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Original Research Article

Professionalisation of Internal Auditing: A vision or mere Supposition?: Insights from a Developing Economy - Nigeria

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Abstract

Whereas the distinctions between internal and external audit are unambiguously established in the literature, and the two types of audit are generally referred to as audit, internal auditing practitioners worldwide are however continuously advocating for a separate identity for themselves. Incidentally, The Institute of Internal Auditors (IIA), a global internal auditing professional body established in the U.S. in 1941 is championing this advocacy. Seventy-nine (79) years after its formation, however, it seems the Institute is still grappling with the issue of professionalisation of internal auditing and the accomplishment of the desired status for the internal audit practitioners globally. This exploratory study traces the various developments in the practice of internal auditing, the IIA's push for improved status for internal auditing practice reflects on the current status of internal audit practices within the context of a developing economy-Nigeria. It also offers some practical thoughts on how the professionalisation agenda of internal auditing can be achieved in the country.

Keywords: Internal auditing, external auditing, IIA, internal auditors and internal audit function

JEL Classification Codes: M42

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1.0 INTRODUCTION

Although both external and internal auditing is traditionally referred to as auditing, practitioners of internal audit are relentlessly pushing for a separate and unique identity. Since the emergence of the Institute of Internal Auditors (the IIA), the global professional body of internal auditors in the U.S. in 1941, internal auditing as a practice has benefited immensely from the concerted efforts of the Institute (Arena and Jeppesen, 2010; Bota-Avram&Popa,2011; Gacon, 2013). The IIA is acknowledged as a reputable, global professional body driving the practice of, and promoting the image of internal auditing across boundaries (O'Regan, 2001, Bota-Avram & Popa, 2011), yet the issue of legitimisation of the internal auditing profession can be said to remain contentious (Gacon, 2013). The principal contention on the legitimisation of the internal auditing profession is lack of exclusivity of the profession on matters relating to the internal audit function (O'Regan, 2001; Gacon, 2013). This is the basis of the general doubts about the status of internal auditing as a profession.

Practitioners of internal auditing themselves seem uncertain about the improved status being championed for them by the IIA. This is so given their overwhelming membership with other professional bodies (particularly accounting) in various jurisdictions and their low level of affiliation with the IIA (see Brody & Frank, 2000; Arena & Jeppesen,2010). In Nigeria for instance, even though the institutes' chapter has been in existence for over twenty years, majority

of the internal auditors in the country are members of the Institute of Chartered Accountants of Nigeria (ICAN). They are typical of the view that their professional affiliation with the ICAN is enough to equip them with the necessary skills and training required to function effectively (Akinteye, York & Ullah,2015, and Adejumo, 2019). No doubts, internal auditing has been recognised globally as one of the key mechanisms of governance in organisations (Gramling *et al.*, 2004). This is reflected in the IIA's re-definition of internal auditing as: *an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objective by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process* (the IIA, 1999). The Institute has been championing a new path for both internal auditing and its practitioners. The desire to play more roles in the governance of organisations is the basis of the expanded focus of internal auditing. The IIA is, consequently, projecting the internal auditor as both an assurer and a consultant (Nagy,& Cenker 2002; Porter, 2009; Karagiorgos *et al.*, 2010; Ebaid, 2011; Burnaby, & Hass, 2011), a paradigm shift from its initial focus on internal control monitoring. This new paradigm requires specialised skills, and continuous training within specific guidelines embodied in internal audit standards designed by the IIA. Surprisingly, many practising internal auditors are unaware of the global professional body

regulating the practice of internal audit let alone being informed about its various standards, guidelines and continuous developments in the field of internal auditing globally (Adejumo, 2019). This observation, therefore, raises questions on the quality of internal audit in the country and in essence, generates doubts about the professionalisation of internal audit practice. This paper, therefore, traces the evolution of auditing generally, highlights developments that brought internal audit to limelight globally, evaluates the achievement of the internal auditing professionalisation agenda critically and offers some thoughts that might help in pushing the vision further in developing economies.

