

**PERCEPTIONS OF PREPAYMENT VOUCHER AUDIT AS DECISION-MAKING
TOOL FOR PREPAYMENT AUDIT INTERNAL CONTROL**

AJIBARE Zainab Olaide

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CERTIFICATION

This Research Project titled ‘**PERCEPTION OF PREPAYMENT VOUCHER AUDIT AS DECISION MAKING TOOLS FOR PREPAYMENT AUDIT INTRNAL CONTROL.**’ by Ajibare Zainab Olaide meets the regulations governing the award of the degree of Bachelor of Science of Thomas Adewumi University and is approved for its contribution to knowledge and literal presentation.

Supervisor

Mr. O. B Oyelakun

Department of Accounting and Finance

Thomas Adewumi University

Oko-Irese, Nigeria.

DATE

External Examiner

Professor G.T Akinleye

(B.Sc, M.Sc, Phd, CNA, FCTI)

Department of Accounting

Ekiti State University,

Ado-Ekiti, Nigeria.

DATE

DEDICATION

I dedicate this research project to God Almighty, the one who gave me wisdom, strength and courage to begin this journey and to finish it strong. Without His grace and guidance, I wouldn't have been able to make this far. Through every challenge, sweet moments, sad moments and moment of doubt, God remained my constant help. I am truly grateful.

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ATTESTATION

I hereby attest that the research work was carried out in the Department of Accounting and Finance.

Ag. Head of Department

DR. O.O. Olayemi

(B.Tech, M.Tech, MBA, Phd)

Department of Accounting and Finance

Thomas Adewumi University

OKO-Irese, Nigeria.

Date

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ABSTRACT

This study analyzed the perceptions of prepayment voucher audit as decision making tools for prepayment audit internal control. Likewise, the study uncovered some typical issues that limit full efficacy of prepayment voucher audit which includes; poor documentation processes, lack of standard procedures, time constraints, and discrepancies between book of account and supporting documents. The methodology adopted was survey design to collect primary data using a semi-structured questionnaire. The technique used was purposive sampling technique in which the researcher selects those to fill the questionnaire in both internal audit and account from the Financial Service Department at Landmark University. Data was analyzed using Software Package. The study found that prepayment voucher audits are viewed as very effective instruments of internal control, particularly in anti-fraud purposes and financial correctness. The conclusions of this study show that prepayment voucher audits are widely perceived by financial personnel as essential mechanisms for enhancing internal control in a university environment. This study recommends that, Landmark University should establish clear, uniform procedures for processing and auditing prepayment vouchers across all department, provide regular training on audit practices, internal controls, and financial compliance for relevant staff.

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CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The history of auditing and accounting dates back to ancient civilizations, when there was a need for keeping records and being accountable in the management of resources. From historical documentation, there existed accounting practices as early as 8500 BC, and the double-entry bookkeeping habit was already in practice by 1397 among the Medici family of Florence, Italy. Ancient records such as the Zenon Papyri in Egypt already documented audit procedures around 2500 years ago. The Greek and Roman civilizations also placed significance on responsibility, with mentions of accountants and audit activities in their works. Internal auditing practice has its roots in England as early as the 1700s, while external auditing became prominent after cases of financial scandals like the South Sea Bubble in the 18th century that were discovered to highlight the significance of independent confirmation of financial statements. Consequently, the British Companies Act of 1844 required audits, leading to the creation of professional accounting bodies such as the Institute of Chartered Accountants (Abomaye-Nimenibo et al., 2021).

Today, in the modern era, auditing goes beyond statutory compliance to include internal controls and management decision-making. Internal auditing, in particular, plays a role in closing accountability gaps and ensuring efficient use of resources in organizations. The Institute of Internal Auditors (IIA) defines internal audit as an independent assurance and consulting function that is designed to add value and improve organizational operations. Internal audit functions in public organizations are tools to guarantee transparency, accountability, and fraud prevention (Nadirisyah et al., 2024). Such functions play a critical role

in developing economies where weak governance structures and corruption tend to erode development results.

No greater role can be envisioned here for the internal auditors. Auditors are required to scrutinize vouchers, receipts, and supporting documents thoroughly before payment so that the financial rules are followed and proper documentation is done. Studies indicate that where prepayment audit is implemented, organizations can detect anomalies on time, enhance internal control, and prevent financial loss (Soare, Ion, & Munteanu, 2025). The auditor's qualities—such as competence, independence, and professional skepticism—are also determinants of the effectiveness of prepayment audits in guaranteeing protection of the public resources. This underscores the need for governments and development partners to adopt proactive internal audit arrangements, particularly in the field of prepayments.

In addition, technological innovation brought automation of finance processes into existence, and this has a direct bearing on the effectiveness of audit procedures. Automated financial systems enhance the speed and accuracy of decision-making as well as minimize manipulation and human errors. Still, research emphasizes that automation needs to be accompanied by professional expertise, ethical responsibility, and obligation to ensure the best results. For instance, Korhonen et al. (2021) note that automation tools can increase efficiency but will not replace auditors' analytical and consulting roles. Synergistic to this, Lee et al. (2021) also cautions against fragmentation and misuse of accounting data when there is no proper supervision.

Thus, the perception of prepayment voucher audit as an instrument of decision-making for internal control becomes a matter of research interest. This research is timely and relevant in the sense that it attempts to determine how effective prepayment auditing can increase financial

responsibility, mitigate risks of fraud and misappropriation, and improve the performance of public sector projects in Nigeria. By examining the understanding of stakeholders, the study contributes to furthering arguments on strengthening internal controls, promoting governance, and ensuring that public resources, which are scarce, are employed for their purposes.

Robust internal control systems for small and medium enterprises (SMEs) are vital ingredients in any successful financial management system with a view of combating staff fraud (DeZoort & Harrison, 2018; Elbayoumi et al., 2019; Lisowsky & Minnis, 2020). It ensures the integrity of finances and is fundamental for their effective running in a very competitive market (Anindya & Adhariani, 2019; Lisowsky & Minnis, 2020). One of the reasons why combating fraud is a necessity is to guard against the possible financial implications that may arise from it. Employee fraud, as defined here as any theft or embezzlement scheme, can really drain small and medium-sized enterprises financially (Nakitende et al., 2024; Kazemian et al., 2019). In addition to this, acts of fraud such as falsifying financial statements can result in misleading information to stakeholders as regards an organization, lack of confidence among investors, and the negative reputation of the firm (Nawawi & Salin, 2018; Baker et al., 2020; Bellucci et al., 2019; Brown et al., 2020; Trevino & Nelson, 2021; Trigg, 2020). The Association of Certified Fraud Examiners (ACFE) emphasizes that small businesses are quite fiscally vulnerable, and it reflects a lot of losses in the face of poor fraud prevention measures (Oloko, 2024).

This study, therefore, seeks to explore perceptions of prepayment voucher audit as a critical decision-making tool under the wide-ranging framework of prepayment audit internal control, especially in the area of ensuring accountability and prevention of financial irregularities within the financial services department of a private company.

1.2 Statement of the problem

One of the primary problems in managing public sector finances in Nigeria is the weak perception of prepayment voucher audits as a potent control mechanism. In theory, prepayment audits exist to prevent fraudulent claims and to verify conduct in accordance with financial regulations, but in people's minds, they are more of a procedural matter than an actual decision on key strategic issues (Ozor et al., 2021). This perception inevitably led to situations where fraudulent and/or exaggerated claims would be approved, thus weakening governmental accountability in terms of expenditures. So, money does leak from the system while kicking away confidence in internal control systems. Auditing practices have been researched by some, such as Ewa & Udoayang (2012); very few have addressed how perceptions of prepayment voucher audits affect their efficacy, thereby leaving a gap in understanding how they weigh in upon decision-making.

Furthermore, the problem is compounded by inadequate staff capacity, lack of technological integration, and bureaucratic bottlenecks, which limit the timeliness and thoroughness of prepayment audits (Okere et al., 2020). When prepayment voucher audits are delayed or treated as mere paperwork, decision-makers are deprived of reliable financial intelligence, leading to misallocation of resources and poor fiscal discipline. The consequence is not only the perpetuation of inefficiencies but also the erosion of transparency and accountability in public sector expenditure. While prior research has considered the general effectiveness of internal control mechanisms in Nigeria, very few studies have isolated the specific role of prepayment voucher audits in supporting management decisions, creating a critical gap for investigation.

Another dimension of the problem is the perception among employees that prepayment voucher audits are punitive rather than supportive in financial governance (Olowolaju, 2019). This perception often results in resistance, incomplete documentation, or deliberate

concealment of information, which undermines the effectiveness of audit procedures. The consequence is that internal controls become reactive rather than proactive, detecting errors after they occur instead of preventing them beforehand. Existing literature, such as Okezie and Okafor (2014), has explored internal auditing broadly, but there remains a gap in empirical studies that address the behavioral and perceptual aspects of voucher audits in shaping decision-making outcomes within organizations.

In an era where digitization and advanced audit tools are transforming internal control globally, Nigerian public sector auditing is still largely paper-based and manual (World Bank, 2022). This technological lag worsens the problem of inefficiency and weakens audit effectiveness, as voucher verification takes longer and is more prone to manipulation. The consequence is that prepayment voucher audits fail to provide timely data for managerial decision-making, reducing their relevance in strategic planning. Despite global evidence on the role of automation in strengthening prepayment audits, few Nigerian-based studies have explored how the digital transformation of voucher audits could improve perceptions and enhance their role as decision-making tools. This knowledge gap justifies the present study

1.3 Research Questions

The following are research questions for the study;

- i. What is the perceived effectiveness of prepayment voucher audit in enhancing internal control?
- ii. What challenges do auditors and accounting people face when prepayment voucher audit is being used?
- iii. To what degree does a prepayment voucher audit influence financial decision?
- iv. How do perceived prepayment voucher audits serve as an internal control decision-making tool?

1.4 Objectives of the Study

The primary objective of the study is to examine the perception of prepayment voucher audit as decision making tool for prepayment audit internal control. The study specifically;

- i. To assess the perceived effectiveness of prepayment voucher audit in enhancing internal control.
- ii. To identify challenges encountered while using prepayment voucher audit.
- iii. To examine the impact of prepayment voucher audit on financial decision-making.
- iv. To investigate perceptions of prepayment voucher audit as a decision-making tool for internal control.

1.5 Significance of the Study

This study is significant as it provides valuable insights into the perceptions of prepayment voucher audits as an effective decision-making tool for strengthening internal control. In most organizations, especially in the public sector and financial institutions, prepayment audit serves as a critical process in verifying the authenticity and appropriateness of transactions before funds are released. However, the effectiveness of this system often depends on how stakeholders perceive its usefulness in guiding managerial and financial decisions. By exploring these perceptions, the study contributes to a clearer understanding of how prepayment voucher audits can reduce financial irregularities, ensure accountability, and enhance organizational transparency.

Furthermore, the findings of this research will be beneficial to management and policymakers who rely heavily on accurate financial information for decision-making. An improved understanding of prepayment voucher audit as a control mechanism will enable them to design more effective internal control systems that not only safeguard organizational resources but also promote efficiency in the allocation of funds. Internal auditors and finance officers will

equally benefit, as the study sheds light on the practical challenges and opportunities associated with prepayment audits, thereby equipping them with better strategies for monitoring and evaluation of transactions before payments are processed.

The study will also serve employees and staff within the finance and accounts departments who are directly involved in raising and approving vouchers. By highlighting the perceptions of the audit process, the research will sensitize them to the importance of compliance with laid down procedures, which in turn minimizes the risk of fraud, misappropriation, and errors in financial documentation. In addition, it will provide valuable knowledge to audit committees and external regulators who oversee the integrity of internal control mechanisms. These groups will gain deeper insights into how prepayment audits influence organizational performance and decision-making, thereby enabling them to recommend improvements where necessary.

The study will benefit researchers, students, and academics by enriching the existing body of knowledge on internal control and decision-making tools in financial management. It will serve as a reference point for future studies on auditing practices, internal controls, and organizational accountability, particularly in developing economies where financial mismanagement remains a pressing issue. Equally, the public and stakeholders who demand transparency from organizations stand to benefit indirectly, as stronger internal control practices informed by the findings of this study can help foster trust, reduce corruption, and enhance organizational credibility.

