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INTERNAL CONTROL SYSTEMS AND CAPITAL PROJECTS EXECUTION PACE IN THE NIGERIA PUBLIC SECTOR

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Abstract

This work investigated the influence of internal control systems on the capital project execution rate with respect to the South-South states in Nigeria. The study aimed to investigate Ministries of the South-South Zone in Nigeria. Capital project execution rate (CPROER) is the dependent variable while internal control proxy as accounting control (ACCTC), Administrative and operational controls (ADMOPC), Personnel controls (PERSC), and Management controls (MANGC), serve as the independent variables for this study. Four (4) research questions and hypotheses were formulated to guide the study. The study adopted a survey research design with the population comprising 877 Auditors and Accountants working in five (5) randomly selected Ministries. Freud and William's statistical formula was employed to draw 420 respondents from the population while the representatives of auditors and accountants were selected through simple random sampling. A structured questionnaire was employed as the instrument of data collection. The reliability of data generated was checked using the Cronbach Alpha test and also analysed using a frequency table, percentage analysis as well descriptive statistics and diagnostic tests such as correlation analysis, and multi-co linearity testing while the hypotheses formulated were tested using ordinary Least Square regression analysis. The study found among others that accounting control, administrative control and management control were statistically significant in influencing capital project execution rate in South-South Nigeria at 5% and 10% levels respectively when tested as stand-alone variables. However, when the variables interacted, all our explanatory variables were found to be statistically significant in influencing the capital project execution rate at a 5% significant level. The study concludes that the internal control system significantly influences the Capital project execution rate in South-South Nigeria and recommends among others, that the Ministries, Departments and Agencies in public sectors in Nigeria that are looking for a way to reduce the high rate of capital project abandonment in their States should consider strengthening their level of accounting control, administrative and operational control, and management control implementation rate as these were found to significantly influence the rate of capital project execution rate by our study.

Keywords: *Internal Control Systems, Capital Project Execution Rate*

INTRODUCTION

Background of the Study

The word control has been in use from time immemorial as its use can be traced to the Bible when God Gave man authority to have dominion over the fish of the sea and over the fowl of the air, and ever every living thing that move upon the Earth (Genesis 1: 28). In other words, the word "Dominion" in this context means that man should have control over all living creatures created by God. Control simply means an authority, charge or power given to someone to influence call guide another person or thing (Ofor, 2019). In other words, an individual, family, business entity, enterprise, organization, society as well as a nation can be controlled. Control can come from either internal sources or external sources. When control comes from internal sources, it is called internal control and when it comes from external sources, it is known as external control. In any type of organization, one form of control or the other is exercised by the organization irrespective of the organization size, type and nature and as such control because an internal control when it is established by the management of such an organization. Therefore, internal control as a name implies, involves the various rules, regulations and policies established by management to assist them in checking, regulating and directing the activities of such an organization in order to achieve the organization's set goals and objectives.

International controls (ICs) are very fundamental components of the risk management system. ICs can be applied to several parts of a business whether "strategic, financial operational and compliance" (Financial Report Council, 2014.) According to Adeoye and Adeoye (2014), "Internal control system is a topical issue following global fraudulent financial reporting and accounting scandals in both developed and developing countries for any organization to maximize finances and safe that is assets, it must be able to manage its business processes, which is one reason why ICs are very crucial.

The subject of internal controls is not new but then there have been series of fraudulent practices but in the past and in recent times. The cases of Enron, Parmalat, Cadbury among others are evidences around us. The instances of breakdown in controls have brought about formulation of different frameworks, codes and regulations like the COSO “1992 frameworks” (updated 2013) in the United States, Sarbanes-Oxley act of 2002 (US), Combined Code of Corporate Governance 2003 (UK) Turnbull guidance on Internal Control (revised in October 2005) in the UK, SEC code of 2003 (updated 2011. 2014) in Nigeria. With all these frameworks in place, the challenges with the breakdowns of ICs should have been over. However, studies in Nigeria (Gbegi *&* Adebisi (2015). Alao & Amoo (2014), Abiola *&* Oyewole (2013), Hamilton *&* Gabriel (2012), Akinyomi (2010) show that most internal control systems are weak, inadequate or not complied with, yet these frameworks are in place to guide companies with respect In compliance with internal controls. A system of effective internal controls is a critical component of both public and private sectors management and a foundation for the safe and sound operation of these organizations. In other words, strong Internal controls can help to ensure that the goals and objectives of an organization will be met, that the organization will achieve long-term profitability targets (if a private sector), and maintain reliable financial and managerial reporting. Such a system can also help to ensure that the organization will comply with laws and regulations as well us policies, plans, internal rules and procedures, and decrease the risk of unexpected losses or damage to the organization’s reputation (Ofor, 2019).

On the other hand campaigns like National Economic Empowerment Development Strategy (NEEDS) with the sole aim of improving the National Economy, yet there are high rates of unaccomplished capital projects, resulting into capital projects mismanagement and abandonment, despite these reforms introduce in the system. Countless kilometres of road, many fine factories and hundreds of projects exist only as dreams in Nigeria despite years of promises (Simon, 2012). From the report of Presidential Project Assessment Committee (PPAC, 2012) released, showed that there are eleven thousand, eight hundred and eighty-six (11,800) abandoned projects that will cost an estimated 7.78 trillion to either complete them or if the government does not start any new projects, it will take more than 5 years budgeting, about 1.5 trillion annually to complete them all (El-Rufai, 2012). This made Simon 2012 to maintain that control over project management in Nigeria should improve to reduce the problem of abandonment and wastages of public funds. Oyewobi, Ganiyu, Oke, Alaowo and Shittu (2011) argue that the regulatory oversight has not kept pace with internal control development in the Nigerian public sector despite the enactment of public procurement act number 14 2007 laws of the Federation of Nigeria. In addition to that Simon (2012) Mboto and Ebong (2012) Ingwe were of the opinion that abandonment increased in Nigeria due to incessant policy discontinuities and politicians have questionable discretion in awarding contracts without following due process.

El-Rufai (2012) explains that when projects fail the usual reason given is lack of fund whereas it is the pre-contract mishaps and project management deficits that are the fundamental causes of project failures in Nigeria. He explains that section 4 (2) of the public procurement act No. 14, 2007 requires that no contract should be awarded if funds are not available from the onset. He opened that this statutory functions have been hampered by lots of challenges including the late passage of the Annual Appropriation Acts by National Assembly NASS and abandonment of procurement Bruce Texas by the NDAs if favoured bidder stone out to be unsuccessful (El-Rufai, 2012). Should the problem of stewardship persist, Nigeria's development reforms would not be accomplished. The study therefore investigated the effect of internal control systems on the execution of capital projects in Ministries in South-South Nigeria

Research Problem

Prior studies reviewed have shown that capital project abandonment in Nigeria is caused by various factors such as lack of land (Simion 2012), pre-contract mishaps and project management deficits (El-Rufai, 2012) and award of contract without due process followed (Ingwe, Mboto, & Ebong , 2012), policy discontinuities and politicians questionable discretion in awarding contracts (Ingwe, Mboto, & Ebong , 2012), to mention but a few but none of these prior studies have looked into the area of internal control systems and its effect on project execution rate in South-South Nigeria to the best of our knowledge and this is one of the gaps that this study proposes to field in knowledge.

Secondly, scholars have made some achievements in the area of internal control system in both public and private sectors both within and outside Nigeria. For instance, in the area of private sector, Olatunji (2009) studied the effect of an internal control system in the banking sector and, according to the findings, poor effective internal control system is the major cause of fraud in the banking sector. While (Adeyemi & Adenuga, 2011) revealed that ineffective internal control system often causes a decrease in the performance of the bank due to inability to prevent and detect fraudulent activities in the system. Other studies that establish relationship between internal control and performance of firms include a

study by; Atom (2013) on the internal controls and Performance in non-governmental organizations in Sudan showed that although internal auditing has led to compliance with rules and regulations on operations performance and procurement control, it did not lead to proper financial accountability, budgetary control on the expenditure and proper utilization of donor funding. Also, Ewa and Udonyang (2012) argued that a strong internal control mechanism is a deterrence to staff fraud while a weak internal control mechanism exposes the system to fraud and create an opportunity for staff to commit fraud. Also, Better & Memba (2017) revealed that control environment has a significant influence on the financial performance of an organization. The author further revealed that information systems have a significant influence on the financial performance of Menengai oil Company in Uganda.

However, none of these studies investigated the influence of internal control systems in capital project execution rate in South-South Nigeria, to the best of our knowledge and this is the strength of the gap that this study field in knowledge.

Furthermore withdraw our inspiration from the study of offer 2019 in which the researcher investigated the effect of internal control system on effective implementation of projects in public sector in Nigeria but this study differs from the above study in scope as this study concentrated on Niger Delta States (South-South States) only following the increased rate of abandoned and fictitious projects recently recorded in the ministry of Niger Delta Development Commission (NDDC) as shown by the recent National Assembly Probe on the Ministry Of Niger Delta and what further motivates our choice of South South-States only.

Objective of the Study

The main objective of this study is to investigate the influence of internal control systems on Capital project execution rate in public sector in South-South State in Nigeria. Specifically this study set out to:

1) Ascertain the influence of accounting control on the execution of capital projects in public sector in South-South States in Nigeria.
2) Investigate the influence of administrative and operational control on the execution of capital projects in public sector in South-South States in Nigeria
3) Determine the influence of personnel control on the execution of capital projects in South-South States in Nigeria.
4) Verify the influence of management control on the execution of capital projects in South-South States in Nigeria.

Research Questions

The following research questions guided the study as follows:

1) To what extent does accounting control influence the execution rate of capital project in public sector in South-South States in Nigeria?
2) Does administrative and operational control influence the execution rate of capital projects in public sector in South-South States in Nigeria?
3) How does personnel control influence the execution rate of capital projects in public sector in South-South States in Nigeria?

