, indicating that even when adjusted for the number of predictors, Internal Audit continues to explain a substantial portion of the variation in Accountability and Prudence.

The Standard Error of the Estimate is 0.348, suggesting that the model has a reasonably good fit with the data, with minimal deviation from the observed values. Additionally, the Durbin-Watson statistic of 1.783 falls within the acceptable range of 1.5 to 2.5, indicating that there is no significant autocorrelation in the residuals, which suggests that the model is well-specified and the errors are independent of each other. Looking at the coefficients, the Constant value of 1.013

indicates that even in the absence of Internal Audit, there would still be a baseline level of Accountability and Prudence, though this value is low, reflecting the importance of internal audits in driving accountability. The coefficient for Internal Audit is 0.759, which shows that for every 1-unit increase in the strength or effectiveness of Internal Audit, Accountability and Prudence increases by 0.759 units. This indicates a strong and significant relationship between internal audits and improved financial management practices, making internal audit functions crucial for organizational accountability. The overall implication of these findings is clear: internal audits are essential for ensuring financial accountability and transparency. Organizations looking to improve their financial practices should focus on enhancing their internal audit functions. This would not only contribute to better governance but also reduce the risks associated with financial mismanagement.

Table 3. Linear regression result for impact of internal audit on compliance with financial regulations.

Model			
Obs	51		
R	0.873		
R^2	0.761		
Adjusted R^2	0.738		
Std Error of the Estimate	0.404		
Durbin Watson	1.792		
Variable	Coefficient	t-value	Sig.
Constant	1.597	7.228	0.050
Internal Audit	0.617	5.886	0.000
Dependent Variable: Compliance with Financial Regulations Source: SPSS Output Field Survey, 2024.			

The result in Table 3, which examines the impact of Internal Audit on Compliance with Financial Regulations, the R value of 0.873 reflects a strong positive relationship. This suggests that internal audits significantly influence the degree to which an organization complies with financial regulations. The R-squared value of 0.761 indicates that 76.1% of the variation in compliance with financial regulations can be explained by the internal audit process. This reinforces the idea that a well-functioning internal audit system is key to ensuring adherence to legal and regulatory financial standards. The Adjusted R-squared of 0.738 further affirms the strength of this relationship, even after accounting for the model's complexity.

The Standard Error of the Estimate is 0.404, which indicates some level of deviation between the predicted and observed values, but it is still within an acceptable range. The Durbin-Watson statistic of 1.792 also suggests that there is no significant autocorrelation in the model, meaning that the residuals are independent and that the model is appropriately specified. The Constant value of 1.597 shows that in the absence of internal audits, the baseline level of Compliance with Financial Regulations would still be relatively high. However, the coefficient for Internal Audit of 0.617 means that for each 1-unit increase in the effectiveness of Internal Audit, compliance with financial regulations improves by 0.617 units. This highlights the crucial role internal audits play in ensuring that organizations adhere to necessary financial regulations and minimize the risks of legal and regulatory violations. The implications of these findings are significant for organizations. Internal audits not only enhance accountability but are also vital in ensuring regulatory compliance. This finding suggests that strengthening internal audit mechanisms can directly contribute to better compliance with financial regulations, reducing the likelihood of violations, penalties, and reputational damage.

Table 4. Linear regression result for impact of internal audit on revenue and expenditure control.

Model			
Obs	51		
R	0.809		
R^2	0.654		
Adjusted R^2	0.627		
Std Error of the Estimate	0.502		
Durbin Watson	1.786		
Variable	Coefficient	t-value	Sig.
Constant	1.721	6.993	0.080
Internal Audit	0.583	4.291	0.000
Dependent Variable: Revenue and Expenditure Control Source: SPSS Output Field Survey, 2024.			

For Table 4, which explores the relationship between Internal Audit and Revenue and Expenditure Control, the R value of 0.809 indicates a strong positive correlation. This suggests that Internal Audit contributes significantly to better control of revenue and expenditure within an organization. The R-squared value of 0.654 reveals that 65.4% of the variation in Revenue and Expenditure Control is explained by the internal audit process. While this is slightly lower than in the other models, it still represents a significant proportion of the variance. The Adjusted R-squared of 0.627 further reinforces the significance of internal audit, even when accounting for the number of predictors in the model.