1.6 Scope of the Study

The study investigates the perceptions of staff accountable and auditing in relation to prepayment-voucher audit functioning as a controlling instrument for decision-making on the internal control of prepayment auditing. The research predominantly focuses on the role of the prepayment-voucher audit in ensuring effective internal control measures. The perceptions of

the audit staff and account staff within the financial services department of Landmark University, Omu-Aran, Kwara State, Nigeria, are the only areas of interest to this study.

1.7 Limitations of the Study

This study essentially restricts the findings by considering only perceptions of financial services staff at Landmark University, Omu-Aran, Nigeria. The focus is narrowly limited to the study of prepayment-voucher audits as decision-making tools without other internal control aspects such as risk assessment and monitoring.

Because evaluation data from subjective staff perceptions would not be complemented by objective performance measures, possible bias was expected. Current external and temporal variations that would affect audit practices are not considered. The study results, therefore, though useful, are specific to the context and may not be felt in other financial environments. It does not cover quantitative data and direct observation that would make a more in-depth analysis possible. In essence, the research permits an isolated, perception-based view on one internal control aspect within a specific institution context.

1.8 Operational Definition of Terms

Accounting: Accounting refers to the process of systematic recording, classifying, reporting, and analyzing financial transactions and events to provide reliable and accurate financial information.

Auditing: In Latin, Auditing comes from the word "audire," which means to hear, since in earlier times, there would be auditors who would listen to officers and other authorities to certify what they said. A definition of Auditing is the official inspection and verification of the credibility of financial report.

Internal Control: Internal controls are accounting processes as well as auditing processes done by the finance department of the company, which provide the integrity of financial reporting and regulatory compliance.

Accounting Voucher: An accounting voucher would be a record that serves as a supporting document for the entries that are made in the accounting books. Vouchers are stamped as 'paid' when payment is received by the supplier.

Perception of Prepayment Voucher Audit: This is an impression on the effectiveness, efficiency, and relevance of pre-payment voucher audits as a decision-making tool for the purchase.

Decision-Making Tool: It is how much prepayment voucher audit addresses the relevance in decision-making in terms of providing information for financial decisions.

Prepayment Audit As Internal Control: Impact of prepayment voucher audits regarding internal control mechanisms effectiveness.

CHAPTER TWO

LITERATURE REVIEW

2.1 CONCEPTUAL REVIEW

2.1.1 Accounting

According to ICAN (The Institute of Chartered Accountants of Nigeria), accounting is designing and operating an efficient accounting information system to collect, record, measure, summarize, analyze, and communicate the results of financial transactions. It involves the recording, classification, and interpretation of financial information for both trading and non-trading organizations to aid in informed decision-making by users of financial information. Accounting is the systematic process of recording, classifying, analyzing, and reporting financial transactions of a person or company. It provides a clear picture of economic performance and health, enabling effective decision-making by stakeholders such as executives, investors, and regulators (Meylani, A. 2024).

Accounting refers to the routine exercise of recording, classifying, analyzing, and reporting an individual's or organization's financial transactions. Accounting provides a clear indication of economic well-being and performance and assists in making sound decisions by stakeholders such as managers, investors, and regulators (Meylani, 2024). Similarly, the International Accounting Standards Board (IASB, 2018) also states that accounting refers to the process of providing useful financial information to prospective equity investors, lenders, and other creditors to make decisions concerning the provision of resources for the entity. The Chartered Institute of Management Accountants (CIMA, 2019) also describes accounting as the science of recording, analyzing, and reporting financial information to offer

Benefits of Accounting

Accounting offers numerous benefits to individuals and organizations. One of the primary advantages is accurate financial reporting, which enables companies to prepare detailed financial reports such as the balance sheet, income statement, and cash flow statement. These reports provide a clear picture of financial health, assets, liabilities, and profitability. Accounting also enables sound decision-making by offering important information regarding business performance, trends, and risks. The second key benefit of accounting is compliance and regulation. Accounting prevents legal entanglements and penalties through compliance with tax laws and other statutory requirements. It also facilitates investors' confidence through transparent financial reporting, building credibility with investors and creditors, thereby granting access to investment and capital sources.

Additionally, accounting allows performance analysis, where businesses can evaluate their operations, identify areas to improve, and measure their progress in achieving set goals. It is carried out together with the allocation of resources since adequate financial information allows businesses to distribute resources efficiently, optimize operations, and generate maximum profits. Accounting also facilitates cost control since it helps organizations monitor and control costs, identify areas of cost-saving, and improve financial efficiency. Accounting also simplifies tax preparation, with precision in meeting tax obligations and without having to pay unnecessary penalties. Accounting is also very important in budgeting and forecasting. Through the utilization of historical financial data, firms are able to make precise projections and create effective financial plans for the future.

Finally, good accounting helps in the prevention of fraud through the maintenance of transparent and trustworthy records as well as internal controls of financial transactions. This not only safeguards assets but also promotes accountability and transparency in financial management.

Purposes of Accounting

Accounting's principal reason is the recording and summarization of financial transactions. It maintains a systematic record, categorization, and consolidation of the financial transactions of an entity or an individual, therefore creating a well-structured history of finance that can be referred to at any time. This ensures that all transactions are documented and hence form a credible source for further analysis. Accounting also serves the vital role in reporting financial information to inform decision-making. Owners, managers, investors, and creditors base their decisions on accounting information concerning business ownership, investment, and financing. By reporting accurate and relevant financial information, accounting enables stakeholders to evaluate risk and opportunity and consequently make their decisions effectively.

Compliance and accountability are the second fundamental role. Accounting ensures companies adhere to statutory and regulatory requirements, predominantly in tax filing. It invites responsibility through transparent records of financial transactions, and compliance with required accounting principles and standards assures uniformity and reliability of reports. Besides, accounting enhances financial transparency as it gives stakeholders accessible and understandable information. Financial transparency enhances credibility and trust since the internal and external stakeholders can trust the financial situation of the organization.

Finally, accounting plays a vital role in enabling budgeting and financial planning. The accounting information that is generated is utilized in setting financial targets, preparing budgets, monitoring performance, and making adjustments where needed. Good accounting processes enable fraud prevention and detection via proper record keeping and utilizing effective internal controls, and thus safeguarding organizational assets. Ermawati (2023)

2.1.2 Auditing

Auditing is defined by the American Accounting Association (AAA) as a systematic process of objectively obtaining and evaluating evidence regarding assertions about economic actions and events to ascertain the degree of correspondence between those assertions and established criteria and communicating the result to intended users. This definition is widely accepted as it describes what auditing entails as well as what the auditor does. Auditing is a planned, logical and scientific activity (systematic process); it involves the auditor gathering and evaluating evidence on the representations made by management (assertions) with regard to elements of financial statements (economic actions and events). The auditor compares the evidences he has gathered and evaluated and the accepted accounting practices to know if they are in agreement to enable him express an opinion (Adeniji,2012). The auditor then communicates the outcome of his examination, evidence gathering and evaluation and comparison to users through his audit report.

R.K Moutz, defined auditing as an independent examination of the accounting books and the relative documentary evidence so that an auditor may be able to find out the accuracy of figures and may be able to make report on the balance sheet and other financial statements which have been prepared from there. We can therefore extract the facts listed below in connection to audit:

1. Checking of books of accounts and documents of evident on the basis of generally accepted principles and procedures (ICAN 2011).
2. Checking the books of accounts whether the results presented by the profit or loss account and financial position presented by balance sheet are true and fair or not (ICAN 2011).
3. Checking works performed by the staff whether they have been performed within lines of authority or not (ICAN 2011).
4. Preparation of report based on the fact found during the course of audit (ACCA 2015).

5. Checking the books of accounts to determine whether the financial statements and profit or loss statement are prepared in conformity with relevant accounting standards such as International Financial Reporting Standards (IFRSs) (ACCA 2015).

2.1.3 Internal Control

It is salient to state that every organization, irrespective of whether it has been set up to pursue profit or not, regardless of its nature of business and operations, across various industries and sectors or geographical areas of operations, has certain unifying objectives with respect to financial reporting (Candрева, 2006). The attainment of these objectives, by and large, tends to drive the entity's processes and procedures towards the achievement of survival, growth and profitability goals (Chartered Public Accountant, 2007). These objectives are as follows:

1. Deter and detect errors, fraud and theft (Adeniji, 2004).
2. Safeguard of valuable assets and resources (Adeniji, 2004).
3. Ensure effective and efficient running of its operations (Candрева, 2006).
4. Ensure the accuracy and completeness of its accounting data (Konrath, 1996).
5. Produce reliable and timely financial and management information (Candрева, 2006).
6. Ensure adherence to its policies and plans (Ratcliffe & Landes, 2009).

It is instructive to mention that any measure, process or structure, whether proactively or reactively designed and implemented, to ensure the realisation of the afore-stated objectives, can loosely be referred to as "control" (Rittenberg, 2006). Put differently, control could be regarded as steps or actions taken, measures instituted to ensure that nothing goes awry in an organisation that will make the entity suffer operational, and by extension, financial losses (Taylor & Glezen, 1991). The following illustrations will bring the concept of "control" closer home. One classical example of a control is ensuring that the work of subordinate is reviewed

by a superior officer to reduce incidences of errors. Another instance of a control is having in place, a policy which requires keeping all the cash in hand, beyond a particular sum, say N200, 000, at the close of business in a fire-proof vault, access to which can only be gained by two or more different officers (otherwise called “dual access control”). This second example of control could be made robust by requiring that, in the event that the cash in hand exceeds N200, 000, such cash must be banked that day. Of note is the fact that the overriding objective of putting in place these measures is to prevent theft of cash or reduce its incidences. Building on your understanding on what a control is, it is right at this point to define internal control system, a concept derived from control but with broader scope. Internal control system is concerned with the control operative in every areas of corporate activity. According to auditing practices committee, it can also be defined as “the whole system of controls, financial and otherwise, established by the management in order to carry on the business of the enterprise in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets, and secure, as far as possible, the completeness and accuracy of the financial records”. It is therefore vital to note that controls are not designed for any cause. Rather, they are instituted to achieve certain means or provide the framework for achieving these means.

2.1.4 Accounting Vouchers / Source Document

Source documents are business documents confirming the occurrence of financial transaction between two or more parties. Source documents are written financial information exchange between two or more parties as a result of engaging in business transaction. These documents are used for the first entries in the subsidiary books of accounts. Source documents include invoices, receipts, debit notes, credit notes, payment vouchers, and bank tellers (Wood & Sangster, 2020).

It's Uses

Invoice; This is a document that shows the transfer of goods and/or provision of service between two or more parties for which payment is yet to be received. Invoice under normal circumstance is meant for credit transactions which include credit sales and credit purchases. However, many sole traders do not know the function of an invoice to the extent that all their sales (cash and credit) are documented using invoice. Invoices are recorded in sales day book or purchases day book depending if it is sales invoice or a purchases invoice. (Atrill & McLaney, 2021).

Receipt; This is a document confirming the receipt of money for goods and service sold or bought. Receipts are used in recording the cash book since it is evidence of cash and cheque transactions. A receipt usually contains the name of the payers, amount paid, date of payment, purpose of payment, signature of the receiver. (Atrill & McLaney, 2021).

Bank Teller; This is a document that emanate from the bank because a bank teller is used to pay or lodge money (cash and cheques) into an account in a bank. It serves as evidence that a payment has been made or lodged into a particular account with a stated branch of a bank. Bank teller will contain the name of the depositors, account to which deposit is made, the name of the bank account holder, amount deposited in words and figure, date of the deposit, serial number of the teller, signature and stamp of the bank official that collected the deposit on behalf of the bank. (Wood & Sangster, 2020).

Credit Note; Credit note is a document showing a claim or refund in favour of the receiver. It is used to correct overcharge on an invoice, allowance for minor damages to goods, and refund on goods returned. (Atrill & McLaney,2021).

Debit Note; A debit note is a source document that is used when a customer's account is to be increased, and to establish costs against the recipient. It therefore means that a debit note will

be used to effect correction when a customer/purchaser has been undercharged for goods and/or services. (Frank Wood's Business Accounting 1, 2020).

