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Inclusive Internal Audit System (IIAS) And Corporate Performance Of Quoted Deposit Money Banks (DMBs) In Nigeria

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Abstract
Due to the dismal performance of the banking firms which according to studies is particularly instructive and is as a result continuous increase in financial crime, mismanagement and misappropriation of funds. As a result of these factors, most deposit money banks are liquidated within twenty years of existence or less. There have been reported cases of misappropriation of funds due to lack of service quality, poor level of competitive advantage, and several other factors such as lack of proper book keeping, lack of business strategies, inability to distinguish between revenue and profit. Therefore, the study examined the effect of inclusive internal audit system on enhancement of corporate performance of deposit money banks in Lagos State, Nigeria by considering service quality and competitive advantage. The study adopted survey research design and the population for this study comprised of (17,736) managers, internal control officers, supervisors in domestic banking operation department and compliance department officers, personnel in senior and middle level management, the internal audit department and the customers of the selected deposit money banks in Lagos State, Nigeria. The sample size of 886 Yaro Yamani sampling formula and simple random sampling method was used in selecting the respondents for the study. The instrument for the study was validated by the supervisor and the reliability was 0.784. The data for the study was analyzed using multiple regression analysis.The study showed that inclusive internal control components have significant effect on service quality of quoted deposit money banks in Nigeria with Adj R^2 = 0.843; F-Stat (4, 842) = 895.077 and p-value= 0.000. The study also revealed that inclusive internal control components have significant effect on competitive advantage of quoted deposit money banks in Nigeria with Adj R^2 = 0.817; F-Stat "F(4, 842) = 750.360"and p-value = 0.000. The study concluded that inclusive internal control triggers improvement in the level of corporate performance in the deposit money banks in Nigeria. It is recommended that banks employees should familiarize themselves with all the reviewed policies and the strategic unit of the deposit money banks (DMBs) should ensure bonding with the tactical and operating arms in the formulation of control policies which should also be carried out on a regular basis. This will hence ensure the improvement in the service qualities that are rendered by the banks.

Keywords: *Corporate performance, Inclusive internal audit system, Service quality, Competitive advantage, Internal control, Governance process control, Fraud audit.*

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I. Introduction

Corporate performance has gained increasing attention globally in recent decades, being pervasive in almost all spheres of the human activity (Kim, 2019). This study shows that corporate performance from a global perspective is institution dependent in terms of quality and service delivery in selected countries both the developed and developing countries (Ismael & Roberts, 2018). Discussion on corporate performance in the UK, the US, German and Japan there are sector aims of understanding the diversity of the performance systems of different countries from the international scene irrespective of the attempts made in these countries to reform the practice of corporate performance. Corporate performance is an idea of outcome, achievement of goals and quality in terms of efficiency and effectiveness of an organization's production and services (Onaolapo & Ajala, 2018).

Corporate performance is the achievement of goals on the part of an organization in convergence of enterprise's orientations (Onikoyi & Awolusi, 2018). Also, performance is not a mere finding of an outcome, but rather it is the result of a comparison between the outcome and the objective of an organization (Roussy & Brivot, 2016). The diversity of corporate performance models adopted by countries around the globe depends on specific country emphasis. Countries like the US and the UK (i.e. the Anglo-American models) emphasize on the interest of shareholders, while many of the European countries and Japan put more emphasis on the interests of stakeholders or multiple capital market players like employees, suppliers and the public (Thomasa & Kumara, 2016). One common issue is that the governments in these countries have revised the corporate performance practices as the main priority with the aim to increase investors trust and confidence, which will translate into liquid capital market (Tseng, 2017). From the global perspective, the attention and code of corporate performance has been developed with the involvement of stock exchanges, institutional investors, corporate captains, governments and international organizations as a practical guide for the capital market players (Otache & Mahmood, 2015).

In Africa, a measure of an organizations corporate performance can be viewed from financial and organizational perspectives (Onuonga, 2014). Corporate performance is in terms of profit maximization, maximizing return on assets and maximizing shareholder return which is built on the company's efficiency (Tudose, 2018). Achievement of good performance in organizations in Nigeria is lot more complicated with so many factors acting as a constraint to organization growth and improvement (Thomasa & Kumara, 2016). Funds can be termed to be blood stream of any established enterprises. It determines substantial part of the enterprises performance. The effective and efficient utilization of fund bring into manifestation of other determinant factors (Umar, 2019). According to Bett and Memba (2017), empirical research work indicates that finance contributes to the tune of 25% of the banking sector success in Nigeria among the determinant factors. Most banks in Nigeria failed because of their inability to gain access to credit facilities. Anthony (2018) shed more light on this by revealing that through lending activities, finance inject funds into the economy which if effectively utilized will improve the standard of living, enhance enterprises performance and invariably add value to the bottom line of the economic development of deposit money banks and other Nigeria business sector as a whole. It can be reasonably agreed upon that the inability of enterprises owners' to have easy access to funds in financial institutions constitute a great problem both on the enterprises and the shareholders (Nalukenge, Nkundabanyanga & Ntayi, 2018). Consequently, it has pushed most shareholders to alternative source of finance which in most cases cannot sustain the long-term growth which the oganisations need to survive (Ahmad, Ibrahim & Minai, 2018).