The Standard Error of the Estimate is 0.502, which indicates that the predictions have a slightly higher level of deviation compared to the other models, suggesting that there may be additional factors influencing revenue and expenditure control beyond internal audit. However, the Durbin-Watson statistic of 1.786 indicates that the model is well-specified, and there is no autocorrelation in the residuals. The Constant value of 1.721 suggests that in the absence of internal audits, there would still be a baseline level of Revenue and Expenditure Control, although this baseline is lower than in the previous models. The Internal Audit coefficient of 0.583 shows that for every 1-unit increase in Internal Audit, Revenue and Expenditure Control increases by 0.583 units. This indicates that while internal audits do influence the effectiveness of revenue and expenditure control, other factors may also play a role in financial management. The overall Implications of these findings suggest that while Internal Audit plays an important role in ensuring effective control over revenue and expenditure, its impact is somewhat less pronounced compared to its effect on accountability and regulatory compliance. Organizations should focus on strengthening internal audit processes as part of a broader financial control strategy. However, it is also important to consider other factors, such as budgeting systems, external audits, and financial forecasting, which may also contribute to improved revenue and expenditure management.

Across all three models, the consistent finding is that Internal Audit has a strong and significant effect on various aspects of financial management, including Accountability and Prudence, Compliance with Financial Regulations, and Revenue and Expenditure Control. The high R-squared values in Models 1 and 2 underscore the central role of internal audits in promoting accountability and ensuring compliance, while the slightly lower R-squared value in Model 3 suggests that while internal audits are important, additional factors also contribute to effective financial control. The overall implications for organizations are clear: strengthening internal audit functions can lead to improved financial practices, better compliance with regulations, and more effective revenue and expenditure management. These findings emphasize the importance of regular, thorough internal audits as part of an organization's governance and financial management framework, ensuring that public and private sector organizations remain transparent, accountable, and compliant with relevant financial regulations.

4.2 Test of Hypotheses

The tests of hypotheses for each of the three models were conducted to evaluate the significance of Internal Audit on the measures of financial management (Accountability and Prudence, Compliance with Financial Regulations, and Revenue and Expenditure Control). The key statistics used to assess significance were the t-statistics and the *p*-values for the coefficients of Internal Audit in each model. The following discussion presents the detailed results, including their implications, and ranks the order of the effect of Internal Audit on the financial management measures based on the context of this study.

Hypothesis 1*: Internal audit has no significant impact on accountability and prudence in College of Education, Oju*.

The hypothesis test for Accountability and Prudence as presented in Table 2 revealed a t-statistic of 10.107 and a *p*-value of 0.000. This result is significant at the 5% level, meaning that we can confidently reject the null hypothesis (which stated that there is no effect of internal audit on accountability and prudence) and accept the alternative hypothesis (which states that there is a significant effect of internal audit on accountability and prudence) in the management of finances in College of Education Oju, Benue State. This suggests a strong positive relationship between Internal Audit and Accountability and Prudence, highlighting that internal audits play a key role in ensuring financial transparency and preventing mismanagement of finances in College of Education Oju, Benue State. The implication of this result is that strengthening internal audit systems can significantly enhance accountability and prudence in financial operations. Given the importance of maintaining good governance and reducing financial mismanagement in Nigerian institutions, this result emphasizes the need for robust internal auditing practices to foster transparency and trust in financial reporting.

Hypothesis 2*: Internal audit has no significant impact on system compliance with financial regulations or adherence to stipulated procedures.*

The hypothesis test for Compliance with Financial Regulations as presented in Table 3 also yielded a t-statistic of 5.886 and a *p*-value of 0.000, which is significant at the 5% level. Thus, we reject the null hypothesis and accept the alternative hypothesis, indicating that Internal Audit has a statistically significant effect on Compliance with Financial Regulations. This result confirms that internal audits are critical in ensuring adherence to financial regulations such as the Financial Reporting Council (FRC) rules and the Public Procurement Act. The result implies that internal audits are essential for organizations in Nigeria to stay compliant with regulatory frameworks. Effective internal audits help prevent non-compliance issues, which can lead to legal penalties and reputational damage. Strengthening the internal audit function is thus vital for mitigating the risk of violating financial regulations and ensuring that institutions adhere to established laws and procedures.

Hypothesis 3*: Internal audit has no significant impact on revenue and expenditure control in College of Education, Oju*.