4) Does management control influence the execution rate of capital project in public sector in South-South States in Nigeria?

Research Hypothesis

Null hypothesis formulated that guided the study are as follows:

H_{01}: Accounting control does not significantly influence the execution rate of capital projects in public sector in South-South States in Nigeria

H_{02}: Administrative and operational control does not significantly influence the execution rate of capital project in the public sector in South-South States in Nigeria

H_{03}: Personnel control does not significantly influence execution rate of capital projects in public sector in South-South States in Nigeria

H_{04}: Management control does not significantly influence the execution rate of capital projects in public sector in South-South States in Nigeria

Significance of the Study

The study will be of immense benefits to the following groups of people: government, policy makers, stakeholders and the politicians.

Policy Makers: the result of this study will expose the areas of witness in public sector internal control systems and thereby encourage policy makers to make policies that will help in strengthening it. Also watch dog group such as Financial Reporting Council of Nigeria will find this study useful in promulgating standards on public sector accountability.

Government: the outcome of this study will bring to light to the government of South-South States Ministries, the degree of effectiveness or adequacy of internal control system in the Ministries and tours will assist government to strengthen the Ministries internal control mechanism.

The study will also be of immense benefit to the government both at state and federal levels, in the sense that internal control systems in public sector weather state or federal level is the same.

The result of this study will expose the areas of internal control systems in terms of project execution that needs further improvement to the government. And when this is fully addressed, the level of project abandonment will be drastically reduced at state and federal levels especially now that the government is officially fighting corruption in the society, both at the federal and state level.

Politicians: this study will also be of immense benefits to politicians who are aspiring to rule this nation at both state and federal level in the sense that the result of this study will expose the dangers of not implementing strict internal control systems in project execution in our Society, thereby giving the politicians and idea of the areas they can add in their manifestos when aspiring for public offices that can help them achieve further economic development in Nigeria.

Researchers: the study will also be of a main benefit to my fellow researchers in the sense that the result of our study will expose great areas of research, in the Minds of other fellow researchers, where further studies should be directed, that can lead to developmental strides in the country.

Scope of the Study

The study investigated the influence of internal control system on Capital project execution rate in public sector in South-South States in Nigeria using Ministries in this state.

Geographical Scope: The South-South Geopolitical zone is made up of Six (6) States namely: Edo State, Delta State, Bayelsa State, Rivers State, Akwa Ibom State and Cross River State. But for the purpose of this study, we use three states specifically Bayelsa State, Rivers State and Delta State. This States were selected based on their level of crude oil generation to Nigeria economy which no doubt plays this state as major oil producing states in the zone, does attracting more revenue to the States as major oil producing States in Nigeria. Furthermore, the choice of this state is also based on the fact that the level of state government internal control system and accounting has not been adequately focused in research (Jagila, Becker & Weber, 2011). Bayelsa State, River State and Delta State are fair samples representing other South-South states of the federation especially as they are seen as major oil producing States in South-South Nigeria.

Sectoral Scope: we used only public sector in this study, in other words, five (5) Ministries from the three states respectively we are randomly selected as follows:

- **Bayelsa State -** Ministry of Works, Ministry of Education, Ministry of Finance, Ministry of Justice, and ministry of women affairs were covered.
- **Rivers State -** Ministry of Health, Ministry of Education, Ministry of Finance, Ministry of Environment and ministry of Niger Delta were covered for the study.
- **Delta State -** Ministry of Works, Ministry of Education, Ministry of Finance, Ministry of Justice, and ministry of women affairs were selected.

Content Scope: in this study, our dependent variable is Capital Project Execution Rate (CPROER) while our Independent Variable Is Internal Control System proxy as Accounting Control (ACCTC), Administrative and Operational Control (ADMOPC), Personnel Control (PERSC), Management Control (MANGC) and Control (CONM).

Limitation of the Study

The constraints encounter during the course of this study were, the staff members' attitude towards collecting and responding to the questionnaires, and reluctance to respond to interview due to their busy schedule, especially the top officials. However, Air Force we are made by the numerators to ensure that responses were generated by politely explaining to the respondents that their opinion will be used just for research purposes only. These incentives introduced enable the researcher to record high response rate from the target population.

REVIEW OF RELATED LITERATURE

Concept of Internal Control System

Internal control has been defined by different people in different ways but the most popular definition of internal control system is the definition given by Auditing Standards And Guidelines that define internal control system " as the whole system of controls, financial and otherwise, established by 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 records."

In another definition, internal controls are policies, procedures, methods and controls established by an organization to increase the probability to achieve its business goals (Institute of Internal Auditors (OIA), 2012). Also, internal control can be seen as a group of policies and procedure data embedded to form control on firm's activities to ensure The Entity followed objectives set by management and board of directors. (Yousef, 2017). Internal control can be defined as a process designed and affected by those charged with management, governance and other personnel to provide reasonable Assurance about the attainment of the entities objectives about efficiency and effectiveness of operations; compliance with applicable laws and regulations; the reliability of Financial Reporting (Gamage et al, 2014). According to Lauder (2012), internal controls consist of "an organization system of reliable Financial Reporting, effective and efficient operations, safeguarding assets against theft and unauthorized use and compliance with applicable laws and regulations.

Similarly, Committee Of Sponsoring Organizations (COSO) of the Tread Way Commission (1992; 2013) also give a widely Internationally acceptable definition of internal control as "a process, affected by an entity's management and other personnel, design to provide reasonable Assurance regarding the achievement of objectives in the following categories: (I) effectiveness and Efficiency of operations; (ii) reliability of Financial Reporting; and (iii) compliance with laws and regulations." The COSO definition of internal control extends to all objectives of an entity from Financial Reporting to proficiency and effectiveness of operations and compliance with applicable laws and regulations (COSO, 2013). It further helps to ensure reliable Financial Reporting information and that a company complies with laws and regulations (COSO, 2013). It further helps to ensure reliable Financial Reporting information and that a company complies with laws and regulations (COSO, 2013). It can be derived from these Concepts that internal control continues processing from a series of procedures and rules. It is based on judgment and cost/benefit considerations and is related to financial and non-financial activities. The COSO framework came out with five components of internal control in organizations. Thus, are (i.) The control environment (ii.) The entity's risk assessment process (iii.) The information and communication system (iv.) Control activities and (v) monitoring.

Ingram (2009) also defines internal controls as "systems and procedures designed by management to ensure that all employees perform their duties ethically and honestly." An alternative definition was given by (Benjamin 2001) as "the whole system of control, financial and otherwise, established by management in order to carry on the Business of the Enterprise in an orderly and efficient manner." Mayo and BPP (1988) define it as the measures taken by an organization for the purpose of protecting its resources against wastages, fraud, inefficiency; ensuring accuracy and reliability in an accounting and operating data; securing compliance with organization policies and evaluating the level of performances in all divisions of the organization. As regards banks internal control, according to banking literature (Nitu, 2002; Dedu, 2003; Nagy, 2005). It consists of a collection of measures at management disposal intended to ensure banks proper functioning, a correct management of Bank's access and liabilities and a true recording in accounting evidences.

Every internal control system whether in the public or private sector is made up of different components or integrated frameworks of networks. These components are those procedures and methods which the management of an entity adopts to aid them achieve

their objectives of ensuring that the business of the entity is properly conducted in an orderly and efficient manner. it also ensures prevention and detection of fraud and errors, security of assets, accuracy of the accounting system and the timely preparation of reliable financial information. Internal control comprises five components; the control environment, the entities risk assessment process, the information and communication systems, control activities and the monitoring of controls (COSO, 1992). This component therefore consists of the various ways internal control has been proxy in Prior studies. For instance, in a study done by Ayagre et al, (2014), he maintained that an organization to achieve its organizational objectives, then the five control components of internal control must be integrated into management processes over the entire organization's subsidiaries, divisions and units. In another study, Amudo & Imanga (2009) developed a model and added information technology in their study, and revealed that measuring the effectiveness of internal control is concerned with the existence and functioning of the six major control components identified by the model. The Basle Committee (1998), along with banking supervisors throughout the world, has focused increasingly on the importance of some internal controls. This heightened interest in Internal controls is, in part, a result of significant losses incurred by several banking operations. And analysis of the problem related to this losses indicates that they could probably have been avoided had the banks maintain effective internal control systems.

Accounting Control

This is the type of control established to ensure that there is compliance, accuracy and validity of the financial information produced by the system (Ofor, 2019). According to Odum and Odum (2017), this type of control consists of the following: (i) authorization procedures (ii) segregation of duties (iii) safe custody of assets (iv) internal audit (v) internal checks and (vi) prevention and detection of frauds and errors. COSO (1992) maintained that accounting control consists of: (i) segregation of duties - separating authorization, custody, and record keeping roles to avoid fraud or error by one person; (ii) authorization of transactions-review of particular transactions by appropriate person; (iii) retention of records-maintaining documentation to substantiate transactions; (iv) supervision or monitoring of operations-observation or review of on-going operational activity; (v) physical safeguards-usage of cameras, locks, physical barriers, etc. to protect property, such as inventory; (vi) top level reviews-analysis of actual results versus organizational goals or plants, periodic and regular operational reviews, metrics, and other performance indicators (KPIs); (vii) it security- usage of passwords, access logs, etc. to ensure access restriction to authorize personal; and (viii) controls over information processing - a variety of control activities are used in information processing. Examples include edit checks of data entered, accounting for transactions in numerical sequences, comparing file totals with control accounts, and controlling access to data, files and programs.

Similarly, delta state internal control manual (DSC, 2010), stipulate that control on core financial activities are implemented to prevent or reduce the risks that can impede accomplishment of government programs. The control activities could be directive, preventive, detective or corrective. Important controls that are implemented on core financial activities include: (i) documentation controls (ii) approval and authorization controls (iii) verification controls (iv) supervisory controls (v) segregation of duties controls (vi) physical and security controls on non-current assets (vii) reporting controls. Similar control measures are applicable in both Bayelsa and Rivers States as well.

