EFFECTS OF AUDITORS INDEPENDENCE ON THE INTERNAL CONTROL SYSTEM OF CORPORATE ORGANISATION AT NGURU LOCAL GOVERNMENT AREA OF YOBE STATE

Kyari Sheriff Falmatami[1]*, Ibrahim Mustapha[2]

[1]Department of Economics, School of Secondary Education (Arts and Social Sciences), Umar Suleiman College of Education Gashua, Yobe State.

[2]Department of Business Education, School of Secondary Education (Vocational), Umar Suleiman College of Education Gashua, Yobe State.

Corresponding Author:
E-Mail: kyarisfalmatami@gmail.com
Phone No. : 08065677898

Abstract

The data used in this study was both primary and secondary data. The primary data was obtained from the questionnaire which was distributed to staff under the First Bank Plc Nguru. The secondary data was obtained from books journals and other published materials. The research administered only to customers of First Bank Plc Nguru so as to get related information on the role of commercial banks plc in the economic development. In this research the collected information analysed and interpreted in terms of simple percentage (%). The analysis of the collected shows in a form of tables comprising the responses number of respondents and percentage of responses obtained by the researcher through the use of questionnaire as measuring instrument by the researcher, and the findings revealed that First Bank Plc of Nigeria contributes immensely towards the economic development particularly First Bank Plc Nguru Branch. Therefore, the hypothesis was tested with references to the collected data from the customers or client of First Bank Plc Nguru Local Government Branch.

Keynotes: Auditor, Bank, Commercial, Company, Money, Economic Internal, Corporate, Control, Development, System

Introduction

The development of commercial bank in Nigeria started with African Bank corporation which opened its branch in Lagos state in 1892. Messrs Elder Demeter and Co. a shipping company based in liver pool was instrument in its formation. The bank experienced some initial difficulties and eventually decided to transfer its interest to Elder Demeter and Co. in 1893. This led to the formation of a new bank known as the British Bank of West Africa (BBWA) in1893, the first name which was adopted in 1979 was as result of its being the first bank to operate a successful baking system in Nigeria.

The idea of operating a bank in the west coast of Africa emerged as a result of some reasons. A private British shipping magnate and his agents observed that territories of the west coast of Africa had already turned into a commercial area of intense competition among several European traders. A shipping company known as elder Demeter having its head office at Liverpool decided to open a bank office at Lagos in 1890, for easier supply and distribution of money among the trading people and communities that live among the coastal areas of West Africa, whose Lagos seaport had become an important trading centre.

After a successful operation of the bank in Lagos by the shipping company, the colonial master also decided to use this bank as their banker for West Africa. Countries like Nigeria, gold coast (Ghana) and Gambia used the bank office at Lagos as their colonial bank. Trading among Africans and Europeans was the main reason of establishing the bank in Nigeria.

STATEMENT OF THE PROBLEM

The high level of illiteracy associated with subsistent economy further hinder the development of banking habits and the spread of the banking facilities to the rural areas because many do not know how to open a bank account or to withdraw money from the banking system, a good number of them still view the banks with suspicion as a safe place to deposit their money because of the impersonal nature of banking institution and not only their money but their valuable goods as well.

SIGNIFICANCE OF THE STUDY

The significance of this study is that it projects the usefulness and value of banking system using the First Bank Plc in Nguru Local Government area with an aim of making the people sees it as a way of keeping their money and other valuable goods. This study will help in understanding the problems arising from the effects of banking system on religion, economic, social and cultural life of the people in Nguru local government area, Yobe state.

OBJECTIVES OF THE STUDY

The objective of this research work is to analyze how commercial bank aids the economic development of Nigeria using First Bank of Nigeria Plc as a case study.

This research work will also examine or look into and appraise current theories on the contributions of First Bank in promoting the development of the economy. To identify the role played by First Bank Plc in the light of current Nigerian situation. To carry out a performance evaluation in order to determine whether First Bank Plc plays a vital roles in development of masses, If not, to identify causes and offer suggestions and solution.

RESEARCH QUESTION

The following serves as the research question of this study:

1. First Banking plc has significantly negated the economic development in Nigeria and Bade in particular.
2. First Bank plc of Nigeria contributes significantly to the economic development of Nigeria and Bade in particular.