For Revenue and Expenditure Control, Table 4 which explains the hypothesis test produced a t-statistic of 4.291 and a *p*-value of 0.000, which is again significant at the 5% level. As with the previous models, we reject the null hypothesis and accept the alternative hypothesis, indicating that Internal Audit significantly influences Revenue and Expenditure Control. Although this effect is positive and significant, it is weaker compared to the effects observed in the previous two models. This suggests that internal audit plays a role in controlling financial flows, but there are other external factors (e.g., government funding, economic conditions) that also influence revenue and expenditure control. The finding implies that while internal audits are important for monitoring and managing revenues and expenditures, their effect is somewhat limited by external economic factors that may affect the financial position of an institution. Nonetheless, strengthening internal audits can still contribute to reducing financial leakages and ensuring that revenues and expenditures are aligned with budgetary expectations.

Based on the results of the hypotheses tests, Accountability and Prudence ranked first due to the strong and statistically significant positive relationship between internal audit and the ability of College of Education Oju, Benue State to maintain financial transparency and prevent mismanagement. This finding is especially crucial in the Nigerian context, where there have been historical issues with corruption and financial mismanagement in both the public and private sectors. Internal audit systems play a central role in holding institutions accountable for their financial actions, which is why its effect on accountability and prudence is the most significant. Compliance with Financial Regulations ranked second. While internal audits also have a significant impact on ensuring adherence to financial regulations, this effect is not as pronounced as on accountability. This is likely because, while internal audits help ensure compliance, the broader institutional culture, awareness programs, and enforcement mechanisms also play a significant role in maintaining regulatory compliance. Therefore, while internal audit contributes significantly to compliance, it is not the sole determinant. Revenue and Expenditure Control ranked third. While internal audits help monitor and control financial flows, their effect is more moderate compared to the other measures, primarily due to external factors such as government funding and economic conditions, which can also influence revenue and expenditure control. The control of revenues and expenditures requires a more comprehensive approach involving budgeting, forecasting, and strategic financial management, in addition to the support of internal audits.

5. Conclusion and Recommendations

5.1 Conclusion

This study examined the impact of internal audits on key financial variables at the College of Education Oju, focusing on accountability and prudence, compliance with financial regulations, and revenue and expenditure control. The study concludes that internal audit systems play a significant role in financial governance at the College of Education Oju. The strongest impact was observed in accountability and prudence, emphasizing their role in promoting transparency and deterring mismanagement. Compliance with financial regulations was moderately influenced, while revenue and expenditure control showed a weaker effect, suggesting external factors like funding volatility also play a role. Implying that strengthening internal audits and integrating them with other financial management strategies will ensure sustainable financial governance.

5.2 Theoretical Implications

The findings confirm the importance of internal audit systems as a monitoring mechanism to ensure financial accountability and compliance within institutions. Agency theory highlights the role of internal audits in addressing information asymmetry between management and stakeholders, while system theory emphasizes collaboration between subsystems for effective resource management. These theoretical frameworks suggest that well-functioning audit systems reduce fraud, promote compliance, and enhance financial efficiency.

5.3 Practical Recommendations

To improve financial governance at the College, the management of College of Education Oju should:

1. Adopt and implement audit software for real-time tracking and analysis of financial transactions.
2. Establish regular external reviews by collaborating with external oversight bodies to complement internal audits and ensure compliance.
3. Train auditors regularly by conducting workshops to enhance auditor skills in modern auditing practices.

5.4 Contribution to Knowledge

This study contributes to the body of knowledge by providing empirical evidence on the role of internal audits in improving financial governance at Nigerian institutions, specifically at the College of Education Oju. The findings show that internal audits are crucial for enhancing Accountability and Prudence, Compliance with Financial Regulations, and Revenue and Expenditure Control. This contribution is important as it adds to the understanding of how internal audit systems influence financial outcomes in educational institutions in Nigeria. The study also offers insights into how internal audit functions can be enhanced to achieve better financial outcomes. The findings demonstrate that while internal audits are a critical component of financial governance, they need to be supported by other mechanisms, such as robust financial management systems and external oversight, to achieve optimal financial results.

5.5 Suggestions for Future Studies

While this study offers valuable insights, future research could explore several avenues to build on these findings:

1. Investigate the influence of external factors, such as government policies and economic conditions, on the effectiveness of internal audits.
2. Conduct comparative studies of internal audit impacts between public and private educational institutions in Nigeria.
3. Explore how technology adoption, such as automated auditing systems, enhances audit efficiency and outcomes.

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