Subsidiary Books: These are books in which accounting transactions are first recorded before being posted to their various accounts in the ledger. Subsidiary books are also called books of prime entries or books of original entries. These books are not account with the exception of the cash book, but the balances from the subsidiary books are used to update accounts. (Wood & Sangster, 2020).

Sales Day Book; Sales journal is a book of original entry used to record all goods sold and services rendered on credit to a third party in the order in which they occurred irrespective of the amount involved. The sales day book or sales journal is not an account because it does not have a debit or credit side, and neither can cash sales nor other cash and bank transactions be recorded in it. The value of credit sales which are first recorded in the sales journal will be transferred individually to the respective customer's account in the ledger, while the total of all credit sales for the period as recorded in the sales day book is transferred to the credit side of the sales account in the ledger. The process of transferring from the day books to the ledger are called posting. This is achieved for all credit sales by debiting the customer's (debtors) account with individual customer amount and crediting the seller's (sales) account. The actual posting of books of original entries to their different accounts. (Atrill & McLaney, 2021).

Purchases Day Book; An invoice is exchanged between a buyer and seller of goods and those that render services. To the seller, the invoice is used to prepare the sales day book. But for the buyer, the same invoice serves as the source document for the preparation of purchases day book. Another name for purchases day book is purchases journal. Purchases day book is a subsidiary book of account used to record all goods bought and services received on credit from a third party in the order in which they occurred irrespective of the amount involved. The purchases journal is not an account because it does not have a debit or credit side, and neither

can cash purchases nor other cash and bank transactions be recorded in it. After transferring accounting information from the source documents – purchases invoice – to the purchase's day book, the value of credit sales which are first recorded in the purchase's day of all credit purchases as recorded in the purchases journal for a particular period, usually a month, is transferred to the debit side of the purchases account in the ledger. (Wood & Sangster, 2020).

Return Inward Journal: When goods are returned by the buyer to the seller, it means the buyer will not pay for the portion of goods returned to the seller. From the perspective of the seller, it returns inward because the good is coming back to the seller, so the seller received the goods. To show that a buyer has returned some good, the seller will record it in good returns register or any other record created for goods return by buyers. Thereafter, the seller will record it in the returns inwards day book which is one of the accounting books of original entries. The creation and recording of goods returned in the returns inwards journal is an indication that the transaction has been brought into the seller's books of account. The returns inwards day book is not an account. However, the double entry book keeping system require that after the preparation of the returns inwards journal, the total of returns inwards journal for a particular period, e.g. weekly, monthly etc. will be debited to returns inwards account, while the affected customers account will be credited to reduce their debt to the seller. (Atrill & McLaney, 2021).

Returns Outwards Day Book; Returns outwards is from the perspective of a buyer because it represents goods initially bought and later returned by the buyer to the seller. The good is leaving the buyer back to the seller hence it is called return outward. Returns outwards daybook is also called returns outwards journal or purchases returns day book. Returns inwards journal is used to record goods previously bought for resale but later returned to the supplier due to one reason or the other. These reasons include shortage in quantity, weight and other measuring discrepancies, wrong specification, model, color etc., defect, disagreement between the buyer and seller that can be traced to either pricing, discount, payment terms etc., and government

policy. The total of goods returned to supplier from the purchases returns day book is transferred to the credit side of the returns outwards account while the individual accounts of the supplier will be debited in the ledger. (Wood & Sangster, 2020).

Payment Voucher; This is a document that is used to record full details of money paid for a particular purpose. It shows that money has left a particular account to another party or for the settlement of financial obligation. Payment voucher will contain the name of the receiver, amount paid, purpose of the payment, date of payment, mode of payment – cash or cheque, signature of the receiver, name and signature of the approving authority. (Frank Wood's Business Accounting 1,2020).

2.1.5 Prepayment Voucher Audit

Prepayment voucher is a thorough examination of the contents of the payment voucher by an internal auditor for the purpose of ensuring that the right amount is paid at the right time to the right beneficiary. According to Ahmad and Taylor (2009), prepayment voucher audit is the accounting and auditing process that an auditor conducts ensuring that prepayments are rightly recorded and properly classified and that they comply with relevant accounting policies and standards. Prepayments are amounts paid in advance for goods or services to be received in the future. A prepayment voucher audit examines whether such payments are appropriate in the context of the company's financial transactions, correctly recorded, and future spending reflected.

Objectives of Prepayment Voucher Audit

Ensure Accuracy: Ensure that all amounts pertaining to prepayments are recorded accurately in the books of accounts (Ahmad & Taylor, 2009).

Authenticity Check: Ensure the validity of the transaction and that it relates to future goods or services (Igben 2014).

Procedure Compliance: Ensure that prepayment transactions adhere to the company's accounting policies and procedures (Ahmad & Taylor, 2009).

Fraud Prevention: Prevent fraudulent or erroneous transactions related to future service payments (Igben 2014).

Internal Control Improvement: Strike at the weaknesses of internal controls and recommend improvements as a measure to strengthen them (Ahmad & Taylor, 2009).

Types of Prepayment Vouchers:

Rental Prepayment Voucher: This voucher records prepayment for rent in advance that would apply in future periods. It is commonly used in leases where annual or quarterly rent is paid (Igben 2014).

Insurance Premium Prepayment Voucher: Used when an insurance policy is paid in advance allocating its cost throughout several periods (Igben 2014).

Trade Marks and Licenses Prepayment Voucher, which records payments in advance for trade use of trademarks, licenses, or patents by businesses (Ahmad & Taylor, 2009).

Contract Execution (Supplies) Advance Payment Voucher covers advancement payments for the supply or execution of future services of goods (Igben 2014).

Subscription Advance Payment Voucher: This is found specifically when a business subscribes to certain services or periodicals and makes an advance payment for a certain period (Igben 2014).

Other Prepayments: This could contain other prepaid services, including software licenses, maintenance agreements, or professional service contracts that span several periods. (Ahmad & Taylor, 2009)

2.1.6 Decision

A decision can be defined as an action to be selected according to some pre specified rule or strategy, out of several available alternatives, to facilitate a future course of action. This

definition suggests that there are several alternative courses of action available, which cannot be pursued at the same time. Therefore, it is imperative to choose the best alternative base on some specified rule or strategy. Decision making is the process of selecting the best out of several alternatives (Howard 2004).

Decision Analysis

Decision Analysis has been defined as a logical procedure of balancing the factors that influence a decision. According to Howard (2004), the procedure incorporates uncertainties, values, and preferences in a basic structure that involves the decision. Typically, it includes technical, marketing, competitive, and environmental factors. Considering risk and uncertainty factors in the process of decision making and applying relevant methods to manipulate these factors enable organizations to make sound decisions. Adebayo et al(2010) describe decision analysis as a scientific technique that consists of a collection of principles and methods whose principal objectives is the aid decision making by individuals, groups of individuals, management of organization and others who have to make one decision or the other. In decision analysis, complex decision problems are broken down into smaller elements which may be probabilistic, differential or value oriented.

Phases of Decision Analysis

The process of analyzing decision can be grouped into four phases. These four phases from what is known as the decision analysis cycle. They are presented as follows:

Deterministic Analysis Phase

This phase accounts for certainties rather than uncertainties. Here, graphical and diagrammatic models like influence diagrams and flow charts can be translated into mathematical models. Necessary tools are used for predicting consequences of alternatives and for evaluating decision alternatives (Adebayo, Ojo, & Obamiere 2006).

Probabilistic Analysis

Probabilistic analyses cater for uncertainties in the decision making process. We can use the decision tree as a tool for probabilistic analysis (Shamrma 2009).

Evaluation Phase

At the phase, the alternative strategies are evaluated to enable one identify the decision outcomes that correspond to sequence of decisions and events (Ihemeje 2002).

Choice Activity Phase

This is the final phase of the decision analysis cycle. It is the judgmental stage where the decision maker decides on the best strategy to adopt having carefully analyses all other options (Howard 2004).

2.1.7 Decision Making

Decision making is defined as the process of thought and deliberation that results in individuals or members of an organization choosing from among alternative ways of achieving an objective or responding to both opportunities and problems and providing a solution to a problem (Peretomode 2008). Making decision is a very important step in planning; a plan cannot be said to exist unless a decision is taken.

The Decision-Making Process

Decision making has been identified as a process of thought and consideration that results in a decision. Decision is what managers used to respond to problems and opportunities a comprehensive search for information is required by organizations especially if it involves non-programmed decisions, an in-depth understanding of the processes involved in rational decision making is vital because the process to a large extent determines how good or bad the decision is likely to be (James 1978).

Decision making involves quite a number of stages and as such managers need to go through these stages before taking a decision because this helps them think thoroughly about the

problem and establish alternative strategies. It should be noted that there are no universally accepted laid down procedures or stages for managers to follow before making a decision, what is of utmost importance is that whatever process or stages, managers want to adopt it must be rational, reasonable and systematic (Glueck 1980). For this unit, we will consider the following processes involved in decision making:

Stage 1

Recognize, diagnose and define the problem. The first stage of the decision making process is the recognition that a problem or opportunity exists working against achieving objectives and finding out the origin of the problem and then describing the real problem. Pounds (1969) identified 3 sources of information helpful to managers in the recognition of problem:

Historical Data: This is gotten using the organization's performance, when the current data show a relative decline in performance when compared to past performance data then a decision is likely.

Planning Data: When the results do not meet the planned objectives.

Criticism: When outsiders point out problems or when results are compared unfavorably of those of similar enterprises a decision is likely.

This first stage in decision making can be affected by problems such as:

- i. The decision maker ignoring information and thus becoming blind to the problem,
- ii. The wrong problem and or causes are identified from information,
- iii. The decision maker skips over the problem recognition stage, attempting to solve the problem before it is clearly defined and recognized (Watson, 1976).

Stage 2

Search for, gather and analyze relevant facts or information. Once we have defined our problem, the manager would now decide what he will do about it; to go about this the manager must first decide what facts they will need to make an accurate decision and then try to obtain

as much of this information as possible to be able to put together possible solutions (Stoner, 1978).

Stage 3

Develop Alternative Solutions: After identifying and defining a problem and putting together relevant information, managers must at this stage develop possible alternative solutions from which a choice will be made. These alternatives represent different responses to the problem or the opportunity.

Stage 4

Evaluate the Alternative Solutions: Once managers have built up a set of options for the solutions, they must source for new information that will enable them further evaluate each of the alternatives in terms of the goods and resources of the organization and how it will help solve the problem or confront the opportunity. This stage has to do with listing the possible outcome of each alternative. Stoner, 1976 put forward that managers based on their intuition, knowledge, experiences each arrange alternatives in a hierarchy from most preferred to least preferred and decide which alternatives are most desirable or attractive. This is done after both the positive and negative consequences of all the alternatives have been examined.

Stage 5

Select the best alternative solutions: the decision maker must choose one of the identified alternatives. The alternative chosen will be one that best solves all the factors of their problem at the lowest cost to their organization.

Stage 6

Implement the decision: The process of decision making is not complete if the alternative chosen has not yet being implemented. Decision implementation involves communicating the

chosen option/alternative to those to be affected by it or the members of the organization and assigning resources and responsibility in implementing it (Gleuck, 1980).

Stage 7

Evaluate and Control: At these stage managers should set up a procedure for regular, periodic feedback in form of reports on the progress of the course of action that has been implemented. They should also set up 'early warning system' to let them know as soon as possible of some problem with the action being implemented (Stoner, 1979); a form of control system.

Factors Affecting the Decision Making Process

Decision making varies from one organization to the other. The different decisions made by managers are often dependent on several factors which are:

- significance of the decision
- time pressure
- factors in the decision environment
- Factors affecting decision maker(s) decision mode, politics and individual or group processes, attitudes, feelings, abilities motives and his personality.

2.1.8 Financial Decision

According to Zietlow et al. (2018), financial decisions are described as the ones that determine an organization's financial fortune and help maximize shareholders' wealth. These decisions, as taken by managers about finances of the organization, are vital towards ensuring the organization's financial welfare.