There have been considerable studies (Onikoyi & Awolusi, 2018; Adegbie & Dada, 2018; Onaolapo & Ajala, 2018) on the problem of performance in deposit money banks for developing countries of the world especially in Nigeria. The dismal performance of the banking firms is particularly instructive which as a result continuous increase in financial crime, mismanagement and misappropriation of funds. As a result of these factors, most deposit money banks die within twenty years of existence or less. Another percentage goes into extinction between the twenty to thirty years thus only smaller percent survive, thrive and grow beyond. Many factors act as a problem of performance to deposit money banks. In deposit money banks, there have been reported cases of misappropriation of funds due to lack of service quality, poor level of competitive advantage, inadequate labour turn over rate, awareness problem of banks product, lack of customer satisfaction, lack of focus, inadequate marked research, over-concentration of one or two markets for finished products, lack of succession plan, inexperience, lack of proper book keeping, lack of proper records or lack of any records at all, lack of business strategies, inability to distinguish between revenue and profit as reviewed by various authors (Roussy & Brivot, 2016; Kabuye, Nkundabanyanga, Opiso & Nakabuye, 2017; Aifuwa, Embele & Saidu, 2018; Adegbie & Dada, 2018; Kabuye, Kato, Akugizibwe & Bugambiro, 2019).

The banking industry in Nigeria has experienced significant bank failures and crises over the years (Otache & Mahmood, 2015). These failures are in form of problems of banks regulation, license revoke issues, ₦25 billion capital requirement problem resulting into a number of merger and acquisitions, heels of joint CBN/NDIC special investigation issues, the spate of non-performing loans, the debt and extent of required capitalization and loss of depositors funds. These failures are of great concerns to Central Bank of Nigeria and the country's governments because of its systematic nature and often exacerbate recessions and act as catalyst for financial crises (Islam, Saddiq, Hossain & Karim, 2014). Internal control problems are a common place in the banking industry and that allowed rogue traders to cause huge financial losses to these banks. Nigerian banks over the years have been observed to exhibit weak disclosures in financial statement, operational inefficiencies, undercapitalization and a weak corporate governance practice that impedes their performance and makes it difficult to detect problems easily.

The quality and standard of financial reporting in Nigerian banking sector seems not to match the high standard of reporting in the banking sector of more developed countries (Thomasa & Kumara, 2016). From the studies, it is strongly evident that none of these researches addressed the effect of inclusive internal audit system on enhancement of corporate performance of deposit money banks. In addition to this, there are not as many studies carried out to stipulate the contributions of internal controls on non-financial performance despite many studies undertaken on non-financial performance in the banking sector. To emphasize this further, this study aims to fill this gap by answering the questions, what is the effect of inclusive internal control components (Governance Process Control and Fraud Audit) on service quality of selected deposit money banks in Lagos State, Nigeria as well as what is the effect of inclusive internal control components on competitive advantage of selected deposit money banks in Lagos State, Nigeria?

The studies of Ejoh & Ejom (2014); Sheedy & Lubojanski (2018); Dankwanmbo & Izedonmi (2018); Ahmad, Ibrahim & Minai (2018); Ahmed & Manab (2016); Ayagre, Appiah-Gyamerah & Joseph (2014); Bett & Memba (2017) among other studies had examined components of inclusive internal control with different variables or concept across the globe. It was observed most of these literature reviewed did not check the connectivity between inclusive internal control and service quality in Nigerian banking industry. Moreso, most of the past studies concluded that inclusive internal control moves in the same direction with component of firm performance except the study of Abdullatif & Kawuq (2015) that found internal control to be insignificant in the public sector and Ahmed & Manab (2016) who concluded that not all components of internal control influences firm performance. Thus, this study wants to see if the same result will be arrived employing service quality as a component of non-financial performance of banks in Nigeria. Aly & Hussainey, 2018; Ahmad, Ibrahim & Minai, 2018; Aifuwa, Embele & Saidu, 2018 etc). All these studies revealed that there is positive association between inclusive internal controls and performance of firms using different measures. It was observed that bank product awareness had not been used by past studies as part of indicators for non-financial performance, thus, the motivation for this study.

II. Literature Review and Theoretical Framework

2.1 Conceptual Review

There are various concepts that will be considered in the study and they are;

Corporate Performance

This is the main dependent variable of the study ad it was decomposed into five variables. It included service quality, Bank product awareness, competitive advantage, customer satisfaction and Performance is measured by the results of the firm. Junaidu and Hauwa (2018) expressed corporate performance is at the heart of the managerial function of an organization. Ali and Bilal (2018) referred firm performance as the efficiency of the organization's top management team which reflects the role of every individual working in the organization. Firm performance is the indicator how efficiently the organization is managed and how effectively and efficiently the human and other resources are utilized in the firm (Ali & Bilal, 2018). According to Murty and Chowdary (2018), firm performance is the results obtained by the entity in relation to resources used. Firm performance is a picture of some achievements in the company that its operations either in relation to financial aspects, marketing aspects, raising some aspects of fund and disbursement of funds, technological aspects, as well as aspects of human resources (Ariawan, Sudarma, Djumahir & Ghozali, 2016).