2.0 A BRIEF HISTORY OF AUDITING

According to Adeniyi (2010), roles analogous to audit dates back to hundreds of years. These according to the author, began in the ancient Egypt and Rome, where people were employed to assess endeavours of tax collectors and estate managers, with a view to ascertaining whether returns made by them are accurate and devoid of irregularities. However, audit profession can be said to commence in the 20th century, following the enactment of the Companies Act 1900, which specifically made it obligatory for directors of companies to produce annual accounts (Millichamp & Taylor 2008). The owners of the business (hereafter referred to as “shareholders”), who had vested their Power of oversight in the hands of few among them or non-owner specialists (directors or the board of directors-“BoDs”), need to be assured that their business is being well managed and will continue to be profitable (Mallin, 2010). In other words, the shareholders have delegated their resources to have their (shareholders’) wealth maximised

(Sikka, Filling & Liew, 2009). The annual reports or accounts presented to the shareholders at the annual general meetings (AGMs) serve this assurance purpose. This assurance is however further enhanced when it is reported upon by an independent person (also engaged by the shareholders), who could confirm whether or not such reports and accounts have been prepared in accordance with accepted accounting standards and give a “true and fair view” of the business activities.

Today, a much wider range of people are interested in the annual reports and accounts of companies. Aside from the owners of the business, other groups of people that may be interested in this assurance include employees of the company, customers, lenders, creditors, suppliers, government, the public (including those who are interested in issues such as consumer protection, environmental protection, and political, as well as other pressure groups), government, and people who act in the advisory capacity to all the parties aforementioned (i.e. accountants, stockbrokers, credit rating agencies, financial journalists, and financial analysts). From the list, it may therefore be argued that the society, in general, wants to be assured that companies’ annual reports (also called financial statements) can be relied upon. Porter (2009) maintains that managers of large public companies today are considered to be accountable to society as a whole for a wide range of corporate activities. Therefore, it can be said that auditing of financial reports of companies, prepared by the management adds assurances of full and accurate disclosures, conformity to generally accepted accounting principles (GAAPs), or applicable financial reporting framework, before users of such reports, particularly the owners. These

assurances are, however, given after a systematic process of objectively obtaining and evaluating evidence regarding management's assertions about the economic activities of an entity. The degree of alignment between the various assertions and established criteria (such as control systems, the GAAPs, financial reporting framework) is then ascertained and communicated to the interested users, by an independent person, called an auditor. It is the process of arriving at such opinion that is referred to as "auditing".

Society facilitates initiation and growth of economic entities by providing them with resources, and put their control and management in the hands of some "agents" known as "the management". As their command over resources increases, these entities gain significant economic, social and political Power and thus accountability is demanded of their managers to forestall possible abuse of Power (Porter, 2009). Millichamp and Taylor (2008) maintain that the evolution of corporate entities with limited liabilities in 1856, following the liberalisation of incorporation of companies (with limited liability, through the enactment of the Companies Act of 1856), was the greatest gain of industrial revolution. This development is however not without some challenges associated with the split between ownership and control and the attendant contracting costs. One of such major issues is the likelihood of opportunistic or selfishness tendencies on the part of the management at the expense of the owners. Millichamp and Taylor (2008) amplify this fear by stating that "*no agents are trustworthy, and that if the management can make themselves richer at the expense of the principal, of course, they will*". Porter (2009) re-emphasises that managers are perceived to be in a position to

use corporate resources for their own, rather than for the shareholders' benefit.

Also, human frailties are such that when managers are reporting about their stewardship, they may conceal some vital facts which are necessary to determine the true state of affairs of the business (Olusanya, 2008). Aside from covering up their misdeeds, Sikka, Filling, and Liew (2009) add that directors can maximise their welfare at the expense of shareholders by presenting optimistic or even misleading financial statements. In a bid to mitigate these tendencies, Olusanya (2008) and Power (1999) explain that auditing and auditors are promoted as trust engendering mechanism and watchdog with the capacity to promote a particular kind of social order. An auditor is an independent person, whose duties, among others, include investigating and examining the business transactions to report whether the financial statements prepared by the business managers (agents) to indicate periodic performances represent a "true and fair view" of the state of affairs of the business. Auditing thus lends credibility to financial statements of companies (Hayes *et al.* .2005; Carpenter *et al.* 2004).

Given that directors are saddled with the responsibility of producing "true and fair" accounts (Millichamp & Taylor, 2008), they are therefore expected to maintain all reasonable level of controls in the business that will ensure the correctness, and completeness of recording of all financial transactions in the business. External auditors, on the other hand, concern themselves with testing of the efficiency and reliability of the internal control systems put in place by the directors, with a view to assessing the degree of the risk involved in case of failure of such, and also to know the

highest risk area where greater audit effort should be directed (Millichamp & Taylor, 2008).