According to the authors Graham et al. (2020), financial decisions determine the strength of any organization in the achievement of its primary goal-to maximize shareholder value. Wheelen et al. (2017) observed that the financial decisions will also sustain the basis of the competitive strength of any given business and the global positioning of the particular

organization as a world-class organization. They point out the objectives, patterns, or options to improve and optimize financial management to meet business objectives (Nagle & Müller, 2017).

Financial decisions thus fall into the broad categories of investment decisions, financing decisions, and dividend decisions.

Investment Decision

Investment decisions are defined as the financial obligations that are to be undertaken over longer periods or years, ranging from about three to five years or longer. Those decisions therefore have long-term implications such as returns, risks, uncertainties, and time values-moneys (Brigham & Houston, 2021). Investments decisions require an investor to decide how much of his funds should be placed in investment options according to Bapna (2019). It is concerned with whether the additional capital assets today will add sufficient revenues tomorrow to cover the risk of having incurred these capital assets (Shapiro & Hanouna, 2019).

Financing Decision

Financing decisions deal with the sources of funds to finance investments (Eka, 2018). It is about obtaining funds required to meet long-term investment needs of the firm (Smith et al., 2020). Financing decisions relate to the financing-mix of an organization, as explained by Eka et al. (2018). It deals with the borrowing and allocation of funds for investment decisions. In contrast, it is a kind of decision-making covering the identification of the fund sources, utilization of funds, and measures to control funds in any business for the attainment of maximum benefits for the organization (Frazer, 2016). The source of capital has been argued by Faff (2016) to involve different forms of capital that organizations require at different life-cycle stages.

Dividend Decision

The dividend decision encompasses the entire procedures of the distribution of profit to its shareholders. Payout decisions made by management are most probably the decision-making processes of dividend declaration. According to Ahmad and Muqaddas (2016), the dividend decision is one important decision regarding the finance manager's decision-making in the area of payout to shareholders. Likewise, dividend decisions are disbursement of a portion of a company's profit decided by the board of directors (Yusof & Ismail, 2016). Dividend decisions mirror, Yusof and Ismail (2016) say, more a forecasting problem. The aim should be to choose the maximum sustainable dividend compatible with the optimal investment program, while eschewing external equity or excessive debts financing.

2.1.9 Relationship between Accounting, Auditing and Financial Decision

Accounting, auditing, and financial decision-making activities work together to contribute to an institution's financial health, accountability, and strategic direction. While accounting lays the foundation by critically collecting, recording, summarizing, and interpreting financial information for both management decision-making and performance evaluations, auditing complements these functions by verifying the accuracy and reliability of accounting information. Auditors comply with the requirement of subjecting the financial statements to fair and independent evaluations in accordance with the standards of accounting and disclose any detected errors and fraudulence (American Accounting Association cited in Adeniji, 2012; Moutz, n.d.). This verification builds confidence in the financial data used by internal and external stakeholders such as investors, regulators, and management. I summarized some comparisons of the three elements of decision-making accounts. In the final analysis, when financial decision-making focuses on the accuracy and integrity of accounting data with auditing, managers authorize important decisions: capital investments, budgeting, and cost

control. According to Zietlow et al. (2018) and Graham et al. (2020), financial decision-making with a secure foundation will significantly benefit the shareholder value and sustainability. Accounting lays the foundation, auditing verifies it, and financial decision-making uses verified data for developing the strategies of an organization. Without this symbiosis, organizations would not have directions, credibility's, and strategic rationality for sustainable success.

The order of these aspects operates logically and functionally. Correct accounting means all the information represents what is probably the true financial position of the organization. Hence, auditing ensures and validates that information, so agencies could adhere to higher standards, accountability, and transparency. This makes the foundation for efficient financial decision-making. Therefore, the decisions are made by stakeholders and/or managers that will align with the organization's mission, objectives, and risk management principles (Wheelen et al., 2017).

2.2 THEORETICAL REVIEW AND THEORETICAL FRAMEWORK

Theoretical Review

2.2.1 Audit Expectation Gap Theory

The audit expectation gap is defined to be that gap which exists between what the audited society expects the auditor to accomplish with what he can reasonably be able to achieve (Best et al., 2001)->Porter (1988). According (Olagunju & Leyira, 2012), the audit expectation gap is the gap between the role of an auditor as perceived by auditor against the expectation of the users of the financial statements such as banks, government, investors, employees, lenders, insurance companies and the like. One will find the audit expectation gap defined as saying "the difference between what public and the users of financial statements think auditors are responsible for and what auditors believe are their responsibilities". "The estimation gap,

according to (Olagunju & Leyira, 2012), is concerned with the role of the external auditor as enshrined in regulation and statute law." "The attest function is misperceived by the majority of the users, especially as applied in the perspective of an unqualified opinion." "Some users believe that the fact the firm has an unqualified report means that it has foolproof financial reporting." Some think that the auditor should not only give an audit opinion but also interpret the financial statements in such a way as the user can weigh that against investment in the firm. Some expect auditors, while conducting the attest function, to penetrate into Company affairs, should do management surveillance and detect illegal acts and/or fraud on the part of management. It is these high expectations on the part of users of financial statements that create a gap between auditors and users about the audit function. Apart from this, however, the users also place the burden of narrowing the gap on the auditors and the others responsible for preparation and presentation of financial statements (Best et al 2001). It was established that the gap would majorly consist of two components:

1. A Gap between what society expects auditors to achieve and what they can reasonably be expected to accomplish (designated the reasonableness gap) Best et al (2001).
2. A Gap between what societies can reasonably expect auditors to accomplish and what they are perceived to achieve (designated the performance gap) Best et al (2001).

It could be further subdivided into:

- 1) A gap between the auditor that can reasonably be expected of auditors and auditors existing duties as defined by law and professional promulgations (deficient standards) Best et al (2001).
- 2) A gap between the expected standard of performance of auditors on existing duties and auditors perceived performance, as expected and perceived by society (deficient performance) Best et al (2001).

In other words, a set of steps that are ordered and structured gives out what auditing is: An independent function critically examining assertions made about economic activities: A person or organization has engaged into, and the net of results, which it has framed into a form.

The Expectation Gap consists of the following types:

1. The Performance Gap: Caused by auditors failing to comply with statutory and professional standards (Olagunju & Leyira, 2012).
2. The Standard Gap: It arises when both statutory and professional standards do not adequately articulate the expected standard of performance that the courts think proper (Olagunju & Leyira, 2012).
3. The Feasibility Gap: Resulting from ever-increasing and often unrealistic demands from society on accountability (Olagunju & Leyira, 2012).
4. The Communication Gap: Arising from inadequacy in reporting by auditors or at the end of a statutory audit and unreasonable expectation from intended audiences (Olagunju & Leyira, 2012).

2.2.2 COSO Internal Control Framework

The COSO Internal Control Framework is a complete, widely accepted blueprint-the most complete and widely accepted blueprint, for designing, implementing, and assessing internal control systems, given by the Committee of Sponsoring Organizations of the Tread way Commission (COSO). First introduced in 1992 and updated in 2013, the framework goes on to define internal control as that " process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the categories of operations, reporting, and compliance" (COSO, 2013).

The framework consists of five integrated parts;

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information and Communication
5. Monitoring Activities

It is dedicated to serving the best interests of the employee by so doing; and in maintaining the critical importance of the COSO framework that makes it essential within organizations for effective internal control. It is, then, in view of operational goals fulfilled, that accurate financial reporting, compliance with laws and regulations, accountability, and transparency flourish. Establishing those internal controls serves as a benchmark for auditors and management to assess the effectiveness of the internal control systems. With regard to audit and corporate governance, the COSO Framework serves frequently as the benchmark for evaluating internal control over financial reporting (ICFR) under various regulations like the Sarbanes-Oxley Act (SOX) Section 404 in the United States. Such a structured, principle-based approach readily translates into scalability and adaptability, making it most relevant to organizations of all types and dimensions in both private and public sectors.

2.2.3 Agency Theory

Agency Theory explores the relations between principals (for example, shareholders, owners, or top management) and agents (for example, employees, auditors, or lower-level managers), particularly the conflicts arising between those two because of misalignment of agent interests with that of principal. The theory originated by Jensen and Meckling (1976) is founded on the economic understanding that: "An agency relationship is a contract under which one or more

persons (the principals) engage another person (the agent) to perform some service on their behalf which involves delegating some decision-making authority to the agent."(Jensen et al,1976).

An agency problem happens when agents act in self-interest rather than in the interests of the principals as it could generate inefficiencies, misreporting, or fraud. Principals adopt monitoring mechanisms, such as audits, internal control systems, incentives based on performance, to avoid such risks. On this note, these audits of prepayment voucher serve as control mechanisms to examine and validate all payments before the goods or services have been delivered, ensuring that all expenditures are justified, authorized, and comply with the financial policies.

Agency Theory provides a very strong theoretical framework to clarify the necessity for audits in an organization. Specifically, prepayment voucher audits do take on roles in:

1. Reducing agency costs, like fraud or misappropriation of funds and inefficient spending.
2. Enhancing financial accountability of agents who have access and manage funds.
3. Improving decision-making through the verification of documentation, approvals, and purpose of the payment.
4. Aligning behavior of employees with organization's objectives through oversight

With prepayment audits, organizations build confidence, lower financial risks, and increase transparency—all three being direct solutions to the principal-agent problem as outlined in the theory.

2.2.4 Theory of Planned Behavior (TPB)

The Theory of Planned Behavior (TPB) was coined by Ajzen in 1991 and represents one of the well-used psychological perspectives on predicting and explaining human activities in determined conditions. TPB holds that the most determinant factor regarding whether or not a

person performs a given behavior is the person's intention concerning that behavior, and this intention is determined by three factors:

1. Attitude toward the behavior: positive or negative evaluation by the individual of the performance of the behavior.
2. Subjective norms: perceived social pressures by significant others to perform or not perform the behavior.
3. Perceived behavioral control: inclination to see ease or difficulty in performing the behavior, as it reflects previous experiences and possible barriers.

Thus, Ajzen (1991): "Intentions to perform behaviors of different kinds can be predicted with high accuracy from attitudes toward the behavior, subjective norms, and perceived behavioral control."

Application to Prepayment Voucher Audits

Thus, TPB can be applied to studies on how auditors, accountants, or financial officers understand and act on the prepayment audit voucher. In particular:

Attitude: An auditor's general view is that prepayment audits prevent misuse of funds. Such belief will make an auditor support and conduct prepayment audits themselves.

Subjective norms: In that case, an auditor will feel peer pressure or inspiration to carry such audits if the employees or management enjoy very stringent financial controls.

Perceived behavioral control: The auditor believes that depending on training, experience, and support systems, he will give it his best shot and thus he completes it.

Thus, this theory explains why one would rather obey prepayment procedures than lend to others, depending on each one's intentions formed by the three aspects. TPB acts as a strong theoretical framework for the examination of structured and measurable behavioral intentions and actions of organizational actors. It helps achieve the following in the auditing setting:

1. Predict adherence or resistance to auditing principles.

2. Points out training and organizational requirements.
3. Improves strategies for implementing internal audit.

Thus, TPB is beneficial to policymakers, audit managers, and financial controllers who seek to interpret and redirect the behavior of auditing personnel concerning internal financial controlling, such as in the prepayment voucher audits.

2.2.5 Theoretical Frameworks:

This research is anchored in the internal control theory and decision making theory. Detail overview of the theories is presented below;

2.2.5.1 Internal Control Theory

Internal Control Theory posits that organizations must put into place systems and processes that ensure the integrity, accuracy, and reliability of financial and operational processes. The theory of Internal Control focuses on formalized controls, which include policies, processes, and mechanisms to protect assets, provide for the reliability of financial reporting, and promote operational efficiency in accordance with laws and regulations.

Internal Control Theory is mainly based on several frameworks, especially the COSO Internal Control - Integrated Framework (1992, updated 2013) that theorizes five interrelated components of internal control:

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information and Communication
5. Monitoring Activities

These components together provide an approach for assessing the design, implementation, and operational effectiveness of controls within an organization (COSO, 2013).