The results are often valued by the goals previously laid down (López-Morales & Gómez-Casas, 2014). Alrubaiee, Aladwan, Joma, Idris, and Khater (2017) sees performance as a state of competitiveness of the economic entity, reached by a level of efficiency and productivity that assures a sustainable presence on the market. Junaidu and Hauwa (2018); Ghosh and Subrata (2016) opine that the firm performance of an organization is measured by the choice of the management form of wealth to be held. Performance involves the financial performance and the non-financial performance. But the focus of the study is non-financial performance which will be concerned on service quality and competitive advantage.

Service Quality

Service quality involves the values individual interaction between a business and its customers (Abu-Alkheir, Moosa & Altaee, 2019). Quality of service is the overall evaluation of a specific service firm that results from comparing that firm's performance with the customer's general expectations of how firms in that industry should perform (Khan, Lima, & Mahmud, 2018). Kwizera, Mwirumubi and Kizito (2019) defined service quality as a measure of how well the service level delivered matches customer expectations. Service quality as the variation between customer perceptions of the service provided by a given organization and customer expectations of pre mium service within a particular industry (Alauddin, Ahsan, Mowla, Islam & Hossain, 2019).Service quality as the differences between customer expectations and perceptions of service (Tamilselvi, 2016). Service quality is the connectivity between what customers expect from a supplier to render and what actual value of the service eventually rendered. Service quality is referred as the range, to which the service is matched with the beliefs of the customers (Saghier & Nathan, 2013). Zeithaml (2013) defined service quality as the difference between customer's expectation for service performance prior to the service encounter and their perception of the service received. Service quality is how a customer evaluated service being rendered by an organization (Kwizera *et al*., 2019). Service quality is defined as the results of the customer's overall estimate of the variations between service expectations and the actual service performance (Khafafa & Shafii, 2013).

Competitive Advantage

Competitive advantage is simply as the ability of an organization to stay ahead of present or potential competition (Aziz, 2019). Competitive advantage is the superior performance or performance edge of an organization in form of market leadership (Nyuur, Ofori & Amponsah, 2019). The comparative measure between companies within an industry or its external environment could be regarded as competitive advantage (Sachitra, 2017). Competitive advantage refers to the economic value that has been created from the exploitation of a firm's resource-capability combination (Sodhi, 2015). A competitive advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost (cost advantage), or deliver benefits that exceed those of competing products (differentiation advantage). When an organisation does something that cannot be made by competitors or has desirable things by the competitors, then it can represent a competitive advantage (Ardianus & Petrus, 2016). According to Pawel (2016), Competitive advantage occurs when an organization acquires or develops an attribute or combination of attributes that allows it to outperform its competitors. These attributes can include access to natural resources, such as high grade ores or inexpensive power, or access to highly trained and skilled personnel human resources.

According to Ardianus and Petrus, (2016) competitive advantage is anything that can be done better by the firm when compared to the competitors. Wirda, Herri, Elfindri, Rivai and Herizon (2019) defined competitive advantage is whatever value a business provides that motivates its customers to purchase its products or services rather than those of its competitors and that poses impediments to imitation by actual or potential direct competitors. According to Aziz (2019), competitive advantage is necessary for satisfied customers who will receive higher value in delivered products for higher income what the owners request from management and such requirements can be fulfilled with organization of production, higher application and as low as possible production costs, creating and sustaining competitive advantage hence requires firms to always stay ahead of competition (Sachitra, 2017). Competitive advantage possesses features that stimulate buying intentions via unique and hard-to-imitate characteristics and differentiates company in the competitive landscape (Varanavicius & Navikaite, 2015).

Inclusive Internal Control

It is the independent explanatory variable of the study. Inclusive internal control is a concept that embodies the whole range of procedures, techniques, and controls established by the management of an organization to increase the efficiency and effectiveness of the organization (Umar & Dikko, 2019). According to Yousef (2017), internal control can be referred to as a group of policies and procedure that are established for control and monitor organisational activities to ensure that the objectives set by management and board of directors are followed. Inclusive internal control is the as the process designed and affected by those charged with management, governance, and other personnel to provide reasonable assurance about the attainment of an entity's objectives about efficiency and effectiveness of operations; compliance with applicable laws and regulations; the reliability of financial reporting (Gamage, Lock & Fernando, 2014). In the view of Sheedy and Lubojanski (2018), inclusive internal control entails organizational program of activities established to catch and monitor a potential exposure that could result in a significant error, omission, misstatement, or a fraud.