An effective internal control system requires that there is appropriate segregation of duties and those personnel and not assigned conflicting responsibilities. Areas of potential conflicts of Interest should be identified, minimize, and subject to careful, independent monitoring.

Administrative and Operational Control

According to Ofor (2019), administrative and operational control is the type of control that is established in an organization to ensure an orderly and efficient execution of administrative and operational activities. They include (i) quality control; (ii) performance report; (iii) statistical analysis. Order forms of control that relates to operational inefficiencies include; (i) qualitative control (ii) budgetary control (iii) policy appraisal and (iv) work standard. Furthermore, COSO (2013) maintained that administrative and operational control includes control activities that involve the supervision or monitoring of operations, such as the observation or review of on-going operational activity.

Personnel Control

This is the type of control that ensures the Recruitment of appropriate and competent employees as well as employee monitoring activities that will lead to the attainment of organizational goals and objectives (Ofor, 2019). It is the part of internal control that involves the appointment of competent and motivated staff to carry out the assignment of an organization.

Management Control

According to Ofor (2019), these are controls exercise by management which are over and above the day-to-day routine of the system. Management control consists of overall supervisory controls, review of management accounts, and comparison with budgets, internal audit and any other special review procedures. Examples of management control are: (i) senior management staff briefing on the day-to-day activities of the organization with the aim of identifying areas of Weakness in the internal control instituted by the organization such as stock theft, excess talking, unnecessary over time, etc. (ii) management accounts designed to summarize performance. (iii) budgeting and variance analysis done by the management. This is a management tool which prevents or helps to detect departure from the management plans. (iv) acknowledgment of performance: Staff performing an assignment should acknowledge their activities by means of signature, initials, rubber stamps, etc.

However, according to Agburi (2015), internal controls of every organization remain one of the strategic tools for improving Corporate Governance and financial management administration for both private and public sector's, especially in the face of limited resources of a country like Ghana, which adopted the Economic Recovery Program (ERP) in April 1983, followed by the Structural Adjustment Program (SAP) in August 1986 and HIPIC initiative in 2002 so as to salvage the ailing Ghanaian economy. In the private sectors for example, Basle Committee (1998) maintained that for effective management control to be achieved in banks, the board of directors should have responsibility for approving and periodically reviewing the overall business strategies and significant policies of the bank; understanding the major risks run by the bank, setting acceptable levels for this risks and ensuring that senior management takes the steps necessary to identify, measure, monitor and control this risks; approving the organizational structure; and ensuring that the senior management is monitoring the effectiveness of the internal control system. The board of

directors is ultimately responsible for ensuring that an adequate and effective system of internal control is establish and maintained. Service management should have responsibility for implementing strategies and policies approved by the board comma developing processes that identify, measure, monitor and control risks in cured by the bank; maintaining an organizational structure that clearly assigns responsibility, authority and reporting relationships, ensuring that delegated responsibilities are effectively carried out, setting appropriate in internal control policies; and monitoring the adequacy of effectiveness of the internal control system. These functions should also be applicable to public sector for an effective management control to be achieved. The board of directors and senior management of Public Sector should be responsible for promoting high ethical and integrity standards, and for establishing a culture between the organization that emphasizes and demonstrate to all levels of personnel the importance of internal controls (Basle Committee, 1998). All Personnel in the Ministries need to understand their role in the internal control process and be fully engaged in the process.

Capital Project Execution Rate

Project execution rate simply means the rate at which awarded contract are being fully funded and completed within the stipulated timeframe (Ofor, 2019). On the other hand, capital project execution rate in this context is the rate at which capital projects are being executed and fully completed in public sector rather than being abandoned during the course of his execution. In project execution, appropriate measures at taking to access the risks the MDAs are exposed to, from both within and outside, in executing the projects. The aim is to identify such risk and make contingency plans in advance to cushion the effects whenever such risk arises. Some risks are very fundamental that the project may be frustrated if they occur; hence adequate measures are taking to forestall the situation. The Likely risks the government usually face include (i) drop in the amount of revenue allocated or generated (ii) delay in the realization of revenue (iii) impact of inflation on cost, leading to increase in expenditure (iv) natural disaster (v) changes in government (vi) variation in oil prices and production volume (vii) corruption of government officials (viii) changes in legislation and government policy (ix) industrial relations problems and labour unrest (x) increase in funding cost (xi) ability of the contractor to execute the project as designed (xii) delays by the contractor to meet the target time set for the project (Delta State Internal Control Framework, 2010), Bayelsa State Internal Control Framework (2015).

To manage funding risks, projects may be segmented into phases of manageable sizes. Adequate funds are provided before embarking on such projects. Before phones are provided, the project must go through due process, that is, designing, analysing, quantifying and evaluation of contractors to ascertain their capability and readiness to execute the project within the expected delivery time.

An effective internal control system requires that the material risk that could adversely affect the achievement of the Ministries goals in the published sector should be recognized and continually accessed. These assessments should cover all risks facing the sector and the consolidated Ministry's operations (that is, credit risk, country and transfer risk, market risk, interest rate risk, liquidity risk, operational risk, legal risk and reputational risk).

The strategic importance of capital projects as an economic development driver cannot be overemphasized. Its potential attributes and numerals. It serves as a catalyst to

public development in all the agenda of government such as Healthcare delivery, roads and transportation, education, security, energy and shelter. Therefore, capital project management gives an impetus to the development ratings of a nation. Nwachukwu and Emoh (2011) argues that capital project management cuts across human Endeavour from various fields of Life such as government and agents of government like members of the State's lenders' board and procurement officers. Oyewobi et all (2011) found that there exists a relationship between internal control and project activities. While Basal (2010) was of the opinion that project cost control effectiveness will be impacted by how well the basic project management practices are implemented on the project, including the definition of such items as governance, rules and responsibilities. When projects are executed Polly, it can lead to project abandonment.

Abandoned projects can be defined as a project which has been: (1) totally abandoned or (2) indefinitely delayed (Ofor, 2019). Abandonment may happen at any stage of a project life and incur significant amount of loss. Prior studies have shown that non-functional government policies defective procurement procedures, corruption, incompetent builders (open contractors), death of client, defective design or inappropriate change in design, inadequate planning can contribute significantly to project abandonment. Specifically, a study conducted by Olalusi and Otunola (2012) revealed that incorrect estimation, insufficient planning, lack of risk management know how, death of skilled personnel, poor knowledge of the work requirement as well as corruption are some of the key reasons for the failure of public projects in Nigeria. Examples of some abandoned projects in Nigeria are shown in tables 2.1 and 2.2

Table 1: List of some abandoned public sector construction projects in the study areas and Nigeria at large

S/N	Type of Project	Location	Owner	Yr. of Project Commencement	Year abandoned	Reason Given
1.	IPP Project	Ahoada, Rivers State	Fed. Govt.	2005	2007	Funds not available
2.	Bridge	Eagle Island, P.H.	Rivers State	2000	2006	Change in Govt.
3.	Low cost housing	Ahoada East, Rivers State	Rivers State	2001	2003	Change in Govt.
4.	Const. of Link Roads	Orji, Mbeiri	Imo State	2009	2011	Political Reasons
5.	Road Construction	Alike, Umuosochi	NDDC/Imo Govt.	2011	2011	Contractor prob
6.	Road Construction	Ugwunagbo Umuhogbo Rd.	Abia St. Govt.	2010	2013	Paucity of Funds

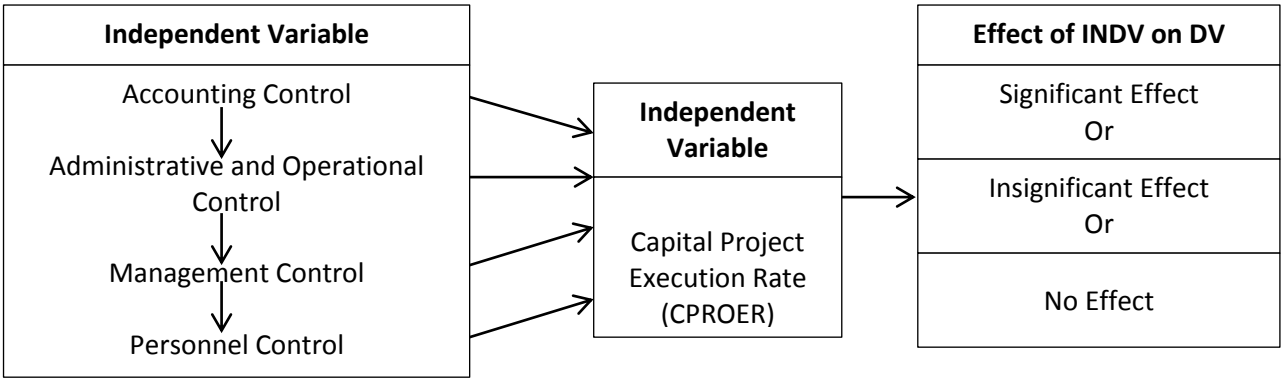
Table 2: List of some abandoned projects in Nigeria