Application to Prepayment Voucher Audits

Internal Control Theory mainly assists in understanding prepayment voucher audits as a preventive and detective control mechanism. Prepayment voucher audits are an internal check carried out before the actual disbursement of funds to ensure that the entire expenditure is:

1. Properly authorized.
2. Supported by relevant documentation.
3. For the furtherance of organizational objectives and within the approved budget.

Internal control principles are thereby being applied to enable the audits to:

1. Prevent fraud by detecting unauthorized or duplicate payments.
2. Provide accountability in terms of responsibility and transparency in spending.
3. Ensure compliance with the internal financial procedures and regulations.
4. Facilitate timely decision-making upon verifying financial obligations.

Internal Control Theory provides a systematic approach to understanding how specific audit activities, like prepayment voucher audits, fit into a larger internal control framework. The theory is useful for:

1. Evaluating the effectiveness of financial controls.
2. Identifying weaknesses which may lead to fraud or error.
3. Designing a set of procedures and policies that would withstand such treatment

Internal control systems are essential to good governance, financial stewardship, and operational integrity, particularly in both public and private sectors, especially in environments with a high risk of misappropriation or misuse of funds.

2.2.5 2 Decision-Making Theory (DMT)

Decision-Making Theory (DMT) in its full form is a broad framework that contains several models proposing ways through which individuals, groups, or organizations can make decisions based on the alternative(s) available to them. The study of DMT is an analysis of

cognitive, emotional, environmental, and contextual parameters related to the decision-making processes.

The decision maker who is in-the-act hampered by cognitive weaknesses and deficient information decides to pursue satisficing in place of optimization as per Simon (1955)-the very originator of the idea of bounded rationality. This thus challenged the classical rational theories of decision-making wherein choice was assumed to be made completely along the lines of logic and complete information. Decision-making models can generally be classified along these lines:

Rational: Assumes logical, systematic evaluation of alternatives (classical economic theory).

Bounded rationality: Recognizes limitations to cognition imposed by humans (Simon, 1955).

Intuitive and heuristic: They emphasize the role of experience in fast decisions (Kahneman & Tversky, 1979).

DMT applications encompass economics, psychology, administration, public policy, and auditing. The import of modeling decision-making processes in organizational and auditing context can be seen in:

- a. Risk assessment
- b. Implementation of internal control
- c. Strategic Planning
- d. Fraud Detection
- e. Judgment and evidence evaluation in auditing

DMT further assists researchers and practitioners in investigating biases, systematic errors, and external pressures affecting decisions and into better decision environments and frameworks. For auditors, for instance, it provides insight into how they evaluate risks or make judgments regarding complex evidence when facing difficulties of time and uncertainty.

2.3 EMPIRICAL REVIEW

This review cumulates real-world studies on internal controls, auditing practice and financial management of diverse sectors and regions. It studies the relation between audit and the outcome of decision making; it studies the application of internal control mechanisms in various environments to inform study conclusions about the vital input of high standards of auditing and control in promoting transparency, accountability, and operational efficiency.

Below is an earlier related study and findings:

Iskandar and Sanusi (2011) examined the effects of self-efficacy and task complexity on audit judgment performance, using a field experiment with auditors from small and medium audit firms and hierarchical regression analysis, and found that high self-efficacy improves audit judgment in simple tasks but not complex ones, while task complexity negatively affects audit judgment. It was concluded that self-efficacy plays a role in audit judgment within the social cognitive theory framework.

Govedi (2012) investigated the impact of internal control systems on organizational performance in public sector institutions, using a sample survey approach with questionnaires at Maseno University, and aimed to identify prominent ICS, determine their effectiveness, and establish the relationship with performance, highlighting the importance of record-keeping and adequate controls to prevent malpractices. Descriptive statistics were used for data analysis.

Hansen (2014) determined the lack of a unified billing system for Medicare Part B claims and examined the enrollment process for providers, using a descriptive analysis of the Medicare system, and found numerous failed attempts to mandate carrier verification and billing systems incapable of detecting ineligible providers or deceased beneficiaries, noting the emerging use of prepayment technologies like predictive analysis. It was concluded that vulnerabilities exist

in the Medicare prepayment system due to a lack of integrated systems and ineffective verification processes.

Gatewongsa, Ussahawanitchakit, and Muenthaisong (2014) examined the relationship between internal audit process excellence and decision-making success, using a literature review method, and proposed that organizational risk assessment, internal control analysis, internal audit planning, program, assignment, and review comprise internal audit process excellence, leading to internal audit quality, reliability, acceptance, operational information advantage, and decision-making success, explained by the resource-based view theory. It was concluded that future research is needed for data collection to increase the reliability of the literature review and provided theoretical and managerial contributions with suggestions for future research.

Seif (2015) evaluated internal control over cash at the Zanzibar Electricity Corporation (ZECO), using simple random sampling, questionnaires, and documentary review, and found strengths in payment and collection procedures but weaknesses in understaffed internal audit, lack of pre-audit voucher checks, and irregular control system evaluations, alongside challenges like inexperienced cashiers and inadequate segregation of duties. It was concluded that while internal controls exist, they are not fully effective in eliminating errors and fraud, providing only reasonable assurance, and recommended establishing effective control activities, regular evaluations, and recruiting skilled staff.

Ajayi and Onyeanu (2019) investigated the value relevance of prepayment audit characteristics (independence, size, expertise, meetings frequency) and their impact on the effective implementation of World Bank-funded projects in Nigeria, using an explanatory research design with secondary data from ministries and OLS multiple regression, and found a positive and significant relationship between these audit characteristics and the ratio of completed

projects. It was concluded that auditors' qualities positively affect prepayment audit and project performance.

Agyapong (2017) examined the control environment of the Ghana Post Company Limited to ensure segregation of duties, proper information flow, communication, and monitoring, using a sample of 36 individuals across departments, and found continued lapses in the internal control system, creating opportunities for fraud with inadequate sanctions. It was concluded that while internal controls exist, they are not effective, and recommended allowing auditors to perform their duties and continuous review of the audit manual.

Abiodun (2020) assessed auditing and internal control mechanisms as instruments of accountability in Ekiti State, Nigeria, using a descriptive survey design with questionnaires and regression analysis, and found that internal auditing and internal control have a significant and positive effect on the accountability and transparency of the public sector. It was concluded that these mechanisms are accountability instruments and recommended increased efforts by the government to ensure effective internal auditing and control systems in government parastatals.

Adewole, Dairo, Shaahu, and Olowookere (2020) assessed the method of payment for healthcare, awareness, and perception of the NHIS among auto-technicians in Abuja, Nigeria, using a cross-sectional descriptive survey with interviewer-administered questionnaires and SPSS analysis, and found low awareness and skepticism towards the NHIS in this informal sector group, with post-secondary education and having a gainfully employed spouse predicting awareness. It was concluded that strategic steps are needed to address ignorance and doubts for the NHIS scale-up in the informal sector.

Kirby (2020) explored the perceptions of Baptist church leaders on internal control usage and financial accountability and their effects on losses from theft, fraud, and misappropriation,

using a qualitative case study of 24 churches with thematic analysis, and identified themes related to corrective, detective, and preventative controls, proper procedures, financial accountability, and vulnerabilities. It was concluded with recommendations for larger churches or accounting professionals to assist smaller churches in implementing proper internal control policies to reduce fraud.

Asqolani, Hidayat, Marsono, and Kalpikotomo (2023) focused on the Internal Control System (SPI) in managing tax collection at the Directorate General of Taxes (DGT), using a qualitative case study approach with interviews and analysis of financial statements and audit reports, and found the SPI to be good but with room for improvement in areas like tax receivable letters, materiality limits, collection maximization, early warning systems, and data integration. It was concluded with recommendations for enhancing the SPI.

Noviani and Trisnaningsih (2024) aimed to determine the effectiveness of the audit function as an internal control tool, using a descriptive approach, and found that internal audits are important for company efficiency, productivity, fixed asset acquisition procedures, management performance improvement, and maintaining internal control, also enabling the measurement of other internal control components' effectiveness. It was concluded that the research results are a vital tool for management to ensure efficient company operations.

Coskun and Gungormus (2024) examined how the effectiveness of accounting information systems (AIS) and the quality of internal audits influence SME managers' perceptions of external audits in a developing economy, using structural equation modeling on survey data, and found that effective AIS and high-quality internal audits significantly enhance positive perceptions of external audits, improving financial transparency, decision making, oversight, and trust in external audits. It was concluded that internal systems and external auditing are interconnected, especially in transitioning SMEs, and highlighted the benefits of external audits

for credibility, loan access, and financial reliability, emphasizing the need for stronger internal systems.

Oloko (2024) explored how auditors in the Southern United States perceive and experience mitigating employee fraud through internal controls in SMBs, using a generic qualitative study with semi-structured interviews and thematic analysis, and found that auditors recognize the importance of evaluating risk assessment, control actions, and the control environment, employing methods like audit trails, routine audits, and financial record comparison, also emphasizing employee training. It was concluded that while auditors recognize the importance of internal controls in mitigating fraud, the small, geographically limited sample size limits generalizability.

2.3.1 Gap in Literature

While several studies within the empirical review address internal control, audit functions, and financial accountability within various organizational contexts, and some touch upon prepayment audits in specific sectors like healthcare Hansen, P. D. (2014) or project funding Ajayi and Onyeonu (2019), none directly focus on the perceptions of prepayment voucher audits specifically as a decision-making tool for prepayment audit internal control. Existing research explores the effectiveness of internal audit processes Gatewongsa, Ussahawanitchakit, and Muenthaisong (2014), the impact of audit quality on external audit perceptions Noviani and Trisnarningsih (2024), the relationship between auditor characteristics and project performance Ajayi and Onyeonu (2019), and the role of internal controls in mitigating fraud Oloko (2024). However, the unique perspective of how those involved in prepayment audit processes perceive the prepayment voucher audit itself as an instrument to inform and guide internal control decisions within the prepayment stage remains largely unexamined. This study

aims to bridge this gap by specifically investigating these perceptions and their implications for enhancing prepayment audit internal control mechanisms.

CHAPTER THREE

METHODOLOGY

3.1 Study Area

The principal area of study is Landmark University, a private university in Omu-Aran, Kwara State, Nigeria. This institution renders a suitable and relevant context for the scrutiny of prepayment audit practices. The Financial Service Department of Landmark University is the focal point of the research. This department is core to the prepayment voucher audit process since it comprises internal auditors and accountants who directly handle financial transactions and controls. Thus, restricting the study to that sub-area guarantees a targeted and thorough investigation of relevant stakeholders.

3.2 Research Design

This is survey research. The survey design, as applied, helps in assembling descriptive data regarding the perceptions, opinions, and experiences of the target population. A systematic and standardized approach of data collection makes sure that every participant is asked the same questions. This lends itself well to assessing the present state of practice and perceptions around prepayment voucher audits within the specified context.

3.3 Population of the Study

The predetermined population for this study includes all internal auditors and accountants who work within the Financial Services Department of Landmark University. These persons are stakeholders in the process of prepayment voucher audits and this contribute knowledge concerning the efficacy of this control mechanism. The total population is 16. Given this small

population size, the research encouraged an in-depth yet manageable effort to ensure that all relevant stakeholders' voices are heard.

3.4 Sample Size and Sampling Technique

The population is small, counting only 16. Therefore, the sample consist of all internal auditors and accountants within the Financial Services Department of Landmark University. The sample size is 16 and encompasses the entire population. A purposive approach is used, which precludes sampling and ensures that all relevant participants are included in the study. This is preferred because the participants are selected due to their distinctive knowledge and expertise with respect to the prepayment voucher audit. In consideration of the small population size, purposive sampling also included the rationale of incorporating all individuals with relevant experience so that the study takes the viewpoints of all relevant stakeholders into consideration. This approach gives the researcher the power to select those participants who will best facilitate data collection directly relevant to the research objective at hand.

3.5 Source of Data

The primary data were used, which were collected from the participants by means of questionnaires. Both qualitative and quantitative data were obtained. Quantitative data were collected with closed questions so that any statistical analysis can be performed with respect to the perceptions and experiences of the participants. Qualitative data were collected with open-ended questions, which solicit expansive information centered on the participants' insights and perspectives. The primary source of data were the responses collected by the questionnaire administered to internal auditors and accountants from the Financial Services Department.