The studies of Kabuye, Akugizibwe and Bugambiro (2019); Michelon, Bozzolan and Beretta, (2015); Kabuye, Nkundabanyanga, Opiso and Nakabuye (2017) sees inclusive internal control as a process, created by the top management intended to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance. Onaolapo and Ajala (2018) defined inclusive internal control as the manner stimulated by an organisation to capture, hearten and raise policies and procedures in line with operational activities for efficiency, safeguarding of assets, accurate financial reporting and compliance with laws. The study therefore sees inclusive internal control as organizational system that incorporates all organizational policies, processes, tasks, design, culture, structure that facilitates the organizational effectiveness and efficiency in its activities towards achieving business goals. Hafizah and Abidin (2016) stated that inclusive internal control comprises a set of resources, patterns of conduct, procedures and actions adapted to control the activities of an organization for the purpose of risk reduction and compliance to the law and regulation.

Governance Process Control

Governance process control is the formal, information-based routines and procedures which are used by managers to conserve and change patterns in organizational activities (Tseng, 2017). Johari, Alam and Said (2018) sees governance process control as set of procedures and systems which are formalized by using information to conserve or change a pattern in organizational activities and it also includes planning system, reporting system, and monitoring procedure which are relied on the information given. Governance process control refers to a management tool that allows for the planning, budgeting, analysing, measuring, and evaluating of useful information especially in the accounting and financial areas for proper decision making to realise sustainable competitiveness and achieve increased performance (Bett & Memba, 2017). According to

Ismael and Roberts (2018) governance process control as a process by which managers ensure that resources are obtained and used effectively and efficiently in the accomplishment of an organization's objectives. It is formal information systems that provide information to the organization from internal and external environment for a decision-making mechanism. Governance process control is an integral part of management responsibilities (Abdullatif & Kawuq, 2015).

Ahmad, Ibrahim and Minai, (2018) asserted that governance process control plays a crucial role in determining competitive advantage of an organization. It is a strategic valuable business tool, which can be used to enhance firms so they continuously achieve survival and sustainability in their future operations over the long term. Governance process control encourages firms to effectively respond to customer desires and market expectations, efficiently adapt to organizational operations, outstandingly develop management activities, excellently improve business practices, and critically achieves sustainability of firms. It is essential for fostering an integration of organisational objectives and employee behaviours that fit with business environments, conditions and situations. In the existing literature, management control systems comprise formal controls (diagnostic and interactive controls) and informal controls (belief and behaviour controls) (Belkhaoui, Lakhal, Lakhal & Slaheddine, 2014).

Roussy and Brivot (2016) classified governance process into formal and informal controls, action and results controls, tight and loose controls, and financial and nonfinancial controls. Onikoyi and Awolusi (2018) categorized governance process control from formal/informal, behavioural/input/output, to financial/nonfinancial. The financial controls of governance process control entails the traditional accounting-based methods such as budgets, cash flow, sales, etc. Non-financial controls include performance evaluations, policies/procedures, and customer feedback. Otache and Mahmood (2015) viewed governance process control as Diagnostic Control System and Interactive Control System. Thus, this study viewed governance process control in terms of diagnostic control and interactive control systems.

Fraud Audit

Fraud is a non-violent criminal and illicit activity committed with objective of earning wealth illegally either individually or in a group or organized manner thereby violating existing legislation governing the economic activities of government and its administration". According to Sule, Ibrahim and Sani (2019), fraud embraces all the multifarious means which human ingenuity can devise, which are resorted to by an individual to get advantage over another in false representation. Fraud is a human endeavor, involving deception, purposeful intent, intensity of desire, risk of apprehension, violation of trust, and rationalization (Ehioghiren & Atu, 2016). The fraud audit is a specialized audit that is performed when there are suspicions or allegations of fraud or when a fraud is known. Fraudulent act includes surprise, trick, cunning and unfair ways by which another is cheated fraudulently (Odelabu 2014).

According to Ehioghiren and Atu (2016), a fraud audit is a detailed examination of the financial records of a business, with the intent of finding instances of fraud. Fraud audit procedure is more detailed than a normal audit, since some types of fraud involve such small amounts of money and other assets that they might fall below the standard materiality threshold (Ehioghiren & Atu, 2016). The task of the auditor is to gather evidence regarding a fraud, which may also result in acting as an expert witness during subsequent legal proceedings (Sule *et. al*., 2019). A fraud audit is actually a consulting service, rather than a type of audit, since the outcome does not involve giving an opinion on a client's financial statements. A fraud audit includes a higher proportion of interviews than a normal audit, since the auditors are also searching for clues from employees who might have noted behavior that is indicative of fraud (Odelabu, 2014).