S/N	Location	Projected Cost	Name	Source
1.	Kogi State	$4 Billion	Ajaokuta Steel Rolling complex, Itakpe iron ore company	https://www.tribune.com.ng
2.	Bauchi State	₦5 Billion	Kafin Saki multipurpose dam	https://www.tribune.com.ng
3.	Lagos, Ondo, Ekiti, Edo State	₦7 Billion	NIPOST quarters, NITEL Technical Training School, Inland Container Port, Hadejia – Katagum – Potiskum Road, Lagos – Benin Express way	https://www.tribune.com.ng
4.	Lagos and Oyo States	₦10 Billion	National Stadium Surulere, Federal Secretariat Ikoyi, Lagos – Ibadan Express Way	https://www.tribune.com.ng
5.	Niger and Kaduna States	₦1.2 Billion	Bridge across River Kaduna, Bida – pategi – Nupeko Road, Saki Pawa Road	
6.	Katsina State	₦52 Million	Sobe Dam	
7.	Ondo State	₦500 Million ₦15 Million ₦11.5 Million ₦738 Million ₦11.5 Million ₦17 Million ₦800 Million ₦18 Million ₦11.5 Million	Ondo Road, Akure Lagbaka, Akure Akunga Akoko Alagbaka Akure Iyere Owo Owe Okitipupa Ode Ekitan Ilaje Ode aye	https://www.tribune.com.ng
8.	Delta, Edo and Rivers States.	₦2 Billion ₦81.9 Billion	Petroleum Training Institute, Warri Kubuwa Expressway Bridge connecting Edo and Port Harcourt	https://www.punchng.com

Sources: *Babatunde and Dandago (2014)*

The researcher therefore based his conceptual framework on the internal control components presented in a flowchart in figure 1 as follows:

Figure 1: Conceptual Framework of the Study in Flowchart

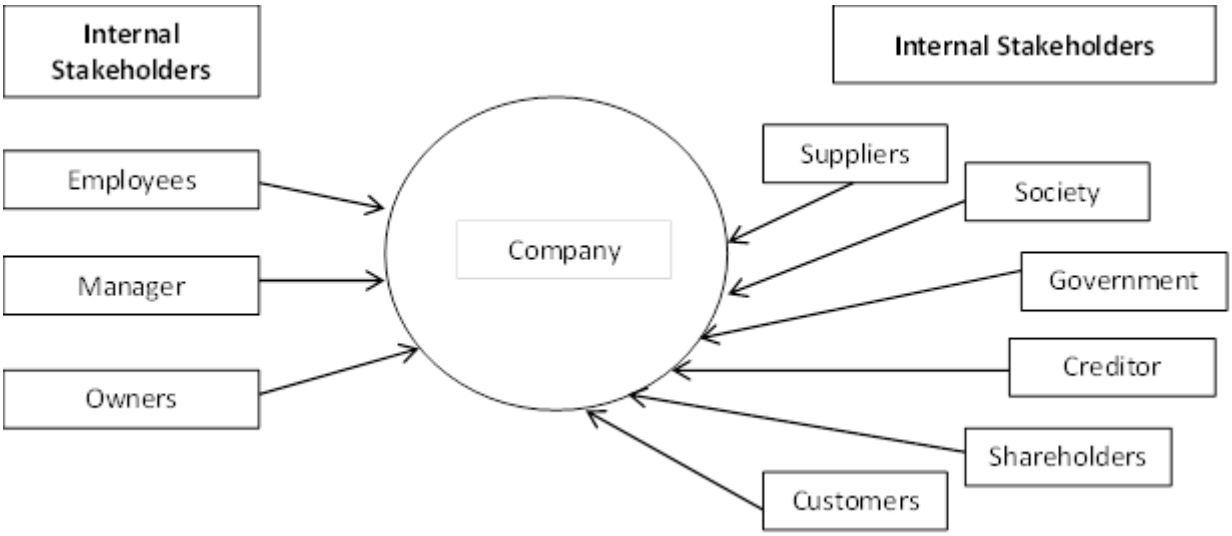


Source: *Researcher's Concept (2020): Where INDV = Independent Variable; DV = Dependent Variable*

Theoretical Framework

The study is anchored on two theories, namely, Stakeholders' Theory and Agency Assurance Theory

Figure 2: Organizational Stakeholders Flow Chart



Source: *Researcher's Initiative (2020)*

Review of Empirical Studies

Empirical studies of Ofor (2019) investigated effective implementation rate of internal control systems in both private and public sectors using a sample size of 200 respondents drawn from both sectors and the results shows that accounting control, administrative and operational control, personnel control and management controls are more effectively implemented in the private sector in Nigeria than the public sector

Sharma and Nabil (2019) in their own study attempt to examine effectiveness of internal control system in selected Banks in Saudi Arabia. The effectiveness of internal control depends and interrelated to five components viz: Control Environment, Risk Assessment, Accounting Information System and Communication System, Control Activities, and Self-Monitoring. These components derived from management and integrated with the management process. Although the components are applicable to all banks, small and medium sized banks can apply then separately on a large scale. Its control can be less formal and less structured, yet a small bank can control effective Internal controls. The study concluded that the Banks in Saudi Arabia have satisfactory internal control system. It

recommended that there is still need to improve the internal control environment, risk assessment and communication system in Saudi banks. The study statistically proved that there is significant difference in effectiveness of internal controls in the Selected Saudi Banks.

Kebuye (2019) in his study, set out to examine the contribution made by the internal systems and working capital management on financial performance of Supermarkets. This study is a cross-sectional and correlational, and it uses firm-level data that were collected by means of a questionnaire survey from a sample of 110 supermarkets in Uganda. Results suggest that working capital management is a significant predictor of financial performance. Contrary to previous thinking internal Control systems do not significantly predict financial performance. Therefore, once organizations have appropriate working capital management. They are also likely to have adequate internal control systems that enhance financial performance. This study focuses supermarkets in Uganda and it is possible that these results are only applicable to the supermarkets. More research is therefore needed to further understand the contribution of the internal control systems and working capital management on financial performance in other sectors. The results are important for internal control and working capital policy development, for example, in terms of prescribing the internal control systems and working capital requirements for the organizations to enhance financial performance.

Internal control systems and working capital management has apparently hitherto been the subject of limited consideration by most supermarkets in Uganda. Nevertheless, this study is possibly the most thorough treatment so far, highlighting the areas requiring improvement to enhance financial performance through internal control system.

Frazer (2018) in his own study investigated the effect of internal control systems on deviation in small restaurants. The purpose of this paper was to determine whether internal control systems influenced restaurant managers' perceptions of undesirable behaviors, also known as deviation, in restaurants. Deviation in this study was defined as fraud, waste and errors. A random sample of restaurants doing business in Nassau County in the State of New York was selected. The data was analyzed using multiple regression and descriptive statistics. The results from this study indicated that there was a statistically significant relationship between internal control and deviation (i.e., errors, fraud and waste). Participants also perceived their establishments' internal control activities quality to be lacking when compared to the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) internal control integrated framework. The findings of this study have the prospect to support strategies objectives and best practices of restaurants.

Kisanyanya (2018) in his study in which he investigated internal control systems on Financial performance of public institutions of higher learning in Vihiga county, Kenya stated that most public institutions of higher learning across the world have reported suboptimal Financial performance compared to private institutions of higher learning. The poor financial performance can be attributed to financial management practice. The sound financial management practices require the institution establishment or robust internal control systems, however, there are limited empirical research findings regarding the relationship between the internal control system and financial performance.

The specific objectives of the study were: to determine the effect of control activities, risk assessment, control environment, information and communication and

monitoring on financial performance of institutions of higher learning in Vihiga County, Kenya. The study was anchored on agency theory, stewardship theory, positive accounting theory and attribution theory. The study used a descriptive research design. The target population of respondents was 140 employees in the four institutions studied whereas the sample size was 96 employees. Primary data was collected from sample population using semi-structured questionnaires. Descriptive and multiple regression analysis were used to analyze data.

The study found that the institutions had adequate and effective control activities which included regular internal audit reports, adequate segregation of duties in the finance and accounts departments and physical controls to prevent theft or embezzlement of excess allocated funds. Control activities were found to have a positive significant effect on the financial performance of the institutions under study. The study found that the institutions under study had proper risk assessment tools and risk assessment management system because they carried out continuous financial assessment of their organization couple with regular, timely and profound audits. Risk assessment was found to have a positive significant effect on the financial performance of the Institution s under study.

Umaru and Umar (2018) in their own study investigated the effect of internal control systems on the performance of commercial banks in Nigeria. A survey method was employed and the study used stratified random sampling, in which a total of 382 questionnaires were administered to either staff of operations, marketing, or security department in the Nigerian commercial banks. The questionnaire is a 5 point Likert-scale while the data collected was analyzed using Statistical Package for the Social Sciences (SPSS) version 23 (v23) and Smart PLS 3. The findings of the study revealed that there is a positive and significant relationship between the four components of internal control (control environment, control activities, monitoring and risk assessment) and bank performance while information and communication were found to have an insignificant positive relationship with bank performance. The study recommended that future research should add other additional variables like risk culture, corporate governance. Likewise control variables such as bank size, bank age, etc. can also be considered by future researchers.

Muhunyo (2018) in his own study investigated the effect of internal control systems on financial performance in public institutions of higher learning in Nairobi City County. The study specific objectives were; to determine the effect of control activities, risk assessment, control environment, information and communication and monitoring on financial performance of institutions of higher learning in Nairobi City County. The study was anchored on agency theory, stewardship theory, and positive accounting theory and attribution theory. The study used a descriptive research design. This study took a sample study approach with its target population being the different categories of staff in different departments of Public Institutions of Higher Learning in Nairobi City County, Kenya. It took on a sample of 96 employees. Primary data was collected from sample population using open and closed ended questionnaires. Descriptive statistics was used in the data analysis and information presented in statistical forms. A multiple linear regression was also used to analyze the relationship between the dependent and independent variable. The study realized that the control environment, risk assessment, control activities and information and communication as indicators of internal control systems have a significant influence on the financial performance of the institutions of higher learning in Nairobi City County, Kenya. The variables explained 99.1% of the changes in financial performance of the

institutions. The study recommends that internal control systems among the institutions need to be improved and accountability of organizational resources be upheld.