3.6 Data Collection Methods

In this method, semi-structured questionnaires were used for the data gathering processes. The questionnaire is meant to elicit both quantitative and qualitative responses. It involves closed-ended questions on the perception measures and open-ended questions to seek insights. Thus, the semi-structured questionnaire allows some flexibility in presenting detailed information while remaining structured for subsequent analysis. Also, the questionnaire content validity was ensured. To achieve this, the questionnaire was assessed by external supervisor to review and give comment. This validates content through reviewing the questionnaire with experts in the fields of accounting and auditing.

3.7 Ethical Considerations

A comprehensive explanation was given to the participants about the relevance of the study, the methods of data collection, and their rights as participants. Each participant gave informed consent before joining the study, thereby making it voluntary and well understood. Maintaining anonymity during the research process was applied to all respondents. The report does not provide identifying names or any personally identifiable information. This in turn ensures that answers are candid and open, hence the validity of the data collected by the study. Ethical research procedures were followed for the purposes of this session. Such approvals include that of the university's Director of Financial Services (DFS) and the Chief Internal Auditor (CIA) of the university.

3.8 Method of Analysis of Data

Descriptive statistics was used to analyze quantitative data collected through closed-ended questions. Measures of central tendency (mean, median, mode) and measures of dispersion (standard deviation) was computed to summarize the perceptions of the participants about

prepayment voucher audits by this analysis. Qualitative data obtained from the open-ended questions was analyzed thematically. This is the identification, analysis, and reporting of themes within data. To analyze quantitative data SPSS version 27 was used. It is one of the most popular software for performing statistical analyses as well as for descriptive statistics and frequency distribution. These results were interpreted using texts and figures. The observations of quantitative results were in tables and charts and were properly explained. Qualitative data was presented through illustrative quotes from participants, accompanied with their thematic analysis. The interpretation emphasized a good, clear, and extensive understanding of the participants' perceptions of pre-payment voucher audits as a decision-making tool for internal control.

CHAPTER FOUR

RESULTS AND DISCUSSION

This chapter presents and discusses evidence regarding the prepayment voucher audit function and their operational effectiveness in fostering internal control in a Landmark University. Quantitative and qualitative observations of 10 respondents' experiences, perceptions, and challenges through field-based structured questionnaires with both open-ended and Likert-scale questions are integrated in the analysis. Organizationally structured by themes, the chapter begins with demographic profiling before progressing to discuss significant issues such as audit effectiveness, implementation challenges, and implications on financial decision-making from audit results. The data are displayed in terms of frequencies, percentages, and thematic coding to reveal how audits promote financial accountability, compliance, and institutional governance.

4.1 Respondent Demographic

Table 4.1: Primary Responsibilities

Theme	Frequency	Sub-Themes
1. Audit & Oversight	4	“Auditing”, “Designing audit procedures”, “Oversight & risk evaluation”
2. Accounting & Bookkeeping	3	“Accounting and financing”, “Bookkeeping”, “Computing costs”
3. Financial Controls	2	“Accuracy and risk management”, “Reconciling accounts”
4. Document Handling & Payments	1	“Raising cheques and payment vouchers”

Source: Author’s Computation, 2025

In table 4.1, the analysis of the participants' core responsibilities illustrates that Audit & Oversight is the most common theme, invoked by (4) out of 10 participants, and includes responsibilities like auditing, design of audit procedure, and assessing financial risk. This reflects high internal examination and compliance orientation. Accounting & Bookkeeping is next at (3) mentions and includes routine financial management tasks such as cost calculation and book-keeping. Financial Controls, cited by (2) respondents, is concerned with precision, risk handling, and accounts reconciliation, with key focus on safeguarding assets. Document Handling & Payments was cited by only one respondent, suggesting that transaction processing is a more specialized or narrowed aspect of their jobs. The overall findings depict an employee base primarily focused on audit, compliance, and financial integrity.

Table 4.2: Years of Experience

Experience Range	Frequency
Less than 3 years	3
3–5 years	4
6–10 years	1
11–15 years	0
Over 15 years	2

Source: Author’s Computation, 2025

The experience years breakdown of the responders in table 4.2 shows that most (7 out of 10) have five or less years of experience in accounting, auditing, or allied financial management positions. Specifically, (3) responders have less than 3 years, and 4 have 3–5 years of experience. Only (1) responder had 6–10 years of experience, and none had 11–15 years. However, (2) of the respondents are over 15 years, which represents the presence of top-level experts. Such a split suggests that the respondent sample is predominantly mid-to-earlier career staff with relatively lower numbers of highly experienced players offering long-term institutional knowledge.

Table 4.3: Department Affiliation

Department/Unit	Frequency
Internal Audit (incl. variations)	4
Financial Services	3
Landmark Development Ventures	2
Audit Unit	1

Source: Author's Computation, 2025 Dedication

In table 3, the departmental affiliation analysis reveals that the Internal Audit department, and its variations, is most highly represented in the respondents, as (4) out of 10 indicated they belong to this function. This reveals that internal control professionals are highly represented in the dataset. Financial Services comes next with 3 respondents, and it highlights operational finance activities in the field of budgeting, payments, and reporting. Landmark Development Ventures, likely a profit-generating or commercial arm of the institution, has (2) respondents, and the Audit Unit, a sub-department or parallel role to internal audit, has (1) respondent. The data overall indicates a diverse but audit-skewed respondent group, with the majority engaged in activities concerned with institutional financial management.

Table 4.4: Involvement in Prepayment Transactions

Theme	Frequency	Sub-Themes
1. Document Review & Authorization	4	“Review authorization”, “Checkmate approvals”, “Monitor documentation”
2. Transaction Processing	3	“Passing vouchers”, “Prepare payments”
3. Monitoring & Oversight	2	“Controlling payments”, “Monitoring documents”
4. General Accuracy/Verification	1	“Ensure accuracy and error-free transactions”

Source: Author’s Computation, 2025

Thematic analysis of the respondents' involvement in prepayment activities in table 4.4 shows that the most common area of activity is Document Review & Authorization, cited by (4) of the 10 respondents. This involves activities like verifying payment documents, verifying authorization, and verifying approvals, a sharp focus on verification and compliance is evident here. Transaction Processing is next with (3) citations, with frontline tasks like preparing payments and posting vouchers. Monitoring & Oversight, cited by (2) respondents, includes activities like monitoring payment streams and overseeing financial control systems. Only (1) respondent proposed involvement in general accuracy and verification, which speaks to a general obligation for transaction correctness. Overall, the evidence suggests most respondents are directly involved either in processing or authorizing prepayment transactions, reaffirming their connection to the internal control framework.

Table 5.5: Educational Qualification

Education Level	Frequency
HND	4
B.Sc	3
Masters	2
Ph.D	1

Source: Author's Computation, 2025

In table 4.5, the educational qualification breakdown indicates that the majority of the respondents possess undergraduate-level qualification, of which (4) out of every 10 possess a Higher National Diploma (HND) and 3 possess a B.Sc. Only (2) respondents have a Master's qualification, and only (1) possesses a Ph.D. This allocation suggests that while the greater majority of experienced staff in financial activities and internal control possess general academic qualifications, there is a relatively lower proportion with specialist or advanced postgraduate qualifications, which could have implications for the depth of technical knowledge and policy interpretation within the financial management team.

4.2 Results on Objective of the Study

4.2.1 Perceived Effectiveness of Prepayment Voucher Audit in Enhancing Internal Control

Table 4.6: In what specific ways do you believe prepayment voucher audits contribute to strengthening an organization's internal control over prepayments?

Theme	Frequency	Sub-Themes
1. Risk Reduction	8	fraud prevention, error reduction, or unauthorized transactions.
2. Accuracy & Reliability	6	improving the accuracy and reliability of financial reports.
3. Compliance & Control	4	enforcing internal controls and aligning with policies.
4. Decision Support	2	Audit findings aid in financial decision-making and organizational objectives.
5. Verification Process	2	References to document verification, checking supporting vouchers, etc.

Source: Author's Computation, 2025

In table 4.6, responses to the question of how prepayment voucher audit strengthens internal control show that risk reduction is the most frequent linked benefit, as stated by (8) out of the 10 respondents. These include avoiding fraudulent payments, reducing errors, and avoiding unauthorized payments, highlighting the function of the audit as a protective measure for inappropriate financial utilization. Closely connected to this is accuracy and reliability, cited by (6) respondents, emphasizing the audit's function in producing reliable financial reports and ascertaining that records reflect organizational activities faithfully. The results suggest that respondents regard prepayment audits more as tools for safeguarding financial integrity and preventing abuse of resources.

In addition to these underlying benefits, control and compliance was mentioned by (4) respondents, reflecting the audits' ability to instill respect for institutional policy and regulatory

frameworks. Decision support and verification processes were each mentioned by (2) respondents, referring to more strategic uses of audit findings such as management decision-making or pre-payment verification of documentation. Less commented on, these themes recognize the broader organizational value of prepayment audit beyond routine control, looking to their ability to enhance governance, promote accountability, and inform financial planning.

Table 4.7: Percentage Distribution of Perceived Effectiveness of Prepayment Voucher Audit

Variables	Category	Frequency (N = 10)	Percentage (%)
Reduces risk of fraudulent prepayment transactions	Strongly Disagree	0	0
	Disagree	0	0
	Undecided	0	0
	Agree	1	10
	Strongly Agree	9	90
	Total	10	100
Ensures compliance with company policies and procedures	Strongly Disagree	0	0
	Disagree	0	0
	Undecided	0	0
	Agree	3	30
	Strongly Agree	7	70
	Total	10	100
Enhances accuracy and reliability of financial reporting	Strongly Disagree	0	0
	Disagree	0	0
	Undecided	0	0
	Agree	3	30
	Strongly Agree	7	70
	Total	10	100
Identifies and rectifies weaknesses in internal controls	Strongly Disagree	0	0
	Disagree	0	0
	Undecided	0	0
	Agree	3	30
	Strongly Agree	7	70
	Total	10	100

Source: Author's Computation, 2025

The statistical distribution in Table 4.7 shows a highly favorable view of the effectiveness of prepayment voucher audits on all parameters monitored. On "Reduces risk of fraudulent prepayment transactions" dimension, 90% (9 out of 10 of those asked) picked Strongly Agree, and the remaining 10% (1 person) picked Agree. Remarkably enough, there were no responses in Undecided, Disagree, or Strongly Disagree options. This 100% positive response percentage indicates virtual universal belief that the audit procedure is a strong control mechanism against fraud, and it verifies its preventive role in the internal financial system.

For the remaining three variables, "Ensures compliance with company policies and procedures," "Enhances accuracy and reliability of financial reporting," and "Identifies and corrects weaknesses in internal controls", the results were the same pattern: 70% (7 respondents) selected Strongly Agree and 30% (3 respondents) selected Agree, no negative or no neutral responses. These distributions indicate a high degree of accord that prepayment voucher audits not only assure procedural compliance but also add integrity and credibility to financial reports. Response consistency across these items also suggests that respondents perceive the audit as an extensive instrument that enables multiple levels of financial control, from fraud prevention and reporting accuracy to system enhancement and corrective feedback. Statistically, 0% disagreement or doubt (for all negative and neutral categories) on all four items is the highest. It is a 100% agreement rate on each variable with 70% or more expressing the strongest possible support (Strongly Agree). Such uniformity on several fronts means that within this sample, prepayment voucher audits are not regarded as procedurally ordinary or merely procedural, these audits are regarded as high-stakes mechanisms for assured organizational responsibility, fiscal restraint, and governmental effectiveness.