It is with the intention of ensuring the effectiveness of an organisation's internal control systems that directors initiate an "internal watchdog" who is expected to keep an eye over the various control systems initiated by the management to ensure that their instructions and guidelines are adhered to in the course of running the organisation's affairs on behalf of their principals, the shareholders. This management's internal mechanism is referred to as "internal audit". In practice, however, the roles of this internal mechanism are allowed to be handled by the external auditor, acting as subcontractors. In summary, the concept of auditing is better appreciated when classified into two (internal and external audit). Traditionally, while the internal audit is management-focused, external audit is shareholders-focused (Omotoso, 2006).

3.0 STATURE OF INTERNAL AUDITING

Historically, internal audit has been considered as a monitoring function, the "organisational policeman and watchdog", tolerated as a necessary component of organisational control but deemed subservient to the achievement of primary corporate objectives (Karagiorgos *et al.*, 2010). However, an internal audit has evolved considerably since the IIA was established in 1941 (Bota-Avram, 2011). The Institute is dedicated to the furtherance of the state of the arts (both in philosophy and practice) of internal auditing (Dittenhofer, 2001). Dittenhofer (2001) and Swinkels (2012) further emphasises that since its inception that spanned close to eighty (80) years, the Institute has

preoccupied itself with the practice of quality internal audit, its edicts, its statements of responsibilities and body of ethics. The growing stature of internal auditing across climes might not be unconnected with the increasing "vote of no confidence" on external audit as a means of fortifying corporate accountability, and the need to retain public confidence in corporate sustainability (Sarens *et al.*, 2011). Burnaby and Hass (2011), and Sarens *et al.* (2011) disclose that the significance of the internal auditing profession has grown dramatically over the last two decades as the numerous frauds and whimsical practices of financial management have escalated.

Traditionally, the internal audit focus is on the company's internal control. Putting this succinctly, Ebaid (2011) indicates that it is designed to safeguard firm's assets, and assist in the production of reliable accounting information for decision-making purposes. According to Martin and Lavine (2000), understanding of both the financial and operational aspects of the firm is one of the core competencies of internal auditors. Accordingly, if this competency can be leveraged for increased external audit's efficiency and effectiveness, significant overall cost savings are anticipated (Gras-Gil, Marin-Hernandez, & Perez de Lema, 2012). One, therefore, expects a high level of collaboration between the external auditor and internal auditor in improving the quality of external audit. The objectives of internal audit are generally more inclusive. Its scope may include operational audits, reviews of projects and programs, management audits, and other related assignments (Buenger, & Zamir, 1991).

The increased roles assumed by the IAF has no doubt, necessitated an expansion of the skill set and attributes that internal auditors

need to perform their work as efficiently as possible (Bota-Avram, 2011). Transforming the IAF requires sufficient resource, expertise and capabilities. Capabilities around industry-specific knowledge, insight skills to address financial reporting, information technology security, data analysis, understanding of operational challenges, compliance requirement, business analysis, critical thinking, communication science, enterprise risk management (ERM), and risk valuation. Appreciating the need for a wide departure in auditors' approach, and the need for up to date and multifarious skills, Allison (1994) argues that internal auditors who operate by yesterday's rules and approach the future by looking in the rearview mirror run the risk of failing to do their job properly. Summarising its findings from a study on the state of the internal audit profession globally, Pricewaterhouse (2014, p.2) indicates as follows:

"...today's increasingly complex and risky business landscape has resulted in many internal audit functions struggling to be viewed as valuable. Further, internal audit's ability to build the right capabilities and deliver on expectations continue to be challenged."

It is with this great challenge that the IIA while bracing up for the enhanced role makes the issue of capacity building through collegiality a priority. In this modern and rapidly changing business world, characterised by a continuous revolution in information technology and very stiff business competition, it is doubtful if the recommended skill sets are available in most IAFs, particularly in developing economy, such as Nigeria, where internal auditing profession is just evolving.