2.2 Theoretical Review

There are several theories on organizational performance which are, stakeholder, agency, and system and so on. The theory is supported by Ahmad, Ibrahim and Minai (2018) has the assertions on the basis of the fact that agency theory occur in the agency relationship. According to them, they believe problem arises when the auditing of financial reporting of organizations are in conflict arising from different intentions of the principal and agent. Therefore, financial and non financial performance of an institution often becomes difficult to verify due to different attitudes from the principals and agents of such institution. While, on the other hand, the advantage of agency is that it provides for richer and more meaningful research in the internal audit discipline. Agency theory contends that internal auditing, in common with other intervention mechanisms like financial reporting and external audit, helps to maintain cost-efficient contracting between owners and managers. Agency theory may not only help to explain the existence of internal controls and internal audit in firms but can also help explain some of the characteristics of the internal audit department. The theory is being criticized by Bananuka, Tumwebaze and Orobia (2018). They opined that it is difficult or expensive for the principal to verify what the agent is actually doing, the principal cannot verify that the agent has behaved appropriately. The second problem is that, because of differing attitudes towards risk, the principal and the agent may favour different courses of action. Shareholder efforts to monitor the agent for instance, shareholder engagement and incentive schemes or contracts lead to additional costs for the company. Grant (2003) argues that the main purpose of shareholders (principals) is to maximise their value (interest), whereas the main purpose of agents is to expand and grow the corporation because success will reflect favourably on management.

Also, Systems theory was propounded by Ludwig von Bertalanffy in 1940 and expanded by Charles Bernard to field of management as modern theory of management. Other contributors of system theory to the field of management include Trist, Rice, Kast, Rosenzweig, Daniel Katz and Kenneth Boulding. According to Sridhar (2014), an organization is a system consisting of may interrelate and interdependent parts or sub-systems. Smit and Cronje (2002) observed that a system is a collection of parts unified to accomplish an overall goal. If one part of the system is removed, the nature of the system is changed as well and thus organization is a system that comprise different components or units with different resources to carry business activities. Hartman (2010) observed that the systems theory provides a leader with a tool for analysing organizational dynamics without providing a specific theory about how an organization should be managed. Kinyua (2016) also observed that with the recognition of systems theory, all organizations consist of processing inputs and outputs with internal and external systems and sub-systems helpful in providing a functional overview of any organization.

This work is anchored on stakeholder with a major reason that focus is on the impact of nonfinancial factors (inclusive internal control) on the corporate performance growth of the quoted deposit money banks (DMB's) in Lagos State, Nigeria. Also, the stakeholder theory focuses on the nonfinancial aspect of an organization. For instance, it contains theories of how managers or stakeholders should act and should view the purpose of organization, based on some ethical principle (Friedman 2006) which is often regarded as the core competencies of such organization (a nonfinancial factor considered herewith). Another approach to the stakeholder concept is the descriptive stakeholder theory. The theory is concerned with how managers of organizations as well as their stakeholders act as well as how they view their actions and roles. The instrumental stakeholder theory deals with how managers should act if they want to and work for their own interests. This also deals with the nonfinancial aspect of an organization thereby buttressing the essence for the use of the stakeholder theory.

2.3 Empirical Review

There are few studies that are in line with these studies whose focus have been on developing and developed ones. Hence, some of these studies are reviewed below some of which are reviewed below.

Songling, Muhammad and Muhammad (2018) studied enterprise risk management practices and firm performance, the mediating role of competitive advantage. The study adopted survey research design and primary data was utilized using questionnaire. The data were analysed via Structural Equation Modeling (SEM) in Analysis of a Moment Structures (AMOS). The results indicate that enterprise risk management practices significantly influence competitive advantage and SME performance. Competitive advantage partially mediates the relationship between enterprise risk management practices and SME performance. The study suggested that firms are advised to implement formal enterprise risk management practices to gain competitive advantage and superior performance.

Eton, Murezi, Mwosi and Ogwel (2018) investigated internal control systems and financial accountability among local governments in Western Uganda. The study adopted cross-sectional research design. Simple sampling and purposive sampling methods were used. Primary data utilized through questionnaire and descriptive statistics as well as regression analysis were employed for the data analysis. The results indicated that there is a weak relationship between internal control systems and financial accountability. The study concluded that internal control system is inadequate in accounting for the staffing gaps in local governments and the untimely release of financial reports. It was suggested that local government staff should be trained on the current finance management systems to speed up financial reporting system and timely release of financial reports.

Mwazo, Weda, Omondi and Njenga (2017) investigated role of internal control systems on service delivery in the Kenya. Risk management and communication systems were employed as measures for internal control systems. The study adopted a descriptive research design. Stratified random sampling method was applied and data were collected from primary source through questionnaire. The study used multiple regressions and the findings revealed that risk management systems were positively correlated with service delivery and communication systems were indicated to positively relate with service delivery. The study concluded internal control systems are determinant to efficient service delivery.

Abubakar, Dibal, Amade and Joyce (2017) studied effect of internal control activity on financial accountability and transparency in Local Government Areas of Borno State. The study used cross-sectional survey design. The study used stratified random technique and simple random technique as sampling techniques methods. The study used primary data through the use of questionnaire and descriptive statistics, chi-square statistics as well as regression analysis were employed as data analysis technique. The result of the chi-square statistics revealed that internal control activity is ineffective in the local government areas of Borno state. The regression results revealed that internal control activity has insignificant impact on financial accountability but has positive impact on financial transparency in the local government areas of Borno State. The study therefore recommends that Borno state government through the Ministry of local government affairs in conjunction with the local governments' management should revisit the policies and procedures of internal control activity through reforms in order to strengthen the effectiveness in financial accountability and transparency of the local government areas in the state.