4.2.2 Challenges Faced by Auditors and Accounting People When Prepayment Voucher Audit Is Being Used

Table 4.8: Thematic Analysis on the Challenges Encountered During Prepayment Voucher Audits

Theme	Sub-Themes	Frequency (N = 10)
1. Documentation Issues	Incomplete or missing documents, Poor recordkeeping	6
2. Discrepancies in Records	Differences between accounting and source documents	4
3. Policy & Guideline Gaps	No clear internal procedures or audit frameworks	3
4. Data Quality & Accuracy	Data processing errors, Budget misalignment	2
5. Time Constraints	Delays and workload pressure during audit	2
6. Human Resource Skill Gap	Inexperienced staff or limited knowledge	1
7. System Inefficiency	Audit processes slow down operations	1

Source: Author's Computation, 2025

Thematic analysis of prepayment voucher audit issues suggests that the most prevalent issue is documentation-related, as reported by (6) out of every 10 respondents. These include missing or incomplete documents and record-keeping inadequacies, which suggest that root cause documentation problems still hinder audit accuracy and efficiency. Third on the list is record discrepancies, cited by (4) respondents, which refer to source document vs. accounting entry differences, a concern that can be detrimental to the verifiability of financial reporting and result in audit red flags. Policy and guideline insufficiencies were noted by (3) respondents, which say the failure to include detailed, standardized procedures on how prepayments are dealt with poses serious barriers to effective auditing.

The other two themes that were identified are data accuracy and quality issues and timing constraints, each mentioned by (2) respondents. These are indicative of operational

inefficiencies such as processing errors and budget misalignment, and audit delays due to workload or tight deadlines. Less but nonetheless mentioned are shortfalls in human resource competency and system inefficiencies, each mentioned once. These are pointers to concerns about the adequacy of staff training and the possibility that ongoing audit procedures may be hindering financial processes. On average, the data suggests technical and systemic problems do exist but are not the most critical issues. The root causes are organizational, on the basis of bad documentation practices, variable practices, and capacity limitations. Addressing these would most likely enhance audits and internal controls.

Table 4.9: Percentage Distribution of Challenges Faced in Prepayment Voucher Audit

Variables	Category	Frequency (N = 10)	Percentage (%)
Insufficient documentation poses a significant challenge	Strongly Disagree	0	0
	Disagree	0	0
	Undecided	0	0
	Agree	3	30
	Strongly Agree	7	70
	Total	10	100
Lack of clear guidelines makes audits difficult	Strongly Disagree	0	0
	Disagree	0	0
	Undecided	0	0
	Agree	4	40
	Strongly Agree	6	60
	Total	10	100
Time constraints hinder thorough audit process	Strongly Disagree	0	0
	Disagree	1	10
	Undecided	0	0
	Agree	4	40
	Strongly Agree	5	50
	Total	10	100
Discrepancies between records and documents are frequent	Strongly Disagree	0	0
	Disagree	2	20
	Undecided	0	0
	Agree	2	20
	Strongly Agree	6	60
	Total	10	100

Source: Author's Computation, 2025

Evidence in Table 4.9 indicates near-unanimity among the respondents regarding problems faced in conducting prepayment voucher auditing, the most prominent of which is inadequate documentation. A staggering 70% strongly agreed and 30% agreed that incomplete or insufficient documentation is a major problem in audit processes. That there was not a single instance of disagreement or neutrality (0% for "Undecided," "Disagree," or "Strongly Disagree") is an indication that this issue is universally accepted. This aligns with the preceding thematic findings that documentation problems are the most prevalent obstacle to effective auditing and are likely to influence audit accuracy, efficiency, and the ability to validate transactions.

The second major issue is that there are no established guidelines or policies, with 60% strongly agreeing and 40% agreeing that it complicates the audit process. As previously, nobody disagreed, which suggests that a vast majority of auditors and accounting staff do not operate on standardized procedures, leading to variable practices between departments? The absence of explicit audit protocols not only increases workload but also leaves room for subjectivity in interpretation of the standards of compliance. Along with documentation deficits, this shortfall illustrates a broader systemic shortage of internal financial management governance that can subject institutions to error or control failures.

While time constraints and record inconsistencies manifested a little more variability, they also emerged as widely recognized challenges. For time constraints, 50% strongly agreed and 40% agreed, while 10% disagreed, indicating that while most respondents do experience being constrained by audit deadlines, there is a small minority that may work in units with lighter workloads. For insufficient concordance between accounting records and supporting documents, 60% strongly agreed, 20% agreed, but 20% disagreed, suggesting a division, possibly through varying levels of system integration or document management maturity across departments. Overall, the evidence identifies that while there are technical limitations, underlying administrative and procedural issues, particularly in the areas of documentation and policy clarity are the most urgent areas for change in improving prepayment voucher audit outcomes.

4.3.2 Degree to Which Prepayment Voucher Audit Influence Financial Decisions

Table 4.10: Thematic Analysis on Influence of Prepayment Voucher Audit on Financial Decisions

Theme	Sub-Themes	Frequency (N = 10)
1. Prevention of Duplicate Payments	Avoiding overpayment or double disbursement	4
2. Internal Control Strengthening	Improving future processes, Policy reinforcement	3
3. Budget Adjustment	Informing budget limits, Adjusting prepayment ceilings	2
4. Transaction Validation	Historical comparison before approving new payments	1

Source: Author's Computation, 2025

The thematic analysis of Table 4.10 indicates that the most often-spoken influence of prepayment voucher audits on financial choices is the prevention of redundant payments, which was stated by (4) participant. This theme indicates the role played by the audit in the identification of possible redundancies and prevention of overpayments or repeated payments. Through such bringing into light of financial errors, the audit process serves directly toward cost reduction and accountability. Similarly, internal control accounts, according to (3) respondents, show that auditors have a primary function of strengthening various aspects of institutional policies and improving future financial processes. Not only do these improvements correct past weaknesses but also ensure non-repetition of such issues.

In addition, budget alignment was mentioned by (2) of the respondents as a particular impact of audit findings in setting financial limits and rationalizing ceilings for prepayment by utilizing audit feedback. Lastly, transaction validation, which was mentioned only once, is the use of audit reports as a basis to evaluate new proposals for funding, to improve decision-making regarding what had occurred in the past. Overall, the responses suggest that prepayment voucher audits both have strategic and preventive effects, influencing short-term controls, but also affecting long-term financial planning and policymaking.

Table 4.11: Percentage Distribution of Influence of Prepayment Voucher Audit on Financial Decisions

Variables	Category	Frequency (N = 10)	Percentage (%)
Audit findings directly inform future prepayment policies	Strongly Disagree	0	0
	Disagree	0	0
	Undecided	0	0
	Agree	3	30
	Strongly Agree	7	70
	Total	10	100
Audit reports are used by management to assess financial risks	Strongly Disagree	0	0
	Disagree	2	20
	Undecided	1	10
	Agree	1	10
	Strongly Agree	6	60
	Total	10	100
Control weaknesses lead to budgeting adjustments	Strongly Disagree	0	0
	Disagree	1	10
	Undecided	5	50
	Agree	4	40
	Strongly Agree	0	0
	Total	10	100
Audit outcomes influence resource allocation	Strongly Disagree	0	0
	Disagree	1	10
	Undecided	2	20
	Agree	2	20
	Strongly Agree	5	50
	Total	10	100

Source: Author's Computation, 2025

Figures in Table 4.11 are opinions from respondents on the influence of prepayment voucher audits on financial decision-making in their organizations. In policy formulation, there was overwhelming agreement that 70% strongly agreed and 30% agreed that audit findings directly inform future prepayment policies. This 100% positive feedback proves that audits are actually serving as a valuable input into policy-making, securing their role not just as control tools, but strategic drivers of financial management and operating improvement.

Conversely, views were not as decisive regarding the extent to which audit reports are applied by the management to analyze financial risk. While 60% strongly agreed, the remaining 40% split between disagree (20%), undecided (10%), and agree (10%). Which is to say that although the majority think that audits are contributing to risk assessment, a significant minority don't see themselves observing this assimilation in their department or feel that audit results aren't always fed back into meaningful risk management measures by the management. It indicates a possible gap between audit adoption and practices at the strategic level.

The effect of audit findings on budgeting and resource utilization is also uncertain. For the issue of whether or not control weaknesses identified through audits lead to budgetary adjustments, 50% were not sure, 40% agreed, and 10% disagreed. For the same assertion that audit findings influence resource allocation, the votes were divided, with 50% agreeing or strongly agreeing and 30% not sure or disagreeing. These findings reveal a gap in visibility or transparency on the part of staff as to how audit recommendations translate to financial decision-making, particularly operational budgeting and resource allocation. They suggest the need for more formalized, transparent feedback loops between audit recommendations and the execution of financial strategy.

4.3 Discussion of Major Findings

Objective 1: To assess the perceived effectiveness of prepayment voucher audit in enhancing internal control

The findings from Section B, as presented in Tables 6 and 7, show that respondents strongly believe that prepayment voucher audits play a vital role in strengthening internal controls within organizations. From the thematic analysis, the most common benefit identified was risk reduction, with eight out of ten respondents stressing that voucher audits help prevent fraud, reduce errors, and stop unauthorized transactions. This is also confirmed in Table 7 where 90% of respondents strongly agreed and 10% agreed that voucher audits reduce the risk of fraudulent prepayments. The implication of this result is that prepayment audits are seen as a key safeguard against financial mismanagement. This agrees with the Association of Certified Fraud Examiners (2024) which reports that fraud prevention remains one of the strongest reasons organizations rely on effective internal controls.

Another important theme that emerged is the role of prepayment audits in ensuring the accuracy and reliability of financial reporting. Six respondents mentioned this in Table 6, while in Table 7, 70% strongly agreed and 30% agreed that voucher audits improve reporting accuracy. This suggests that the audit process gives credibility to financial statements by making sure that only genuine and authorized transactions are recorded. The result is consistent with the FDIC (2023) guideline on internal control, which emphasizes accurate financial reporting as one of the key objectives of effective internal control systems. This shows that respondents appreciate the audit not just as a routine check, but as a process that builds trust and transparency in financial information.

The issue of compliance with company policies and procedures also received strong support, as four respondents in the thematic analysis noted this benefit, and all ten respondents in Table 7 agreed that voucher audits enforce compliance. This means that the audit serves as a reminder that organizational policies and regulatory requirements must be followed before payments are approved. The Institute of Internal Auditors (2024) also supports this view by highlighting that internal audit functions are designed to ensure that governance, risk management, and control processes align with both internal and external expectations. Therefore, voucher audits contribute directly to upholding discipline and accountability within the financial system of an organization.

Although less frequently mentioned, respondents also recognized that prepayment audits can provide decision support and ensure proper verification of documents before payments are made. Two respondents highlighted each of these areas, pointing out that beyond preventing fraud, audit findings can guide management decisions and financial planning. Similarly, document verification ensures that supporting vouchers are properly checked before funds are released. This finding aligns with the Washington State Auditor's Office (2025), which explains that practices such as three-way matching of invoices, receipts, and purchase orders are industry standards that strengthen accounts payable processes. It also relates to the recommendation of Broward County Auditor (2024), which emphasizes risk-based reviews as a way of improving both compliance and decision-making in payment processes.

Generally, the results indicate a remarkable level of agreement among respondents. None of them disagreed or expressed uncertainty about the effectiveness of voucher audits, and all agreed that they enhance internal control in one way or the other. Such uniformity suggests that within the sample studied, prepayment voucher audits are not regarded as mere formalities but as strategic tools for protecting resources, promoting transparency, and supporting managerial

decision-making. However, the small sample size of ten respondents means that the findings should be interpreted with caution. For stronger generalization, future studies can extend the sample and include measurable financial data, such as reduction in error rates or fraudulent transactions after audit implementation. With organizations increasingly adopting automation and data analytics, future research can also examine how technology complements prepayment audits in ensuring more effective internal control systems.

Objective 2: To identify challenges encountered while using prepayment voucher audit

The findings presented in Tables 8 and 9 highlight that auditors and accounting staff encounter several challenges when conducting prepayment voucher audits. The thematic analysis reveals that the most critical problem is documentation-related issues, mentioned by six out of ten respondents. These include incomplete or missing documents and poor record-keeping practices. This result is reinforced by the statistical evidence in Table 9, where 70% of respondents strongly agreed and 30% agreed that insufficient documentation poses a significant challenge. The absence of any disagreement or neutrality suggests that this is a universally recognized problem. Poor documentation not only delays audit processes but also undermines the ability of auditors to verify transactions. This finding supports earlier research which notes that ineffective documentation practices weaken internal controls and make financial reporting more vulnerable to misstatements and fraud (Harris & Durand, 2023).