SCOPE AND LIMITATION OF THE STUDY

This research work is concerned with the role played by First Bank Plc in the economic development of Nigeria. This research work will limit its scope to the roles First Bank Plc play because of time and financial constraints. However, information necessary from other branches of the bank shall also be used to add information obtained from the case study.

First Bank Plc is among the commercial banks in Nigeria. But let take an account of the definitions of commercial bank. The term commercial bank has been defined by many authors and authority from different perspective.

THE EVOLUTION AND DEVELOPMENT OF COMMERCIAL BANK OF NIGERIA

There was only one indigenous bank operating in Nigeria when the West Africa currency board was found in 1992. The bank of British West Africa (BBWA) in the early 1917. The colonial bank amalgamated with the bank of British West Africa which later became part of Barclays Bank in 1925, all the successful banks before 1933, were foreign banks. The first successful capital £12,500.00 apart from the paid-up capital size, the book suddenly came to end.

The 1952 ordinance for the regulation of the business of banking stipulated that banking could not be carried out by the company and as such company must have a minimum capital not below £25,000.

The principal business of a banker is receiving money from customers either on current account or on deposit account and in former cases to pay cheque drawn by customers. A banker also discount bill and promissory notes and makes either by way of a loan or of an overdraft. He undertakes the agency of other banks and foreign banks. Effect purchases and sales of securities, collect cheque, dividends coupons and foreign bills. It also make a periodical and other payments, pay customers acceptances, issue drafts, circular notes and letter of credit conduct foreign exchange business and forgive funds to any part of the world. The bank accepts bills for customers, undertakes the office of the executor and trustee and takes charge of securities and other valuables for customers. The banks were required by the ordinance to pay 20% of their profit into a reserve fund before.

The 1952 ordinance forbid banks from grant insecure loans more than $300 for any director or cooperates body in which a director had vested interest. The 1958 ordinance raised the $300. It was also in this year 1958 that loans and other credit made to any person were limited service like bills of exchange were exchanged from this innovation.

THE ROLE OF FIRST BANK PLC IN THE ECONOMIC DEVELOPMENT OF NIGERIA

There is a great need of commercial banks to function effectively and efficiency for any nation to be developed in its economy and to be buoyant. This is to say, the key element to the development of any nations economy will largely depends on the viability of its commercial banks. The viability of commercial banks will depend on how it effectively and efficiently executes its functions. The following include among the functions.

THE LENDING SYSTEM AND ITS CONSTRAINTS

Lending could be taken to means giving something for use for a certain time. However, the lending system adopted by the First Bank Plc is in such a way of repaying back but the rate depends on the type of the loan and a great number of other factors.

The lending has to be for a suitable purpose and time and the borrower is asked question which are banking technical words which is called current account (CA) of banking character, collateral, capital and capacity.

Terms lending has been evolved for the provision of much needed fund (money) for a firm's and for those customers who demand for an overdraft. This will take may be two or three years period before the repayment of the lending money by the borrower. This is to say that it is for long-term period.

There are also short-term loans overdrafts (retail) this product is created for the provision of flexible overdraft facilities to meet the working capital requirement of their (First Bank Plc Nguru) customers of various businesses. The tenor of this type of loan shall not exceed six months.

The criteria and condition used by the bank are: it should not exceed 50% of your company's annual turnover and you will present the last six months banking statement and company audited accounts for a minimum of three years. You must be a customer of First Bank Plc for a minimum of three months and you must have been in the present line of business for minimum of twelve months.

Assets acquisition loans are included among the various types of loans offered by First Bank Plc Nguru, this type of loan is designed for the provision of relevant tools for customers so as to facilitate their businesses and projects under asset acquisition scheme a customer can obtain for the acquisition of relevant equipment and machinery to operate its business effectively.

Items offered by First Bank Plc for the retail business customer include: operational vehicles (both new and pre-used) electricity generating assets; computers and other equipment required in the normal running of the company's business. The purpose of this type of offer is for customers to make the advantage of the unique opportunity to improve and grow their businesses.

The criteria and condition of this type of provision include: applicants shall be to make of minimum equity contribution of 30% of cost of acquiring the item and the insurance cost. The value of the facility will vary according to the cost and type of equipment being financed. There is a maximum tenor of four years and purchases of items shall be restricted to first Bank Plc approved vendors. Company profile and currant audited account must be tendered and Bank for the previous six month must be tendered.

Receivable/LPO finance is a scheme designed to provide funds to small and medium-scale businesses. The scheme is aimed at simplifying the credit process in orders to provide liquidating loans in a timely manner.