Mesfin and Firew (2017) studied the effect of internal controls systems on hotels service performance in Ethopia. The study employed control activities, risk management, control environment, information system, monitoring as indicators for internal control system and revenue was used to measure service performance. The study used explanatory research design and cross-sectional research design. The adopted purposive sampling technique. Logistic regression model was employed for data analysis technique. The study found that control activity, information and communication and monitoring of internal control were predictors of hotels revenue. The study concluded that not all internal control components have a positive significant effect for increasing of hotels service performance.

Joseph (2018) investigated effects of an internal control of financial accountability in the Nigerian public sector. The study adopted survey design method. The study used primary data collected through questionnaire. Chi-square statistics was employed as the statistical technique. The findings revealed that internal controls instituted in public sector are in compliance with COSO integrated framework which is used in detecting errors and fraud. The study also revealed that internal controls have significant role in the management of financial resources allocated to public sector and that management staff in public sector interfere with the effective administration of internal control procedures. The study recommended that the internal control in Nigerian Public sector be constantly reviewed by management so as to be in line with national and international best practices in order to reduce irregularities, inaccuracies, fraud and errors

Noor and Munadil (2016) examined internal control system and perceived operational risk management in Malaysian conventional banking industry. Cross-sectional research design was adopted by the study and purposive sampling technique. Primary data was sourced via administered questionnaire. Descriptive statistics and multiple regression analysis were employed as data analysis methods. The findings indicated that Malaysian conventional banks have a good internal control system and perceived operational risk management. The study concluded that the implementation of risk assessment, top management information and communication, branch information and communication and top management monitoring were found to have a significant result in the documentation of hazard identification and control decision.

Eyenubo, Mohammed and Ali (2017) explored internal audit effectiveness of financial reporting quality in listed companies in Nigeria stock exchange. The study used content analysis to conclude that ability to ask relevant questions and exposure to seminars and workshops, the need to remunerate members, the need to allow members to serve for at least 3 years; the need for chairmanship of the audit committee to be held by shareholders representative; the need for the committee membership to be tilted in favor of more members from shareholders and the need for appointment and remuneration of auditors to be handled by the members of the audit committee were among the factors that will enhance audit committee quality. Lama (2012) analyzed the link between compliance with governance of best practice and firms' operating results. The study sampled 60 firms and regression analysis was conducted. The findings revealed that firm's governance is positively and significantly related to firm performance.

Kipchirchir (2016) examined the relationship between internal management controls and efficiency of service delivery of commercial banks in Kenya. Monitoring and evaluation risk assessment, control environment and information communications were used as proxies for internal management control. This study adopted descriptive survey research design and stratified and simple random techniques were adopted. Descriptive statistics was employed to analysis the data collected via primary source through the use of questionnaire. The findings showed that there exists was a significant variation in service delivery efficiency in Kenya commercial banks The study further revealed that risk assessment was the highest of the mean. The study concluded that internal management control is a critical system to efficiency of service delivery of commercial banks in Kenya. The study recommended that bank employees should be encouraged to familiarize themselves with all the reviewed policies and procedures within the internal management control framework.

Obai and Basariah (2016) examined performance effects of internal audit characteristics and relationships in Nigerian local governments. The study used descriptive statistics and primary data was used through questionnaires administered to heads of internal units in the local governments in Nigeria. The multiple regression analysis was utilized for testing the study's hypotheses. The results indicated that internal audit characteristics and internal audit relationship with management were positively and significantly related to performance. Also, collaboration between internal audit and external audit showed a negative and non-significant relationship with performance. The study concluded that internal audit characteristics and internal audit relationship with management are important for internal audit value-adding capacity for improved performance of local governments in Nigeria.

III. Methodology

The research design to be used in the study is survey research design. The justification of this choice of survey research design was primarily based on some researcher's inclusion of these methods in previous studies (Modugu & Anyaduba, 2019; Ahmadu, Zayyad & Rasak, 2019). In their studies on the effect of internal audit system on performance of Nigeria banks, survey research design gave an insight for the study on the use of questionnaire through survey methods in soliciting information from the respondents towards the discourse of the study.

The study was limited to twenty one (21) deposit money banks that are listed in the Nigerian Stock Exchange (NSE) market making up the Nigerian banking sector as at 2018. The population of this study is 17,736 who are the of the banks that are used as the case study and they are (First Bank (4149), Guaranty Trust Bank (4218), United Bank for Africa (UBA) (3112), Eco Bank (3055) and Zenith Bank (3202) (CBN, 2019). The researcher adopted Yaro Yamane formula to determine the sample size and it was discovered to be eight hundred and eighty respondents (886) as the sample size for this research study. The methodologies are the descriptive statistics and multiple linear regressions which are used for proper analysis in the study. The data used in this paper was derived from the questionnaire which is the instrument of the study.

3.1 Model Specification

To achieve the objectives of this study, the model is specified below.