Reflecting once again on the IIA definition, it can be seen that internal audit is not only characterised as an independent, but also as an objective activity (Swinkels, 2012). The issue of independence and objectivity affects both the external audit and internal audit. This, according to Power (2003) affirms that all audits irrespective of categorisation possess the same general characteristics. How objective the internal auditors are and to what extent are internal audit standards being adopted in IAF's activities are critical areas of concern and considered relevant to the professionalisation of internal auditing. Furthermore, the emergence of the audit committee of the board in the domain of corporate governance is with a view to ensuring the independence of the auditors (internal and external). The literature suggests that the audit committee should play an essential role in strengthening the financial controls of a business entity. Several studies have found that companies with an audit committee, mainly when that committee is active and independent are less likely to experience fraud (Beasley, *et al.*, 2000; Abbott & Parker, 2000; McMullen, 1996) and other reporting irregularities (McMullen, 1996; McMullen & Raghunandan, 1996). An internal auditor by virtue of his engagement as an employee of an organisation has his reporting line directed to the management, and by virtue of his assurance and consulting roles is a powerful tool not only on the issue of internal control effectiveness but also in the area of calibrating business risks, and recommending appropriate mitigation for their curtailment.

3.1 REFLECTIONS ON INTERNAL AUDITING PROFESSION AND ITS LEGITIMISATION

Despite the aggressiveness of the IIA in achieving an improved status for internal audit practice and practitioners worldwide, the issue of legitimisation of the internal auditing profession remains doubtful (Gacon, 2013). Lack of exclusivity of the internal audit practice (associated with outsourcing of IAF in organisations) remains one of the key issues on the legitimisation of the internal auditing profession (O'Regan, 2001; Gacon, 2013). Clarity of mapping of the jurisdiction of activities places value of elitism and prestige on profession (Gacon, 2013). Of concern, therefore, is the fact that other non-internal auditing professionals also struggle fiercely to encroach the territory ordinarily expected to be within the exclusive jurisdiction of internal audit professionals. Since the mid-1990s, internal audit has increasingly been outsourced to public accounting firms, and this trend has led to a competitive relationship between the internal and external auditors (Arena & Jeppesen, 2010). The issue of outsourcing of IAF has become a serious matter of competition between the internal auditor and external auditors (Rittenberg & Covaleski, 2001). Gacon (2013) maintains that the "big four" audit firms are in a superior position in this competition due to the fact that businesses often desire to outsource their IAF to them given their extensive knowledge and experience acquired through auditing financial reports and consulting projects. Thus motivating what Abbot (1988) refers to as intellectual jurisdiction. Intellectual jurisdiction, according to the author, refers to a situation where the superior profession controls the knowledge base but allows other

occupations to practice more or less unrestricted.

Contrary to their claim of expertise, members of external audit profession appear very sceptical about internal auditor's competence. A study carried out by Arena and Jeppesen (2010) to analyse the process of professionalisation of internal auditing in Denmark, applying Abbot (1988)'s perception, indicates that external auditor ordinarily desires to keep internal auditors in a subordinate position (Arena & Jeppesen, 2010). The author went further by stating that internal auditors in Denmark derive their legitimacy mainly from the public perception of them as assistants to the external auditors, their legitimacy is derived from the society's perception of them as the "right-hand men" of the external auditors. While discussing the need for further legitimisation of the profession, O'Regan (2001, p.217), synthesised the definition of a profession as:

"an occupation based on advanced, complex, or esoteric knowledge, backed by a social legitimacy deriving from both an institutional framework and a credible, ethical basis (however disputed the latter may be)"

O'Regan (2001) indicates that the above definition of a profession is inspired by reflections on both the functionalist and interactionist's perspectives of the profession as captured in sociological literature. Whereas the functionalist perspective according to the author sees ethical legitimacy as crucial to the definition of a profession, the interactionist's paradigm is a complete shift from this mindset, seeing the emergence of a profession as expressions of institutional self-interest. Rather than altruistic groups of citizens serving society, professionals are perceived

by the interactionists as greedy and suspicious groups of men and women craving economic advantage and social prestige ruthlessly. Macdonald (1995), while describing this paradigm shift between the functionalists and interactionists, states as follows: ‘‘The sociological question change from what part do professions play in the established order of society’’, to ‘‘How do such occupations manage to persuade society to grant them a privileged position’’. Chambers and Odar (2015) also agree with this paradigm by maintaining that society cedes professional status to an occupational group when it is in society’s best interest to do so.