The criteria and conditions of this scheme states that applicant must have an account relationship with First Bank Plc, for a minimum of six months; LPOs must be for supplies that can be controlled and managed by the bank; issue of the LPO should be a First Bank Plc customer or other acceptable companies; loan amount shall not exceed 80% of the purchase order or invoice; minimum amount allowable N10, 000 maximum N10m and standard credit conditions apply.

Cash-covered bonds and guarantees scheme also is finance provision designed to facilitate customers business plans and project under this financing scheme, First Bank Plc will issue cash collateralized bonds and guarantees on their behalf. This scheme covers contingent liabilities that include. Bid and Tender Bonds, performance Bonds, Advance payment Bonds and Bonds issued in favour of custom and excise.

There is the National Housing Trust fund loan (NHTF) scheme which is originally known as National Housing Fund. This scheme was established by decree 2 of 1992 for workers to contribute 2.5% of their basic salary into the fund to be used to grant mortgage loans to then at concessionary terms for the purchase, building expansion or renovation of their houses.

Only those who have contributed to the National Housing Trust Fund (NHTF) for at least six consecutive months up to the time of the application are qualified to apply for the loan.

The criteria and condition of the scheme are the maximum loan amount is N5 million and a contributor can only benefit from NHTF once in his lifetime. Tenor of loan is thirty (30) years, subject to your remaining useful working life currently put as sixty (60) is monthly and interest is 6% per annum. Repayment is month and shall not exceed one-third of the monthly salary income and repayment is fixed throughout the tenor which is determined on an annuity basis. The contribution only qualifies you to access the loan; it does not determine how much loan is granted.

HOW TO APPLY FOR NHTF LOAN

One would in the place open an account with FBN mortgages limited and if you intend to built, you must own land with registered title obtain survey plan, building plan, bill of quantities and valuation report where you are buying a house, you are to show evidence of payment of deposit and submit letter of allocation and also a letter of commitment from vendor to deliver title document dirtily to FBN mortgages upon final payment. You will also make a minimum equity contribution of 10% of the price of the desired house of cost of development. If you and building the development on the land may suffice as your equity contribution if it is up to 10% of the total cost of development. Also if you are buying a house, the deposit made may suffice as your equity contribution if it is up to 10% of the price of the house.

You will obtain NHTF loan application form from FBN mortgage complete and return along with hand written application, copy of title document and valuation report. The bill of quantities approved building plan, survey plan, work schedule with disbursement programme (or in case of purchase of house offer letter evidence of payment of deposit and undertaking by vender to pass title document directly to FBN mortgages upon final payment).

DATA ANALYSIS AND PRESENTATION

The data analysis and presentation is designed in form of table involving the number of the respondents and the percentage of the responses of the collected data. The respondents in this research work are customers of the First Bank Plc Nguru Branch.

Question 1: Do you have account with First Bank Plc Nguru Branch?

Responses	Number of Respondents	Percentage (%)
Yes	30	100%
No		
Total	30	100%

The above table, it could be seen that all the thirty (30) respondents representing 100% have account with First Bank Plc Nguru Branch as they all responded positively to the question.

Question 2: Are you satisfied with the services provided by the First Bank Plc Nguru Branch?

Responses	Number of Respondents	Percentage (%)
Yes	28	93.3%
No	2	6.7%
Total	30	100%

In respect of the table above, twenty eight (28) respondent positively which represents the 93.3% showing that they are satisfied with the services provided by the First Bank Plc Branch. While only two (2) of the total respondents representing 6.7% responded negatively indicating that they are not satisfied with the provided services of the First Bank Plc Nguru Branch.

QUESTION 3: Have you benefited from any credit facilities from First Bank Plc Nguru Branch?

Responses	Number of Respondents	Percentage (%)
Yes	15	50%
No	15	50%
Total	30	100%

This above shows that out of the thirty (30) respondents as customers of First Bank Plc, fifteen of them have responded positively on the credit facilities provided by the First Bank Plc Nguru

which represent the 50% while the remaining fifteen responds negatively which represents 50% of the respondents who have not.

QUESTION 4: If yes, is the credit facilities is the interest free?

Responses	Number of Respondents	Percentage (%)
Yes	15	50%
No	15	50%
Total	30	100%

This above table shows that fifteen respondents who have benefited from credit facilities by First Bank Plc responded positively which represent the 50% of the percentage while the remaining fifteen (15) which represents the other 50% have not benefited from any credit facility provision by the First Bank Plc Nguru.