Ibrahim, Diiduzic and Abubakam (2017) in their own study, maintained that the significance of upholding effective internal control system in organizations have been persistently and immensely emphasized, due to its positive effects on financial performance. Efficient internal control enables the prevention and detection of fraudulent activities in the institution. In line with this, persistent efforts by policy makers to pursue policies that would improve internal control system in the ministry of health have yielded abysmal results with regards to financial performance in health institutions in the Upper West Region of Ghana. This study sought to determine the impact of internal control variables on financial performance among five health institutions in the region using an ordered logistic regression model for a sample of fifty (50) respondents. They found a positive relationship between internal controls and financial performance. But only three of the control variables remained significant with p-values less than 5%. It is recommended that the governing body of the institutions, possibly supported by the audit reports implementation committee (ARIC), ensure that the appropriate internal control systems recommended by the auditors in health institutions are monitored periodically.

Eniola and Akinselure (2016) in their own study investigated the effect of internal control systems on financial performance of firms in Nigeria. The study focuses on the effect of internal control on financial performance of some selected firms. The methodology of the study is based on survey research approach. The statistical data used for the study were obtained by distribution of one hundred and fifty (150) questionnaire among selected employees, in the five (5) organisation considered in this research work. These respondents were selected using non-probability sampling method, the data obtained from the questionnaire were analysed using multiple regression statistical tools in SPSS (Statistical packages for social sciences.). The result of the analysis shows that internal control has significant relationship with fraud perpetrated in the organization, and this was because the P-value obtained (i.e.0.002) using multiple regression was greater than the benchmark value of 5% specified in SPSS or this analysis. Based on this result, the study recommends that management should develop more effective strategies that will ensure that internal control is effective and efficient, so that fraud perpetration in the organisation will be significantly reduced.

Gap in Literature

Scholars have made some achievements in the area of internal control system in public sector both within and outside Nigeria. For instance, most studies conducted in Nigeria such as (Gbegi & Adebisi, (2015); Also & Amoo, (2014); Abiola & Oyewole, (203), Salihu (2015), Shakirat & Kabiru (2014), Hamilton & Gabriel, (2012); Akinyomi, (2010) show that some internal control systems are weak, inadequate or not complied two in the public sector and yet they have internal control frameworks in place to guide them. Furthermore, Ishola, Abikoye & Olajide (2015) examined effect of internal control system in Nigeria public sector and discovered that establishment of internal controls play in vital role in prevention of fraud and irregularities. Restore the pointed out that it is obvious that the act of fraud has become the other of the day in the public sectors in Nigeria due to inefficient management culture on fraud which indicates absence of internal control system in public sectors in Nigeria. Amudo & Imanga (2009) in their own study, evaluated internal control systems in Uganda and found that effective internal control system are lacking in public

sector's projects in Uganda. However, none of these studies investigated the influence of internal control systems on Capital project execution rates in public sector, for the best of our knowledge and this is the strength of the gap that this study field in knowledge.

Furthermore we drew our inspiration from the study of Ofor (2019) in which the researcher investigated effect of internal control system on effective implementation of projects in public sector in Nigeria but this study differs from the above study in scope, as this study concentrated on Niger Delta States (South - South States) only, following the increase rate of abandoned and fictitious projects recently recorded in the Ministry Of Niger Delta development commission (NDDC) as shown by the recent National Assembly's probe on the Ministry of Niger Delta, as what motivated our choice of South-South States only.

METHODOLOGY

Research Design

In this study, the research design a structured with aim of identifying the variables that are related to the Research objectives and their collective and individual Association to each other. The structure and procedure is about assessment of thoughts and opinions. It is the type of study that a survey Design accommodates. Therefore, the research design adopted for this study is survey Design. We also use the survey Design because of the nature of Our Data which is basically primary data generated through questionnaire method. Therefore, survey Design is adopted for this study because it is versatile, efficient and accommodates generalization expected in this type of study.

Area of the Study

The study is situated in South-South geopolitical zone in Nigeria with a view to investigate the influence of internal control system on project execution rate in the States. South-South Geopolitical Zone is made up of Six (6) States, namely; Edo State, Delta State, Bayelsa State, Rivers State, Akwa Ibom State and Cross-River State. South-South geopolitical zone in Nigeria is sin as a hub of the Nigeria economy in terms of revenue generation due to the fact that the zone is the major crude oil generating zone in Nigerian economy. However, for the purpose of this study, he decided to use three states, specifically Bayelsa State, Rivers State and Delta State for the period of 2019. States were selected based on their level of crude oil and liquefied gas generation in Nigeria economy which no doubt plays this state as major oil producing states in the zone attracting more revenues through federal allocations to execute or award capital projects in the state.

Nature and Source of Data

The researcher used primary source of data collection method, such as; questionnaire, since it is the survey research. The opinions of respondents were sourced from the field by researcher through the use of questionnaire and the choice of this method was based on the fact that questionnaire instrument offered the researcher and opportunity to obtain first-hand information from the respondent in the field directly, unlike the secondary sources of data. Also being that our research design is survey, questionnaire instrument works well in Such Design.

Population of the Study

The research cuts across the accountants and auditors in six (6) states in the zone's public sector. This research focused on state governments of the selectors States because government have a high number of abandoned projects both capital and non-capital

projects as well. Also, the state is a large employer of public servants such as accountants and auditors, who are well informed about the issue of internal control system framework of the state. These public servants constitute the population of this study. However, we used only auditors and accountants employed in this three states and their number is as follows: Bayelsa State (212), Rivers (215) and Delta (450), making a total of Eight- Hundred and Seventy- Seven employees (877) to be used as our research population in this study (see table 4 below for details).

Table 4: Population Analysis of the Three States selected for the Study

	Bayelsa	Rivers	Delta	
Auditors	64	86	141	As at September 20219
Accountants	148	129	309	As at September 20219
Total	**212**	**215**	**450**	**887**

Source: *State Government Accountant and Auditors nominal roll (2019) of Bayelsa, Rivers and Delta States*

Sample Size and Sampling Techniques

The study used 5 Ministries each in the three states selected for the study, making a total of 15 Ministries covered in this study, in which the researcher use simple random sampling to select this Ministries. Toss, since the researcher does not want to study the entire population, Freud and Williams's formula was used to decide the sample of accountants and auditors to be studied from this States as our sample size. Freud & Williams formula is given as:

$$N = \frac{Z^2pq}{e^2}$$

Where

N = number of samples

p = percentage of positive responses = 90%

q = percentage of negative responses = 10%

e = percentage of standard error = 5%

Z = standard deviation for desired level of confidence (1.96)

Therefore:

$$N = \frac{(1.96)^2\ 0.9 \times 0.1}{(0.5)}$$

$$\frac{3.8416 \times 0.9 \times 0.1}{0.0025}$$

$$\frac{0.345744}{0.0025}$$

N = 138.29

N = 138 +2(error term)

N = 140 (for each state)

Total N = 140 x 3 = 420 (for the three states)

Therefore a total of 140 is the number of copies of questionnaires that were distributed in each state, making a ground total of 420 copies of questionnaires used in the three states selected. But to ensure that we achieved a higher return rate, to increase the

copies distributed to each state to 165 copies to cushion the effect of low return rate of the questionnaires by respondents.

Table 5: Administration of Questionnaire used for this Study in Bayelsa State

PUBLIC SECTOR ENTITIES	NUMBER DISTRIBUTED	NUMBER COLLECTED
Ministry of Works	35	29
Ministry of Education	35	30
Ministry of Finance	35	32
Ministry of Justice	30	25
Ministry of Women Affairs	30	24
Total	**165**	**140**

Source: *Researcher's Computation (2020)*

Table 5 above shows that in all, 165 copies of questionnaire were distributed in Bayelsa State and 143 we are collected, representing about 85% return rate from the state.

Table 6: Administration of Questionnaire used for this Study in Rivers State

PUBLIC SECTOR ENTITIES	NUMBER DISTRIBUTED	NUMBER COLLECTED
Ministry of Health	35	28
Ministry of Education	35	26
Ministry of Finance	35	30
Ministry of Environment	30	28
Ministry of Niger Delta	30	27
Total	**165**	**139**

Source: *Researcher's Computation (2020)*

Table 6 above shows that in all, 165 copies of questionnaire were distributed in Rivers State and 139 return where achieved, representing about 84% return rate from the state.

Reliability of the Instrument

To ensure the reliability of our instrument, test retest method were used and the data generated in a pilot study were subjected to reliability test using Cronbach Alphabet test. In other words, Cronbach Alpha test was conducted to ensure the reliability of the research instrument and the result obtained is displayed in table 3.5. Method of data analysis was ordinary list Square regression analysis.

Table 7: Cronbach Alpha Result of the Variables Used in the Study

Variable	No. of Items	Cronbach Alpha
prder		
admopc	5	0.7523
acctc	5	0.9176
mangc	5	0.0988
Persc	5	0.2818
prder	5	0.8199

Source: *Researcher's computation (2020)*

From table 3.5 above, the Cronbach Alpha for project execution rate is 0.8199, accounting control is 0.9176, administrative and operational control is 0.7523, personnel control is 0.2818 while for management control is 0.0988. All the coefficients of Cronbach Alpha where above 0.7. This indicates that the research instruments were reliable. The result of the Cronbach Alpha tested above revealed that the variables used for this study are highly reliable as their individual alpha results shows.