While analysing the internal auditing as a profession along with his conceptualised definition of the profession, O’Regan (2001), concurred that the IIA has truly created the trappings of a formal proto-professional framework, with a defined body of knowledge, and an institutional framework. Going by this submission, and complemented by endorsements of internal auditing evidenced by its increased visibility in the corporate governance landscape, one may want to say that internal auditing profession has achieved a remarkable level of legitimisation (Bota-Avram & Popa, 2011). Questions are however being raised about the legitimisation of internal auditing as a profession (see O’Regan, 2001; Gacon, 2013; and Chambers & Odar, 2015). For instance, O’Regan (2001) raises doubts about the full legitimisation of the profession by highlighting: ill-defined symbolism and mythology, short term tenor of internal auditors in organisations, increased doubts over an appropriate title for internal auditing professionals, ethical compromise, and absence of clearly-defined jurisdiction of internal audit activity as the critical issues against the profession.

Ruminating on the above, Gacon (2013) and Chambers and Odar (2015) support O’Regan (2001)’s position by maintaining that presently, internal auditing cannot be regarded as an independent profession. Putting this mildly, Lenz and Sarens (2011) indicate that internal auditing has not generally been seen as part of the solution to the recent global financial turmoil.

On the issue of symbolism or mythology, Gacon (2013) hints that observation of traditional professions, such as doctors, lawyers and architects reveals certain characteristics that distinguish these professions from other occupations. On the part of internal auditing, however, there is no prominent image that identifies internal auditor as a professional, no symbolic image in internal auditing to compare with, to give one example, the social significance of the barrister’s wig (O’Regan, 2001). Reflecting on these revelations, it is clear that more needs to be done towards creating a uniform means of professional identity for the internal auditing professionals. Another issue considered to be affecting internal auditing as a profession is the practice of perceiving and using internal audit departments in organisations as a training ground, and a mere stepping stone to other functions in the organisation (O’Regan, 2001). The idea that internal audit staff needs to interact with all departments in an organisation and, the feeling that internal auditors have in-depth knowledge of organisation business, makes management to always see the IAF in most organisation as an appropriate training ground for the staff of other departments or units in the business. After one or two years in internal audit, the candidate is expected to move on to other, and presumably more significant function. The impact of this practice is the creation of an impression of ‘‘non-

professional” function of the IAF. O’Regan (2001) hints that such practice may erode the professional status of internal auditing by downgrading the intrinsic value of the discipline as a rewarding and credible career.

Also, of severe impact on the professionalisation of internal auditing is the fact that current internal audit activities (i.e. assurance and consulting) necessitate a blend of employees with diverse backgrounds and training. Thus, raising questions on the identification of internal auditors as true professionals. Though internal audit professionals till date are still referred to as “Internal auditors”, concerns are continuously mounting on the appropriateness of this professional title in these days of enhanced roles of the function. The argument is whether professionals in the field still need to be addressed as “internal auditors”, firstly given the enhanced focus of the IAF to include both assurance and consulting instead of the antiquated and narrow focus of compliance only. The internal auditing literature includes considerable debate over the appropriate title for the internal auditor (O’Regan, 2001). Suggested titles to replace the existing one include “performance evaluator (Sawyer, 1998), “control assurance consultant”, “business process consultant” and corporate governance officer (Ennis, 1998). To be addressed as “internal auditor” indeed may look less rewarding, and inappropriate particularly when looking at the practice of outsourcing IAF to external audit firm. The question is “where is the “internal” in outsourced IAF”?, Driving this name change agenda, Sawyer (1998, 9.112), the so-called “father of modern internal auditing” (Bota-Avram & Popa 2011) insists: changing our name will have the salutary effect of boosting the

profession from the commonplace aspect of mathematical verification to the managerial concept of organisation-wide evaluations. To declare that one is an evaluator rather than an auditor might be uplifting.”

While the agenda of the anticipated name change for practitioners of internal audit is clear, the position of O’Regan (1998) appealing to the IIA to retain the existing appellation is considered appropriate firstly on the basis of consistency and also to avoid unnecessary confusion before the public. Retention of the existing professional designation may likely attract overwhelming support from the internal auditing practitioners if such is to be put to an opinion survey.