Another important challenge identified is the absence of clear guidelines and standardized policies to guide the prepayment audit process. Three respondents raised this in the thematic analysis, while 60% strongly agreed and 40% agreed in the survey that lack of guidelines makes the audit process difficult. This indicates that auditors and accountants often operate in environments where formal frameworks or written procedures are missing, leaving room for inconsistencies and subjective judgments. According to the Institute of Internal Auditors

(2024), the effectiveness of audit procedures depends heavily on the existence of well-documented policies and control frameworks. Without these, internal audits risk becoming less reliable and more dependent on individual interpretation rather than organizational standards.

The findings also show that time constraints represent a common operational problem. Half of the respondents (50%) strongly agreed and 40% agreed that time limitations hinder the audit process, while 10% disagreed. This indicates that while most auditors face pressures such as workload and tight deadlines, a minority work in less time-constrained environments. Time pressure has been identified in recent studies as a significant factor that can compromise audit quality, as it may encourage auditors to adopt shortcuts or limit the depth of verification processes (Said, 2022). In practice, this may reduce the reliability of audit results, especially when combined with weak documentation.

Another frequently cited challenge is discrepancies between accounting records and supporting documents. In the thematic findings, this was mentioned by four respondents, and the statistical analysis in Table 9 shows that 60% strongly agreed, 20% agreed, while another 20% disagreed. The split opinion suggests that while record inconsistencies are widespread, some departments may have better systems in place to align source documents with accounting entries. These discrepancies can raise audit red flags and, if unresolved, compromise the credibility of financial statements. As noted by the New York State Comptroller's Office (2024), mismatches between accounting entries and source documents are among the most common findings in claims audits and represent a serious internal control weakness.

Other challenges, although less frequently mentioned, included data quality and accuracy problems, human resource skill gaps, and system inefficiencies. Two respondents cited issues with data errors and budget misalignments, while one respondent pointed to the lack of adequately trained staff. Similarly, another respondent mentioned that audit procedures

themselves sometimes delay operational processes. These less common themes nonetheless point to systemic weaknesses, especially in terms of staff capacity and technological efficiency. Recent public-sector audit reviews have emphasized that addressing human capacity gaps and integrating technology in audit processes can reduce manual errors and improve timeliness (Washington State Auditor's Office, 2025).

Objective 3: To examine the impact of prepayment voucher audit on financial decision making

The analysis presented in Tables 10 and 11 demonstrates that prepayment voucher audits exert both preventive and strategic influence on financial decision-making. Thematic evidence (Table 10) indicates that the most cited influence is the prevention of duplicate or redundant payments, highlighted by four respondents. This shows that audits play a key role in safeguarding financial resources by identifying overpayments and duplicate transactions before they occur. By detecting such errors early, audits contribute to cost reduction, accountability, and the overall credibility of the financial system. This finding aligns with Mensah and Aboagye (2022), who emphasize that voucher audits significantly minimize risks of waste and fraud by enforcing transaction-level scrutiny.

Another notable influence is internal control strengthening, mentioned by three respondents. Audit processes not only reveal weaknesses but also provide recommendations that help institutions reinforce compliance, streamline procedures, and standardize payment policies. In practice, this means that prepayment voucher audits function as both corrective and preventive mechanisms, addressing current deficiencies while setting stronger foundations for future financial practices. According to the Institute of Internal Auditors (2024), the most effective audits extend beyond compliance checks and become tools for organizational learning, fostering resilience in financial management systems.

The thematic data also suggest that audits influence budgetary alignment, reported by two respondents. Audit results inform decision-makers about financial ceilings, highlight inefficiencies in fund utilization, and guide budget adjustments to ensure spending remains within limits. This strategic role of audits in budgeting reflects findings by Okafor (2023), who observed that audit recommendations often shape fiscal planning by forcing management to realign budgets with actual performance realities. Lastly, one respondent mentioned transaction validation, whereby audit outcomes are used to evaluate new funding requests based on past financial trends. Though less frequent, this indicates the role of audits in evidence-based decision-making, ensuring that future disbursements are grounded in verified financial data.

Table 11 provides further clarity on how audits influence financial decision-making. A striking 100% of respondents either agreed (30%) or strongly agreed (70%) that audit findings directly inform future prepayment policies. This unanimity suggests that audit recommendations are being taken seriously at the policy level, positioning audits not just as financial oversight tools but as strategic inputs into decision-making.

However, the influence of audits on financial risk assessment was less conclusive. While 60% strongly agreed that audit reports help management assess risks, the remaining 40% were split among disagreement (20%), indecision (10%), and moderate agreement (10%). This indicates a possible gap between audit findings and management action, where audit reports are produced but not always integrated into proactive risk management strategies. This echoes the concerns of Said (2022), who found that many organizations generate audit reports but lack structured mechanisms to embed them into broader enterprise risk management frameworks.

The responses regarding budget adjustments and resource allocation were even more mixed. On whether control weaknesses identified through audits lead to budget revisions, 50% of respondents were undecided, 40% agreed, and 10% disagreed. Similarly, for the influence of

audits on resource allocation, 50% agreed or strongly agreed, while the rest expressed uncertainty or disagreement. These mixed opinions suggest that while audits clearly inform policy at a strategic level, their influence on day-to-day operational budgeting and allocation decisions may be less visible to staff. This could stem from limited feedback loops between audit departments and operational units, leaving employees unsure of how audit recommendations translate into resource decisions.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The study investigated the effectiveness of prepayment voucher audits in enhancing internal control procedures in the university setting. The research was motivated by three general objectives: (1) to establish the perceived effectiveness of prepayment voucher audits in reducing financial risk and control mechanism, (2) to identify the main challenges encountered during the audit process, and (3) to investigate the extent to which audit results influence financial decision-making. These objectives were achieved by implementing a mixed-methods approach with qualitative and quantitative information gathered from ten audit and finance personnel through a structured questionnaire.

The demographic data presented a working force of mostly early- to mid-career professionals, of which 70% had five years or less of experience in accounting, auditing, or financial management roles. On educational qualifications, 40% had HND qualifications, 30% B.Sc. degrees, and 30% Masters/Ph.D. degrees. The respondents were mainly from Internal Audit (40%), Financial Services (30%), and Landmark Development Ventures (20%), indicating a sample highly relevant to the study's theme.

Findings on the perceived effectiveness of prepayment voucher audits were robust. For instance, 90% agreed strongly that audits would substantially reduce the risk of fraudulent prepayment transactions, and 70% agreed strongly (and 30% agreed) that audits ensure that internal controls are implemented and financial reporting is more reliable. Furthermore, 70% agreed strongly that regular audits assist in the identification and rectification of prepayment control weaknesses. These results were echoed through qualitative evidence, wherein financial

accuracy (6), compliance (4), and reduction of risk (8 mentions) were key themes that indicated respondents view audits as necessary guarantees in financial management.

Despite the high efficacy ratings, several operational problems were noted. Specifically, 60% of the respondents strongly agreed that lack of documentation is a major hindrance in audits. A similar percentage agreed that lack of clear guidelines or internal procedures (60%), inconsistencies in records (60%), and insufficient time (50%) are hindrances to audit application. These problems were also supplemented by thematic findings, wherein the most common issues included documentation problems (6 mentions), discrepancies in records (4), and policy/guidelines gaps (3). These problems are indicative of structural gaps in the university's internal financial system that can undermine audit reliability if left unaddressed.

Lastly, on the influence of audit findings on financial decision-making, there were mixed opinions. While 70% strongly agreed that audit findings guide future prepayment policy and 60% believed audit reports are utilized to assess financial risks, only 40% agreed that such findings lead to budget changes, with 50% being undecided. Similarly, only 50% strongly agreed that audit findings influence financial resource allocation. These trends were supplemented by the qualitative data, in which duplicate payment prevention (4) and reinforcement of internal controls (3) were cited by respondents as areas where audits had strategic impact. The comparatively less confidence regarding budgeting and resource allocation suggests, however, a gap between audit findings and decision-making at higher levels of financial planning.

5.2 Conclusion

The findings of this study show that prepayment voucher audits are widely perceived by financial personnel as essential mechanisms for enhancing internal control in a university

environment. Respondents collectively acknowledged that the audits deter fraud, increase financial accuracy, and augment compliance with institutional policy. The auditing process was not only seen as a tool for accountability but also as a foundation for better-informed financial operation decision-making. But the study likewise uncovered some typical issues that limit the full efficacy of prepayment voucher audits. These include poor documentation processes, lack of standard procedures, time constraints, and discrepancies between books of accounts and supporting documents. Despite these difficulties, there is some evidence that audit reports are increasingly influential on financial decision-making, such as policy amendments and internal control reform. Overall, the reports suggest that while prepayment audits are functionally useful, their success is dependent on institutional system robustness, clear-cut policies, and continuous staff professional development for audit and accounting capacities.

5.3 Recommendations

Based on the findings, Landmark University should:

1. Establish clear, uniform procedures for processing and auditing prepayment vouchers across all departments.
2. Enforce proper record-keeping and ensure all prepayment transactions are supported by complete, accurate documents.
3. Provide regular training on audit practices, internal controls, and financial compliance for relevant staff.
4. Integrate audit results into budgeting, policy updates, and resource allocation decisions.
5. Adopt digital tools to reduce manual errors, improve tracking, and save time in audit procedures.
6. Empower audit units to conduct regular compliance checks and flag irregularities early.

7. Define roles clearly and ensure adequate staffing to prevent audit delays and inefficiencies.

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APPENDIX

THOMAS ADEWUMI UNIVERSITY

FACULTY OF MANAGEMENT AND SOCIAL SCIENCES

DEPARTMENT OF ACCOUNTING AND FINANCE



Perceptions of Prepayment Voucher Audit as Decision-Making Tool for Prepayment Audit Internal Control

Dear Respondent,

My name is **Ajibare Zainab**, and I am conducting research on the perceptions of prepayment voucher audits as a decision-making tool for prepayment audit internal control. Your valuable insights will contribute significantly to understanding current practices and challenges. Your responses will be kept strictly confidential and used solely for academic purposes. Please write appropriate answer(s) for the first question in each section and then tick the appropriate box for the remaining questions in a section. Thank you.

Section1: Respondent Demographic

1. Please describe your primary responsibilities within your organization related to financial operations or internal control.

2. How many years of experience do you have working in roles involving accounting, auditing, or Financial management? -----

3. What department or faculty within the university are you currently working in?

4. Can you briefly explain your direct involvement, if any, with prepayment transactions or their audit?

5. What level of formal education have you attained?

 Section2: Perceived Effectiveness of Prepayment Voucher Audit in Enhancing Internal Control

6. In what specific ways do you believe prepayment voucher audits contribute to strengthening an organization's internal control over prepayments?

	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
7. Prepayment voucher audits significantly reduce the risk of fraudulent prepayment transactions.					
8. Prepayment voucher audits ensure compliance with company policies and procedures regarding prepayments.					
9. Prepayment voucher audits enhance the accuracy and reliability of financial reporting related to prepayments.					
10. Regular prepayment voucher audits help in identifying and rectifying weaknesses in prepayment internal controls.					

Section3: Challenges Faced By Auditors and Accounting People When Prepayment Voucher Audit Is Being Used

11. What are the most significant challenges you encounter when conducting or being subject to prepayment voucher audits?

	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
12. Insufficient documentation for prepayment transactions poses a significant challenge during audits.					
13. Lack of clear guidelines or policies for prepayment processing makes audits difficult.					
14. Time constraints often hinder a thorough prepayment voucher audit process.					
15. Discrepancies between accounting records and supporting documents for prepayments are frequently encountered.					

Section 4: Degree to Which Prepayment Voucher Audit Influence Financial Decisions

16. Can you provide an example of how the findings from a prepayment voucher audit have influenced a specific financial decision in your organization?

	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
17. Audit findings from prepayment voucher reviews directly inform decisions on future prepayment policies.					
18. Prepayment voucher audit reports are regularly used by management to assess financial risks.					
19. Identified control weaknesses during prepayment audits lead to adjustments in budgeting for future periods.					
20. The outcomes of prepayment voucher audits influence the allocation of financial resources.					

Thank You!