Model Specification

The dependent variable for this study is capital project examination rate (CPROER) while our independent variable is internal control system measured as Accounting Control (ACCTC), Administrative and Operational Control (ADMOPC), Personal Control (PERSC) and Management Control (MANGC). However we adopted and modified the model of Ofor (2019), which was specified as follows:

$EFTIMP = \lambda_0 + \lambda_1 ACCTC + \lambda_2 ADMOPC + \lambda_3 PERSC + \lambda_4 MANGC + \mu$ 1

Where;

EFTIMP = Effective Implementation of Project (dependent variable)

ACCTC = Accounting Control (Independent Variable)

ADMOPC = Administrative and Operational Control (Independent Variable)

PERSC = Personnel Control (Independent Variable)

MANGC = Management Control (Independent Variable)

λ_0 is the constant term; λ_1 to λ_4 represents the coefficients of our independent variables

μ is the error term

The above adopted model is hereby modified as follows:

Model 1: Stand-alone Variables of Internal Control Influence on Capital Project Execution Rate

$CPROER_1 = \lambda_0 + \lambda_1 ACCTC_1 + \lambda_2 ADMOPC_1 + \lambda_3 PERSC_1 + \lambda_4 MANGC_1 + \mu$ ..... (1)

Where;

CPROER = Capital Project Execution Rate (Dependent Variable)

ACCTC = Account Control

ADMOPC = Administrative and Operational Control

PERSC = Personnel Control

MANGC = Management Control

λ_0 is the constant term; λ_1 to λ_4 represents the coefficients of our independent variables

μ is the error term

Model 2: Interaction Model of Internal Control Variables Influence on Capital Project Execution Rate

$CPROER_1 = \lambda_0 + \lambda_1 ACCTC + \lambda_2 ADMOPC + \lambda_3 PERSC + \lambda_4 MANGC + \mu$ 1

Where;

CPROER = Capital Project Execution Rate (Dependent Variable)

ACCTC = Account Control

ADMOPC = Administrative and Operational Control

PERSC = Personnel Control

MANGC = Management Control

λ_0 is the constant term; λ_1 to λ_4 represents the coefficients of our independent variables

μ is the error term

Table 8: Respondents view on whether management control can increase the rate of project execution in South-South States.

	Frequency	Percent	Valid Percent	Cumulative Percent
Daily Routine Checks Control				
Strongly Disagreed	15	3.6	3.6	3.6
Disagreed	12	2.9	2.9	6.5
Undecided	3	0.7	0.7	7.2
Agreed	240	57.1	57.1	64.3
Strongly Agreed	150	35.7	35.7	100.0
Total	**420**	**100.0**	**100.0**	**100.0**
Supervisory Control				
Strongly Disagreed	19	4.5	4.5	4.5
Disagreed	13	3.1	3.1	7.6
Undecided	8	1.9	1.9	9.5
Agreed	300	71.4	71.4	80.9
Strongly Agreed	80	19.0	19.0	99.9
Total	**420**	**100.0**	**100.0**	**100.0**
Management Regular Review				
Strongly Disagreed	40	9.5	9.5	9.5
Disagreed	50	11.9	11.9	21.4
Undecided	10	2.4	2.4	23.8
Agreed	234	55.7	55.7	79.5
Strongly Agreed	86	20.5	20.5	100.0
Total	**420**	**100.0**	**100.0**	**100.0**
Constant Budgeting Control				
Strongly Disagreed	35	8.3	8.3	8.3
Disagreed	60	14.3	14.3	22.6
Undecided	30	7.1	7.1	29.7
Agreed	218	51.9	51.9	81.6
Strongly Agreed	77	18.3	18.3	99.9
Total	**420**	**100.0**	**100.0**	**100.0**
Prompt Disciplinary Process				
Strongly Disagreed	2	0.5	0.5	0.5
Disagreed	4	1.0	1.0	1.5
Undecided	0	0.0	0.0	0.0
Agreed	250	59.5	59.5	61.0
Strongly Agreed	164	39.0	39.0	100.0
Total	**420**	**100.0**	**100.0**	**100.0**

Source: *Field Survey, 2020*

The table 4.5 above shows that under daily routine checks control, 150 respondents representing 35.7% strongly agreed that daily routine checks of management control process of public sector in South-South States can affect project execution rate in such State in Nigeria. 240 respondents representing 57.1% agreed, three respondents representing 0.7% we are undecided, 12 respondents disagreed, while 15 respondents representing 3.6% strongly disagreed.

Similarly, for supervisory control of management control, 80 respondents representing 19% strongly agreed that supervisory control can affect project execution rate in South-States in Nigeria, 300 respondents representing 71.4% agreed, 8 respondents were

undecided, 13 respondents representing 3.1% disagreed, while 19 respondents representing 4.5% strongly disagreed.

Furthermore we also observed from the table that for management regular review control, 86 respondents presenting 20.5% strongly agreed that management regular review of control measures can affect project execution rate in South-South State in Nigeria. 234 respondents representing 55.7% agreed, 10 respondents representing 2.4% were undecided, 50 respondents presenting 11.9% disagreed while 40 respondent representing 9.5% strongly disagreed.

In addition, the table also shows that for constant budgeting control variable, 77 respondents representing 18.3% strongly agreed that constant budgeting control can affect project execution rate in South-South State in Nigeria, 218 respondents representing 31.9% agreed, 30 respondents we are undecided, 60 respondents representing 14.3% disagreed, while 35 respondents representing 8.3% strongly disagreed.

Finally, in terms of prompt disciplinary control measure of management control, 164 respondents representing 39.0% strongly agreed that prompt disciplinary control measures can affect project execution rate in South-South States in Nigeria, 250 respondents representing 59.5% agreed, 0 were undecided, 4 respondents representing 1.0% disagreed, while 2 respondents representing 0.5% strongly disagreed.

Correlation Analysis

In examining the association among the variables, we employed the Pearson Correlation Coefficient (correlation matrix) and the results are presented in table 4.3.1.

Table 9: Pearson Correlation Matrix of both Explanatory and Dependent Variables used for the Study

	PROER	ACCTC	ADMOPC	PERSC	MANGC
PROER	1.0				
ACCTC	0.01	1.0			
ADMOPC	0.03	0.13	1.0		
PERSC	0.08	0.03	0.13	1.00	
MANGC	0.03	0.10	0.10	0.01	1.0

Source: *Researcher's Computation (2020)*

The use of correlation matrix in most regression analysis is to check for multi-colinearity and to explore the association between the explanatory variables and the dependable variable. The table 4.6 Focuses on the correlation between capital project execution rate (CPROER) (Dependent Variable) is public sector of some selected states in South-South Nigeria and the Independent variables which include ACCTC, ADMOPC, PERSC, and MANGC. Define things from the correlation matrix table shows that all our explanatory variables were positively and moderately correlated with our dependent variable (CPROER, ACCTC = 0.01; CPROER, ADMOPC = 0.03; CPROER, PERSC = 0.08; and CPROER, MANGC = 0.03. This implies that the variables are not in any way related or associated with one another. The table also shows that, no to explanatory variables are perfectly correlated, which would have resulted into dropping of one of such explanatory variable. Therefore, in checking for multi-colinearity, we notice that no two explanatory variables were perfectly correlated. This means that there is the absence of multi-colinearity problem in our model. Multi-colinearity between explanatory variables may result to wrong signs or implausible magnitudes in the estimated model coefficient and the bias of the standard errors of the coefficients.

To further check for the presence of multi-colinearity in our variables, the data collected are subjected into higher multi-colinearity test, using Variance Inflation Factor (VIF). In other words, Variance Inflation Factor (VIF) which was a higher order test was introduced to further check for the problem of multi-colinearity among our valuables and the result of our testing is presented in table 4.7 below:

Table 10: Variance Inflation Factor Test

Variable	VIF	I/VIF
admopc	1.04	0.959928
acctc	1.03	0.974002
mangc	1.02	0.982271
persc	1.02	0.983785
Mean VIF	**1.03**	

The VIF for each of the variables were much lesser than the threshold of 10 and the overall VIF mean value was less than 5. This indicates that the explanatory variables in our specified model are not substantially correlated with other and this implies a complete absence of multi-collinearity in the explanatory variables used for this study.

Another major regression estimation problem is the existence of heteroscedaticity (that is non-constant residual term) which is often common with cross-sectional data. The existence of this problem may result in wrong t-values and f-statistics. To test for the existence of this problem, the Breusch – Pagan Godfrey heteroscedaticity test was used. The result of this test is presented in table 4.3.3 below.

Diagnostic Test 3: Heteroskadasticity Test

To further check the reliability of the data gathered, Heteroskadasticity test was conducted on our data using Bruch Godfrey Heteroskadasticity test and the result of the test is presented table 4.8 while the detailed result is presented in appendix.

Table 11: Breusch – Pagan Godfrey Heteroskadasticity Test

F-Statistic	1.157354	Prob. F(4.15)	0.3683
Obs*R-Squared	4.716815	Prob. Chi-Square (2)	2.77
Sealed explained SS	2.388198	Prob. Chi-Square (2)	0.0962

Source: *Researcher's Compilation*

Breusch – Pagan Godfrey Heteroskadasticity test conducted, with F-statistics value of 1.157354, with Chi (2) value of 2.77 and P-Value of 0.0962, which is above 5% level of significance, shows that our data does not have a Heteroskadasticity problem and as such, can be used for regression analysis.

Test of hypothesis

However, to examine the impact relationships between the dependable variables (CPROER) and our independent variables (ACCTC, ADMOPC, PERSC and MANGC) and to also test our formulated hypothesis, we use an ordinary list Square regression analysis. The panel interaction based regression results obtained is presented and discuss below while detailed results is presented as appendix 2.