The new role of consulting assigned internal auditors, in a way portrays the function as a partner to the management, such that any decisions reached by management in the course of their pursuance of the organisation objectives may also be perceived as having substantial input of the internal auditors. Therefore, on the issue of ethical concern, a reminiscence of various catastrophic incidences that ravaged the corporate landscapes across the globe recently may portend an unfavourable outlook for internal auditors playing a partner of the management through its expanded role of consulting. The opportunity given to other specialists, mainly external auditor, to handle internal audits of organisations is perhaps one of the issues raising doubts on the professionalisation of internal auditing. The expanded scope of the modern-day audit (i.e. assurance and consulting) indicates the need for arrays of skills by the organisation’s IAF. It is entirely unclear how the IIA intends to actualise her aim of making internal audit a distinct profession when there is no restriction on who is

eligible to offer the services of consulting embedded in the expanded scope of internal audit. Looking at it from the angle of assurance, the internal auditor is not seen to be fully independent of management. Ordinarily, an outsourced IAF, is perceived to have an increased level of independence from management than in-house IAF. This is so given the general feeling that internal auditors of an in-house IAF are employees of the organisations that are still answerable to management.

On the various efforts made by the IIA towards the professionalisation of the internal auditing profession, O'Regan (2010), Bota-Avram and Popa (2011), and Arena and Jeppesen (2010) admitted that the initiatives of the global professional body that have really helped in pursuing the legitimisation of the internal auditing profession are: the formation of the IIA global body in 1941, formulation of internal auditing standards since 1978, establishment of the IIA's research foundation (which finances scientific research in the field of internal auditing) in 1986, establishment of the profession's magazine "internal auditor" (a medium of knowledge sharing in the field of internal auditing), development of the Code of ethics of internal auditors in 1968, and the IIA's certification through professional examinations.

The above initiatives notwithstanding, the concerns raised on the internal auditing's ill-defined symbolism and mythology, short term tenor tendency of the internal auditors in organisations, contentions on the appropriate professional title for the internal auditing practitioners, concern on the ethical compromise of the internal auditors, and most significantly, the obvious unclear mapping of jurisdiction and the seeming

encroachment of the internal auditing's domain by external audit firm (using the "outsourcing" leniency), suggest that the issue of legitimisation of internal auditing as a profession is yet to be resolved and deserves further reflections by stakeholders.

4.0 INTERNAL AUDITING PROFESSION IN NIGERIA

Globally, the development of internal auditing as a profession is undoubtedly evolving, and the effort of the IIA on the evolution across nations cannot be over-emphasised. Currently, internal auditing is just evolving as a profession in Nigeria. As applicable to most developing countries, till date, it is doubtful if any notable line of separation exists between the auditing and accounting professions in Nigeria. This is so given that auditing is perceived as an adjunct of accounting. The accounting profession in Nigeria is at present regulated by two professional accounting bodies- the Institute of Chartered Accountants of Nigeria (ICAN) and the Association of National Accountants of Nigeria (ANAN). While the ICAN focuses professionalism of the private sector's accountants, ANAN regulates the practice of public sector's accountants.

Albeit, the IIA Nigeria was established in 2002 as an affiliate of the IIA Global and became a full chapter of the global body (the IIA) in 2013, yet the belief is that a single person can interchangeably practice as both an internal and external auditor. Contrary to what obtains in developed nations (such as U.S., U.K., and Canada) where the profession of internal auditing has gained remarkable advocacy, in Nigeria, internal audit is yet to be fully bifurcated from external audit (generally seen as an offshoot of accounting). Currently, internal audit departments of the majority of

corporate organisations in Nigeria are flooded with professional accountants of affiliation with the ICAN. It is also discovered that preference is given to the professional qualifications of ICAN (such as associate membership or fellowship of the ICAN over that of the IIA (such CIA, CRMA, etc.) during the recruitment process for internal audit vacancies. This is clear evidence that the issue of internal auditing professionalisation which has gained tremendous visibility in most developed countries is yet to permeate Nigeria. According to the Secretariat of the Nigeria chapter of the Institute, its current membership is still very low. This confirms the infancy status of the IIA in Nigeria and the un-informed state of internal audit community about the professionalisation of the practice.