Y = f(X)

Y = Corporate performance proxied by non-financial performance

X = Inclusive internal audit system proxied by inclusive internal control

Sub-Variables for Y are;

y_1 = Service Quality (SQ)

y_2 = Competitive Advantage (CA)

Sub-Variables for X are;

x_1 = Governance Process Control (GPC)

x_2 = Fraud Audit (FA)

Functional Relationship

SQ = f(GPC, FA) ………………….…………………(Model 1)

CA = f(GPC, FA) ……………………………………….(Model 2)

All the models would be tested using primary data

$SQ = \beta_0+\beta_1 GPC_i + \beta_2 FA_i + \mu_1$….…………………(Model 1)

$CA = \beta_0+\beta_1 GPC_i + \beta_2 FA_i + \mu$……………………..(Model 2)

β_0 = Intercept

β_1 = Coefficients

μ_1 = error term

IV. Results, Analysis and Discussion of findings

This is the subsection of the study where the results are presented and interpreted.

4.1 Inferential Statistics-Test of Hypotheses

B. Test of Hypothesis One (H_{01})

Research Hypothesis 1 (H_{01}): Inclusive internal control components have no significant effect on service quality of quoted deposit money banks in Nigeria.

Table 1: Multiple Regression Analysis for Model 1

Variable	Co-efficient	Standard Error	t-Stat	Probability
(Constant)	3.697	0.343	10.766	0.000
GPC	0.475	0.062	7.690	0.000
FA	0.170	0.043	3.976	0.000
R^2	0.843			
Adjusted R^2	0.842			
S.E of Regression	1.741			
F-Statistics	895.077			
Prob (F-statistics)	0.000			
Observation	842			

Dependent Variable: Service Quality (SQ)

Level of Significance: 5%

Source: Researcher's Computation, 2021

Model 1

$SQ = \beta_0+\beta_1 GPC_i +\beta_2 FA_i + \mu$

$SQ = 3.697+ 0.475GPC_i + 0.170FA$

Where;

GPC = Governance Process Control

FA = Fraud Audit

Interpretation

The table above shows the multiple linear regression results for model 1 which tested the first hypothesis. The results revealed that inclusive internal control components measured by government process control and fraud audits had a positive impact on service quality of the deposit money banks in Nigeria. This is indicated of the positive signs of the two explanatory variables which were; β_1= 0.475 and β_2=0.17 conformed to a *priori* expectations of positive relationship between all the components of inclusive internal control and service quality.

Therefore, the result implied that a unit rise in the adoption of government control process, there was about 0.475 unit rise in service quality and a unit rise in the adoption of fraud audit, there was about 0.17 rise in service quality of deposit money banks in Nigeria. At level of significance 0.05, the t-statistics for GPS is 7.69 while the p-value is 0.00 and the p-value is 0.00 and the t-statistics for fraud audit is 3.98 and the p-value is 0.00. All of these showed that each of the explanatory variables has significant effect on the service quality.

Also considering at the individual probability of t-statistic, it shows that all the variables were significant in the model at 5% level which is acceptable in this study. This is because the probability value of the t-statistics of government process control, risk management, compliance and consulting, financial reporting and fraud audits were 0.000 and 0.000 respectively. Furthermore, the Adjusted R-squared shows that about 84.2% variations in service quality was attributable to by government process control (GCC) and fraud audits (FA) while the remaining 15.8% variations were caused by other factors not included in this model. Hence the coefficient of determination shows that the main model has a good explanatory power of the model. The Adjusted R^2 is 0.842 and it implies that the model is a measure of good fit.

Decision

At a level of significance 0.05, the F-statistics is 895.077 while the p-value of the F-statistics is 0.000 which is less than the adopted level of significance. Therefore, the study rejected the null hypothesis which means that inclusive internal control components have significant effect on service quality of quoted deposit money banks in Nigeria.

By implication, there are some studies that lent credence to the current findings. For instance, Mwazo, Weda, Omondi and Njenga (2017) investigated the role of internal control systems on service delivery/ quality in the Kenya. In the study which also used multiple regression, discovered that governance control process was positively correlated with service delivery and communication systems were indicated to positively relate with service delivery and it concluded internal control systems are determinant to efficient service delivery. However, the study by Mesfin and Firew (2017) which was on the effect of internal controls systems on hotels service performance in Ethopia lend a perfect credence to the study. The study employed control activities, risk management, control environment, information system, monitoring as indicators for internal control system and revenue was used to measure service performance.

B. Test of Hypothesis Two (H_{02})

Research Hypothesis 2 (H_{02}): Inclusive internal control components have no significant effect on competitive advantage of quoted deposit money banks in Nigeria.