QUESTION 5: Do you agree that First Bank Plc Nguru contributes toward the economic development in it area of operation?

Responses	Number of Respondents	Percentage (%)
Yes	30	100%
No		
Total	30	100%

This table is simply showing that in respect of the above question, all the thirty (30) respondents which represent the 100% responded positively meaning that First Bank Plc Nguru Branch is contributing towards the economic development of Nguru local government area.

QUESTION 6: A part from safe keeping of money does First Bank Plc Nguru Branch safeguard customer's valuables goods?

Responses	Number of Respondents	Percentage (%)
Yes	27	90%
No	3	10%
Total	30	100%

In respect of this above table, out of the thirty (30) respondents, twenty seven (27) responded positively and this represent 90% while the three (3) respondents responded negatively which represents the 10% of the percentage?

QUESTION 7: Is it true that First Bank Plc Nguru provides employment opportunities for people it area of operating?

Responses	Number of Respondents	Percentage (%)
Yes	29	96.7%
No	1	3.3%
Total	30	100%

The above table explained that twenty nine respondents out of the thirty (30) representing 96.7% responded positively to the question that are true First Bank Plc Nguru contributes by providing employment opportunities for people in Bade local government area. While only one respondent out of the respondents responded negatively which represents the 3.3%? This employment comprises the skilled, the semi skilled and even the unskilled workers.

QUESTION 8: Does First Bank Plc Nguru Branch provide credit facilities to farmers for agricultural expansion in Bade local government area?

Responses	Number of Respondents	Percentage (%)
Yes	26	86.7
No	4	13.3%
Total	30	100%

In respect of the above, twenty six (26) respondents out of the thirty (30) which represents 86.7% responded positively to the above questions. While the remaining four (4) which represents 13.3% responded negatively that they are not sure of what they were required to respond.

SUMMARY OF FINDING

From the collected information on the role of commercial Banks in the economic development of Nigeria a case study of First Bank Nguru. This finding revealed that First Bank Plc of Nigeria contributes immensely towards the economic development particularly First Bank Plc Nguru

Branch. Therefore, the hypothesis was tested with references to the collected data from the customers or client of First Bank Plc Nguru Local Government Branch.

CONCLUSION

Commercial banks particularly First Bank Plc with reference to Nguru local government area Branch plays a vital role in the economic growth and development of a nation's economy. Development of any nation largely depends on how that country could rate and enhance the proper performance of the economic organizations institutions which include banks and industries etc. For the nation to be economically viable, sound and buoyant commercial banks have to function effectively and efficiently.

In Nigeria today First Bank Plc is effectively performing the role of accepting the role of accepting deposits or extending credits which may be seen as their key action. First Bank Plc also do perform the services of educating the variety on the types of services rendered by which they do through the use of small paper lectures, community programme or the use of media and many more. Due to the nature of the operation they are able to generate a sum of money which they use in financing development projects. This a large extent contributes to the nation's economy and it has been served that it is exactly what most Banks are doing.

Result obtained through the use of questionnaire administered to customers of First Bank Plc Nguru Branch has shown that the customers receives banking service which includes credit facilities, safekeeping of customers money and even their valuables goods etc. and these services have a found effect in the development of their various business. To this end, they have satisfactory services.

RECOMMENDATION

Through First Bank Plc Nguru is good in terms of it relationship with customers they should along the line embark on training their employers to have competent on handling customers complains quickly and firmly to improve on the corporate image of the bank. This can be achieved through giving a special training on the modern trends in the banking industry. First Bank Plc Nguru should also embark on training their semi-skilled and unskilled employees on

their duties during the working hours to ensure very good and efficient services of the bank there by serving their objectives in the area.

Government should provide the rural areas with facilities or basic amenities such as good road pipe borne water, electricity, schools hospitals etc to ensure efficiency in the banking system. Commercial and residential houses should be encourages to minimized labor turn over by bankers to work in the rural areas. Interest rates should be kept at a low rate so that people will be encouraged to lend and invest in agriculture.

Government should gear toward enlightenment campaign to the rural dwellers on the important of rural banks and the principles which underling their operators.

Government policies of concentrating industries and public cooperation in the urban centres leading to the concentration of economic activities should be discouraged. This will encourage the location of bank in the rural area.

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