Sarens and Abdolmohammadi (2010) confirm that there is significant variability in the maturity of the internal auditing profession when comparing countries worldwide. They maintain that variability at the country level can partially be explained by cultural differences. Nigerian case, however, appears a combination of culture and limited awareness. The implication of the level of maturity of the internal auditing profession in the country on the overall performance of IAFs generally is taken to mean that the IIA's agenda of professionalising internal audit practice needs further push particularly among the community of developing nations. Otherwise, internal auditing's desired status as a distinct profession may remain a shared vision or mere Supposition of the IIA.

Considering the current status of the practice of internal audit in Nigeria, similar to what obtains in most developing countries, and to actualise the IIA's envisioned status for internal audit

practitioners, therefore, the following recommendations are put forward:

- i. **Standardisation of internal audit practice in Nigeria** -Arising from the internal auditors' unconsciousness about the IIA's unrelenting efforts in development and regulation of the practice of internal auditing globally is the need for standardisation of the practice in the country. Activities of the Financial reporting council of Nigeria – FRCN (an agency of Federal government of Nigeria established by FRCN Act no.6, of 2011, operating under the supervision of the Federal Ministry of Industry, Trade and Investment) are an example of antecedents in this direction. FRCN is saddled with the responsibility of developing and publishing accounting and financial reporting standards to be observed in the preparation of financial statements of public entities in Nigeria. Key regulators (such as the Securities and Exchange Commission, Corporate Affairs Commission, Central Bank of Nigeria) and other key stakeholders in the country are urged to consider a sustainable platform that could be adopted to pursue the recommended standardisation of the practice of internal audit in the country. Seeking regulative bargain with the state is expected to help internal auditing regulators to secure a clear jurisdiction within which it can set its terms of reference.
- ii. **Institutionalisation of internal auditing as a full-fledge course in the Nigerian Higher institutions' curriculum**-similar to what obtains in some developed countries with matured profile of internal auditing as a profession (e.g. U.S.), where internal

auditing is offered as a discipline, the Nigeria chapter of the Institute may persuade the relevant agency of government to institutionalise internal auditing as a full-fledge course in the curriculum of the tertiary institutions in the country (particularly universities) possibly at both the graduate and postgraduate levels.

- iii. **Establishment of research foundation in the field of internal audit**-With a view to promoting her advocacy of the legitimisation of internal auditing as a discipline increased advocacy on the part of the IIA (Nigeria chapter) may take the form of a strategic partnership with one or two reputable tertiary institutions with an enviable track record in research activities in the country. For instance, the Nigeria chapter of the IIA may consider a strategic coalition with relevant stakeholders in the field. The Institute may form a strategic alliance with The Institute of Directors (IoD), and Audit Committee Institute of Nigeria (ACIN) to initiate an endowment or Research Chair in internal auditing in any of the reputable universities in the country. The strategic alliance could then be used for the advancement of research activities specifically in internal auditing. This hopefully will deepen the interests of Nigerian scholars and researchers in the field and consequently boost the image of the profession in the country. Improving the relationship between the internal auditing professionals and the academia is considered a necessary step, given that each has a great deal to offer the other, and working together, Richard and Kimberly (2000) maintain they can open yet another door of opportunity for today's students and tomorrow's professionals.

5.0 CONCLUSION

This paper has examined the issue of professionalisation of internal auditing globally by tracing the increasing visibility of internal audit practice arising from the diminishing stature of external audit associated with unabated cases of corporate scandals across countries. Despite the IIA's continuous effort, internal auditing is yet to achieve the anticipated professional status. Issues such as ill-defined symbolism, use of internal audit departments as a training ground, doubts over the appropriateness of title for internal audit practitioners, likely ethical compromise associated with the dual roles of internal audit (as assurer and consultant), and outsourcing of internal audit services are identified and discussed as main issues generating controversies on the professionalisation of internal auditing globally. In most developing countries, particularly Nigeria, internal auditing is still perceived as an offshoot of the Accounting profession, and an integral part of the external audit. Also, practitioners of internal audit in the country appear unaware of the existence of the IIA as a global body regulating the practice of internal auditing. Presently, the majority of the internal auditors in the country prefer their membership with the ICAN, with the feeling that such affiliation is enough for their skill enhancement and professional development. Consequently, the key stakeholders (particularly the IIA-Nigeria chapter and vital regulatory bodies in the country) are implored to push for (a) standardisation of internal audit practice in the country, (b) institutionalisation of internal auditing as a full-fledge course in our tertiary institutions, and (c) establishment of research foundations specifically to provoke research activities in internal auditing.

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