Table 2: Multiple Regression Analysis for Model 2

Variable	Co-efficient	Standard Error	t-Stat	Probability
(Constant)	4.101	0.319	12.848	0.000
GPC	0.194	0.057	3.380	0.001
FA	0.176	0.040	4.433	0.000
R^2	0.88			
Adjusted R^2	0.817			
S.E of Regression	1.617			
F-Statistics	750.360			
Prob (F-statistics)	0.000			
Observation	842			

Dependent Variable: Competitive Advantage (CA)

Level of Significance: 5%

Source: Researcher's Computation, 2021

Model 2

$CA = \beta_0+\beta_1 GPC_i +\beta_2 FA_i + \mu$

$CA = 4.101+ 0.194GPC + 0.176FA$

Where;

GPC= Governance Process Control

FA = Fraud Audit

Interpretation

The table above shows the multiple linear regression results for model 2 which tested the second hypothesis. The results revealed that inclusive internal control components measured by government process control and fraud audits had a positive impact on competitive advantage of the deposit money banks in Nigeria. This is indicated of the positive signs of three of the five explanatory variables which were; β_1= 0.194 and β_2= 0.176 which conformed to a *priori* expectations of positive relationship between all the components of inclusive internal audit and competitive advantage.

Therefore, the results implied that a unit rise in the adoption of government control process, there was about 0.19 unit rise in competitive advantage and a unit rise in the adoption of fraud audit, there was about 0.18 rises in competitive advantage of deposit money banks. At level of significance 0.05, the t-statistics for GPS is 3.38 while the p-value is 0.00 and the t-statistics for fraud audit is 4.43 and the p-value is 0.00. All of these showed that each of the explanatory variables has significant effect on the Comparative advantage.

Also considering at the individual probability of t-statistic, it shows that all the variables were significant in the model at 5% level which is acceptable in this study. This is because the probability value of the t-statistics of government process control, risk management, compliance and consulting, financial reporting and fraud audits were 0.000, 0.001 and 0.000 respectively. Furthermore, the Adjusted R-squared shows that about 81.7% variations in competitive advantage was attributable to by government process control (GCC) and fraud audits (FA) while the remaining 18.3% variations were caused by other factors not included in this model. Hence the coefficient of determination shows that the main model has a good explanatory power of the model. The Adjusted R^2 is 0.817 and it implies that the model is a measure of good fit.

Decision

At a level of significance 0.05, the F-statistics is 750.360 while the p-value of the F-statistics is 0.000 which is less than the adopted level of significance. Therefore the study rejected the null hypothesis which means that inclusive internal control components have significant effect on comparative advantage of quoted deposit money banks in Nigeria.

By implication, there are some studies that either supported or slightly negated the view of the current study. Obai and Basariah (2016) examined performance effects of internal audit characteristics and relationships in Nigerian local governments. The study used descriptive statistics and primary data was used through questionnaire administered to heads of internal units in the local governments in Nigeria. The multiple regression analysis was utilized for testing the study's hypotheses. The results supported the view of the second model of this study by indicating that internal audit characteristics and internal audit relationship with management were positively and significantly related to performance. Also, collaboration between internal audit and external audit shows a negative and non-significant relationship with performance. The study concluded that internal audit characteristics and internal audit relationship with management are important for internal audit value-adding capacity for improved performance of local governments in Nigeria.

V. Conclusion and Recommendation

This study examined the effect of inclusive internal audit system on corporate performance of quoted deposit money banks (DMB's) in Lagos State, Nigeria. Numerical description of all variables under study was captured to depict the values and determine the fluctuations of each of the independent variables with the dependent variable. Findings of this study therefore provide insight into the effect of inclusive internal control measured by government process control (GCC) and fraud audit and corporate performance measured by service quality and comparative advantage. It also provided an affirmation of the extent to which the variations in the dependent variable are caused by the independent variables covered in the models as depicted by the R-square and adjusted R-square conforming to theory. Thus, the study concluded that inclusive internal control triggers improvement in the level of corporate performance in the deposit money banks in Nigeria. This paper recommended that banks employees should familiarize themselves with all the reviewed policies and the strategic unit of the deposit money banks (DMBs) should ensure bonding with the tactical and operating arms in the formulation of control policies which should also be carried out on a regular basis. This will hence ensure the improvement in the service qualities that are rendered by the banks.

VI. Contribution to Knowledge

The study just like previous ones has been carried out and it has contributed to knowledge through its findings. First, through the various recommendations in the study, the study has been able to contribute to the existing policies that can be adopted in the financial sector of Nigeria. In terms of theoretical perspective, the study contributed immensely to the theories that have been used by also concurring to the fact that, synergy of various units of an entity is highly paramount in order to ensure that corporate goals are attained in an organization. Also, the study provided empirical evidence of the positive effect of the inclusive internal control components on service quality, comparative advantage, bank brand awareness, labour turnover rate, and customer satisfaction. This aspect of the contribution was also supported by previous studies in literature such as Mwazo, Weda, Omondi and Njenga (2017); Chukwunulu, Ezeabasili and Igbodika (2019); Muthusi (2017); Ironkwe and Osaat, (2019); Low and Kewing (2018) and Songling, Muhammad and Muhammad, (2018). It has also contributed to the Accounting practice via an in-depth examination of the specific inclusive internal control measures that have been adopted by the deposit money banks in Nigeria in its quest to ensure high performance level. It was also deduced that there is still a long way to go in the process of fully adopting an effective internal control measures in the Nigeria financial institutions especially when compared with those of the developed economies forensic accounting in organizations in Nigeria. Through various findings in the study, it has contributed to the wealth of study in academics that can be adopted as reference in future studies.

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