MODEL

$CPROER_1 = \lambda_0 + \lambda_1 ACCTC_1 + \lambda_2 ADMOPC_1 + \lambda_3 PERSC_1 + \lambda_4 MANGC_1 + \mu$ …….. (1)

Decision Rule:

Accept H_0 if P-value is > than 10; Otherwise reject H_0 to accept H_1

Model 1 formulated was analyzed using Ordinary Least Square Regression Method and the interpretation of the result is presented in table 4.9

Table 12: CPROER Regression Model Result

Dependent Variable: CPROER
Method: Least Squares
Date: 03/07/20 Time: 16:51
Sample: 1,420
Included Observations: 420

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.571069	0.194782	18.33364	0.0000
ACCTC	0.024473	0.039111	0.625734	0.0518
ADMOPC	0.082729	0.030007	2.756992	0.0061
PERSC	0.004206	0.033885	0.124119	0.9013
MANGC	0.055893	0.037144	0.504796	0.1031

R-Squared	0.205290	**Mean dependent var**	3.130476
Adjusted R-Square	0.105895	**SD dependent var**	0.347545
S.E. of Regression	0.344772	**Akalke info criterion**	0.719064
Sum squared resid	49.32998	**Schwarz criterion**	0.768062
Log Likelihood	-146.1924	**Hannan-Quinn criterion**	0.738975
F-Statistic	2.691916	**Durbin-Walson stat**	1.847703
Prob (F-Statistic)	0.030716		

Source: *Researcher's computation (2020).* ***Note:*** **1% level of significance, **5% level of significance, ***10% level of significance.*

In testing for cause-effect relationship between the dependent and independent variables in CPROER model, will reported the OLS pulled regression results in table 4.9. In table 4.9, we observed that from the CPROER result that the R-squared and adjusted R-squared values where 0.205290 and 0.105895 respectively. This indicates that all the independent variables jointly explain about 21% of the systematic variations in CPROER rate in public sector in selected States in South-South Nigeria.

Test of Autocorrelation: Using Durbin Watson (DW) statistics which we obtained from our regression result in table 4.9, it was observed that DW statistic is 1.847703 which is approximately 2, agrees with the Durbin Watson rule of thumb. Showing that our data is free from auto correlation problem and as such fit for the regression result to be interpreted and result relied on. Akika Info Criterion and Schwartz Criterion which are 0.719964 and 0.768068 respectively further strengthen the fitness of our regression result for reliability as they confirm the fitness of the model specified. In addition to the above, be specific findings from each explanatory variables are provided as follow:

Accounting Control (ACCTC) and Capital Project Execution Rate (CPROER), based on the t statistics value of 0.625734 and p value of 0.05 was found to have a positive influence on Capital project execution rate of Ministries in South-East Nigeria and this influence is statistically significant at 5% level since its p values is within 0.05. This therefore suggest that we should reject our null hypothesis one. ($H0_1$) which states that accounting control does not significantly influence the execution rate of capital project in public sector in South-South State in Nigeria. This means that on the basis of the use of good internal control system to achieve high project execution rate in States, accounting control, if properly implemented will result to high rate of capital project execution in the States.

Administrative and Operational Control (ADMOPC) and Capital Project Execution Rate (CPROER), based on the t statistics value of 2.756992 and p value of 0.01 was found to have a positive influence on Capital project execution rate of Ministries in South-East Nigeria and this influence is statistically significant at 5% level since its P-values is within 0.05. This therefore suggests that we should reject our null hypothesis two ($H0_2$) which states that administrative and operational control does not significantly influence the execution rate of capital projects in public sector in South-South States in Nigeria. This means that on the basis of the use of good internal control system to achieve high project execution rate in the States, administrative and operational control, if properly implemented will results to high rate of capital project execution in the States.

Personnel Control (PERSC) and Capital Project Execution Rate (PROER), based on the t-statistics value of 0.124119 and p value of 0.90 was found to have a positive influence on Capital project execution rate of Ministries in South-East Nigeria. Although, this influence is not statistically significant since its p values is more than 10%. This therefore suggest that we should accept our null hypothesis three ($H0_3$) which state start personnel control does not significantly influence the execution rate of capital projects in public sector in South-South States in Nigeria. This means that on the basis of the use of good internal control system to achieve high project execution rate in the States, personal control even though positive, does not significantly influence rate of capital project execution in the states thus, should be ignored.

Management Control (MANGC) and Capital Project Execution Rate (CPROER), based on the t-statistics value of 1.504796 and p value of 0.10 was found to have a positive influence on Capital project execution rate of Ministries in South-East Nigeria and this influence is statistically significant at 10% level since its fee values is within 0.10. This therefore suggest that we should reject our null hypothesis four ($H0_4$) which states that management control does not significantly influence the execution rate of capital projects in public sector in South-South States in Nigeria. This means that on the basis of the use of good internal control system to achieve high project execution rate in the States, management control, if properly implemented will result to high rate of capital project execution rate in the States.

Internal Control Interactive Model 2

$CPROER_1 = \lambda_0 + \lambda_1 ACCTC_1 * \lambda_2 ADMOPC_1 + \lambda_3 PERSC_1 * \lambda_4 MANGC_1 + \mu$ …… (1)

Decision Rule:

Accept H_0 if P-value is > than 10; Otherwise reject $H0_1$ to accept H_1

In order to carry out a further investigation into the influence of internal control variables used as our explanatory variables on the rate of capital project execution rate in South-South States in Nigeria, model two was formulated. Model 2 in which we tested our variables by interacting the explanatory variables with each other, to see the combined influence of these variables on capital project execution rate in the Ministries of South-South States in Nigeria was also analysed using Ordinary Least Square Regression Method and the interpretation of the result is presented in table 13 below.

Table 13: The Interaction Model Regression Result

Dependent Variable: CPROER
Method: Least Squares
Date: 03/12/20 Time: 11:23
Sample: 1,420
Included Observations: 420

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.094768	0.126877	32.27353	0.0000
ACCTC* ADMOPC	0.003423	0.006877	0.497743	0.0189
PERSC* MANGC	0.007660	0.005445	1.406748	0.0102

Source: *Researcher's Computation (2020);* ***Note:*** **1% level of significance, 5% level of significance, ***10% level of significance.*

Table 4.10 shows the specific results of the influence of interacted internal control variables on Capital project execution rate as follows:

Accounting control interaction with administrative and operational control influence on Capital project execution rate (ACCTC*ADMOPC). Based on the t-statistic value of 0.497743 and p-value of 0.02 was found to have a positive influence on Capital project execution rate of Ministries in southeast Nigeria and this influence is statistically significant at 5% level since its p-values is within 0.5. This therefore strengthened the result we obtained in table 1.5 when these variables were tested as stand-alone variables, showing that accounting control and administrative, operational control jointly influences capital project execution rate significantly positive. This means that on the basis of the use of good internal control system to achieve high project execution rate in the States, ACCTC*ADMOPC control, if properly implemented will result to high rate of capital project execution in the state.

Personnel control interaction with management control influence on Capital project execution rate (PERSC*MANGC). Based on the t--statistics value of 1.406748 and p-value of 0.01 was found to have a positive influence on Capital Project execution rate of Ministries in southeast Nigeria and this influence is statistically significant at 5% level since its p-values is within 0.05. This therefore strengthen the result will obtained in table 15 when this variables were tested as stand-alone variables, showing that PERSC to be significant in influencing capital project execution rate in South-South States while MANGC was found to be statistically significant as stand-alone variable. However, joint effect of personnel and management control shows a strong positive significant influence on Capital project execution rate in the region. This means that on the basis of the use of good internal control system to achieve high project execution rate in the States, PERSC*MANGC control, if properly implemented will result to high rate of capital project execution rate in the States.

Discussion of Results

This study investigated the relationship between internal control systems and capital project execution rate among Ministries in South-South Nigeria. Using pulled data generated from primary source, the data generated were subjected to different statistical test such as descriptive statistics, could relation analysis, multicolinearity test, test of here risked aridity using Brunch Pegan Alpha test and Ordinary Least Square regression analysis. The descriptive statistics revealed the individual characteristics of the variables used in this

study that the variables were normally distributed at 1% significant level. These individual explanatory results revealed the following:

Accounting Control and Capital Project Execution Rate

The regression results shows that accounting control (ACCTC) has a positive significant influence on the rate of capital project execution in Ministries in South-South Nigeria. The implication of our finding is that with accounting control in place, the rate of capital project execution will increase. This finding support our apriori expectation as we expect that accounting control when implemented well can result to high rate of capital project execution rate in the region. Our find in also is in line with the findings of Ishola, Abikoye and Olajide (2015), Gbagi and Adebisi (2015), Also and Amoo (2014), Hamilton and Gabriel (2012) and Akinyomi (2010) and negate the findings of Salifu (2015) and Amudo and Imanga (2009). Our findings also support the findings of Ofor (2019) who in her own study discovered that in Nigeria, private sector implement more effectively, accounting controls of authorization procedures, segregation of duties, safe custody of assets, effective internal audit and effective checks and balances when compared to the level of accounting control effectiveness in public sector. This might be true because the rate of lootings of public funds, fraud and fraudulent practices in the public sector in Nigeria is on the increase recently than the rate recorded in private sector in Nigeria and this is an indication of weak accounting control in the public sector based on the high figures looted almost on daily basis by the public servants (Ofor, 2019). However, our study shows that accounting control if established well in public sectors can reduce the rate of abandoned project in that sector, thereby increasing the rate at which capital projects can be executed in such sector. In other words, with high rate of capital project abandonment still recorded till date, it is an indication of weak accounting control in such sectors in the region.

Administrative, Operational Control and Capital Project Execution Rate

The regression result shows that administrative and operational control (ADMOPC) has a positive significant influence on the rate of capital project execution of Ministries in South-South Nigeria. The implication of our finding is that when administrative and operational control is established and implemented well in a public sector, it has dependency to improve the rate of capital project execution in such sector. This finding supports our apriori expectation as we expect that administrative and operational control when implemented well can result to high rate of capital project execution rate in such region. However, our findings negate findings of Ofor (2019) who discovered a negative but significant effect of administrative and operational control in her own study. In her study, she explains that ADMOPC have an inverse relationship with EFTIMP, in other words when ADMOPC is strictly applied in a public sector in Nigeria, performance of general internal control system will be less and vice versa. However, our study negating the findings of Ofor (2019) is an indication that defined in has policy implication and should be studied critically by management for better internal control policy measures and decision taking.

Personnel Control and Capital Project Execution Rate:

The regression results shows that personnel control (PERSC) has a positive but insignificant influence on the rate of capital project execution of Ministries in South-South Nigeria. This finding negates our apriori expectation as we expect that personnel control when implemented well can result to high rate of capital project execution rate in such region and this result also negates the findings of Ofor (2019) who in her own study discovered that personnel control is more positively and significantly implemented more in

private sector than in public sectors in Nigeria. This means that in Nigeria, private sector implements more effectively, personal controls of competence staff recruitment, staff monitoring, timely reporting of duties, efficient work hour utilization, less recruitment exercises based on quota systems when compared to the level of personnel control effectiveness in the public sectors. The outcome of this result shows and element of Truth on what is obtainable in public sectors in Nigeria, in which if critically analysed based on the large number of ghost workers, pensioners and high idle time recorded in Nigerian public sectors which when compared to that of private sector, hardly occurs in private sectors in Nigeria. All these are clear in the kitchen of Paul or which personnel control components of internal control system in our public sector (Ofor, 2019).

The above finding is also in line with the findings of Salihu (2015) and Ishola, Abikoye and Olajide (2015). Therefore, as this influence is statistically significant in Ofor (2019) study and it is found not to be significant in our study, management should pay more attention on the activities that would improve and overhaul the implementation policies on ground for personnel control of public sector in South-South Nigeria for effective internal control systems to be established as this will lead to better performance of the public sector. For example money saved from paying salaries to boost workers and pensioners can be channelled into execution of capital projects in such region.

Management Control and Capital Project Execution Rate:

The regression result shows that management control (MANGC) has a positive significant influence on the rate of capital project execution of Ministries in South-South Nigeria. The implementation of this result for certainty is that, there is management control system established in the Ministries of South-South region but the question is: are they effectively implemented? If so, why then do we still record high number of abandoned capital projects in such States, knowing fully well that our study shows that management control influences capital project execution rate significantly positively. Meaning that with such control in place, the rate of abandoned project should reduce. This finding supports our apriori expectation as we expect that management control when implemented well can result to high rate of capital project execution rate in such region. The finding is also in agreement with the findings of Ofor (2019), who discovered that there are more abandoned projects executed with scarce public funds in the public sector in Nigeria than in the private sector and this litany of abandoned projects are an indication of weak management internal control systems in public sector in Nigeria. Meaning that if management internal control system of Ministries in South-South region of this country can be effectively implemented the number of abandoned capital projects recorded in such area as well as Nigeria at large will drastically reduce. Our finding therefore is also in line with the findings of Shakirat and Kabiru (2014), Nwachukwu and Emoh (2010), and Ishola, Abikoye and Olajide (2015) but negates the findings of Salifu (2015), Amudo and Imanga (2019). Therefore, as this influence is statistically significant, management should pay more attention on the activities that will improve and overhaul the implementation policies of management control system of public sector in South-South region and Nigeria generally, and for better performance of such sector as well as reduction in the rate of abandoned capital projects recorded in such States.

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

Summary of Findings

In this study, we investigated the influence of internal control systems on the rate of capital project execution of Ministries in South-South region in Nigeria. The variables used for this study consist of dependent and independent variables. The dependent variable used for this study is capital project execution rate (CPROER) while the independent variable is internal control system proxy as ACCT, ADMOPC, PERSC and MANGC.

Using pool data, the data generated your subjected to different statistical tests such as descriptive statistics, correlation analysis, variance inflation test, Here risked at I city test, and auto correlation test. The data gathered were finally analysed using Ordinary List Square (OLS) Regression analysis. The descriptive statistics revealed that the individual characteristics of the variables used in this study are normally distributed while the regression results obtained were as follows:

I. **Accounting Control (ACCTC)** when tested as both stand-alone variable and interacted variable, was found to have positive and statistically significant influence on the capital project execution rate in South-South public sector in Nigeria.

II. **Administrative and Operational Control (ADMOPC)** when tested as both stand-alone variable and interacted variable, was found to be positive and statistically significant in influencing capital project execution rate in South-South public sector in Nigeria.

III. **Personnel Control (PERSC)** when tested assistant alone variable was found to be statistically not significant in influencing capital project execution rate in public sector of South-South region in Nigeria. But the same variable when interacted with management control shows a significant positive result.

IV. **Management Control (MANGC)** when tested as both stand-alone variable and interacted variable was found to have positive and statistically significant influence on the capital project execution rate in South-South public sector in Nigeria.

Conclusion

From the extent literature reviewed, it has been established that effective implementation of internal control components or structures are lacking more in public sector than private sector in Nigeria. This is further established that these control structures should be promptly addressed by the Nigerian government if this nation will move forward. Similarly, literature also shows that there is high level of abandoned project in South-South region as well as Nigeria as a whole despite the fact that the region is oil hub of the Nation.

However, from the empirical analysis done in this study, it was further established that internal control variables such as accounting control, administrative and operational control, personal control and management control and needed to be effectively implemented in the Ministries of the South-South region in order to increase the rate of capital project execution in that region. It is true that all the four components are weak in our public sector when compared to our private sector, but for the region as well as the nation to move forward, more effort should be placed on accounting control as this is the ' head that draws the sheen'. If accounting control can be addressed, more than half of the Nations problem could have been solved. This is because effective accounting control is the bedrock of all other controls. Therefore, this is a Clarion Call to accountants an accounting

profession to take up this challenge of cleaning our nation by adhering strictly to the ethics of the accounting profession.

Finally, for the rate of capital project abandonment to be reduced, and high rate of project execution to be recorded in that region, accounting control, administrative and operational control, and management control implementation should be strengthening up in such regions as these were found to be positively and significantly affecting the rates of capital project execution in the region.

Recommendations

Based on the findings and conclusions of this study, the researchers recommended that:

1. The Ministries, department and agencies in public sector in Nigeria can reduce high rate of capital project abandonment in their States by strengthening their level of accounting control implementation rate as this was found to significantly influence the rate of capital project execution rate.
2. The Ministries, departments and agencies in public sector in Nigeria can achieve high rate of capital project execution rate through the use of internal control systems by strengthening their level of administrative and operational control as well as management control implementation rate, as this were also found to significantly influence the rate of capital project execution rate by our study.
3. Public sector in South-South region as well as Nigeria as a whole should use internal control system to reduce the rate of abandoned project in their States by considering the use obstructing personal control strategy even though this was found not to statistically influence capital project execution rate. This is because if personnel control is strengthening in public sector in the region, it will result to high rate of due process implementation in awarding capital projects in the region, thereby resulting to award of capital projects to companies with high level of integrity and that can deliver good jobs as at when due. This will reduce the rate of capital project abandonment in the region.
4. Finally, public servants such as governors in South-South States as well as Nigeria as a whole can achieve high level of capital project execution rate in their Ministries, departments and agencies by looking into the implementation rate of internal control frameworks that guides such sexual full stop in other words, the management should pay more attention on the activities that will improve and overhaul the implementation policies of the internal control systems as a whole, for better performance of such sector as well as reduction in the rate of abandoned capital projects recorded in such states.

Contribution to Knowledge

Our study contributes to internal control system Literature in several ways. To be specific, our study makes two major contributions to knowledge. First, this study to the best of our knowledge, is the first study to investigate the influence of internal control systems on the rate of capital project execution rate in Nigeria come out using South-South States as our study area, testing internal control variables as both stand-alone variables and as interacted variable and the results are quite revealing.

Model 1: Stand Alone Variable

$$CPROER_1 = \lambda_0 + \lambda_1 ACCTC_1 + \lambda_2 ADMOPC_1 + \lambda_3 PERSC_1 + \lambda_4 MANGC_1 + \mu \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (1)$$

$CPROER_1 = \lambda_0 + \lambda_1 ACCTC_1(0.625734\{0.05\}) + \lambda_2 ADMOPC_1(2.756992\{0.01\}) + \lambda_3 PERSC_1(0.124119\{0.90\}) + \lambda_4 MANGC_1(1.504796\{0.10\}) + \mu$ …….. (1)

The study contributed to knowledge by revealing that:

Capital project execution rate in public sector in South-South State in Nigeria can be improved if internal control variables such as accounting control, administrative and operational control, and management control frameworks available in this state can be effectively implemented as this were found to be statistically significant in driving the rate of capital project execution positively, especially when this internal control variables are tested as standalone variables.

Secondly, the study breaks a novel Ground by developing four models that enables us test this internal control variables also interactive variables to see their joint influence on Capital project execution rate and the result is another milestone in the world of knowledge as follows:

Model 2: Interaction of our Explanatory Variables

$CPROER_1 = \lambda_0 + \lambda_1 ACCTC_1 * \lambda_2 ADMOPC_1 + \lambda_3 PERSC_1 * \lambda_4 MANGC_1 + \mu$ …….. (1)

$CPROER_1 = CPROER_1 = \lambda_0 + \lambda_1 ACCTC_1 * \lambda_2 ADMOPC_1(0.497743\{0.02\}) + \lambda_3 PERSC_1 * \lambda_4 MANGC_1(1.406748\{0.01\}) + \mu$ …….. (1)

The above interaction results show that all our explanatory variables strongly influences capital project execution rate statistically positive when interacted. The implication of this result is that when accounting control, administrative control, personal control and management control system of a public sector is strengthened, all things being equal, that the rate of capital project execution will improve greatly.

Suggestion for Further Studies

Based on our findings in this study, the researchers therefore suggest that further study should be carried out in this area using other internal control variables which were not covered in this study such as risk management control, information and communication control, and monitoring control in addition to the variables covered by the study to see if the result will remain the same or not.

Also the need for this further study is equally suggested by r-squared value of our study which shows that the variables used for this study are not exhausted yet, that there is still room for more independent variables to be applied or used in similar studies in the future.

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