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CONNECTING COMPETENCY IN INTERNAL AUDIT WITH TAX ADMINISTRATION PERFORMANCE: A CASE STUDY OF THE NIGERIAN TAX AUTHORITY

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ABSTRACT

The aim of this study is to identify and analyse internal audit competency requirement for effective auditing performance in tax administration. To achieve this, a case study methodology was employed to carry out a face-to-face interview with 9 internal auditors of the Federal Inland Revenue Service (FIRS) Nigeria. The collected data was analysed using Nvivo qualitative software. The findings of the study show that qualification, knowledge and skills are the three major indicators of internal auditors' competency in performing effective auditing functions in tax administration. This study implies that to achieve a successful performance of internal auditing in the

FIRS, competent internal audit staffs are highly needed for effective internal auditing performance.

Keywords: Internal audit, competency, tax administration, performance.

INTRODUCTION

Effective internal audit performance is the aim of any organization in order to achieve its objectives. Internal audit is one of the management tools and mechanisms for achieving effective operational performance in an organization. Other tools, for example, are: external audit report, organization committee on enquiry, individual performance evaluation etc. Accordingly, internal audit is an independent objective function and consulting activity structured to add value and enhance an organizational operation (Pitt, 2014). In addition, internal auditing is used as a disciplined approach to systematically identify, assess and analyse operational activities of an organization with a sole objective to improve its productivity (Gurama & Mansor, 2018a). Similarly, internal audit is a catalyst for achieving visionary objective of an organization. To achieve this, competent auditors are required to take care of the responsibility of auditing functions that can yield the anticipated result (Eze, 2016).

In tax administration, performance of the tax officials in assessing taxpayers and collecting tax revenues is determined by the efficiency and effectiveness of the operational activities of the tax administration (Abdurrahman & Mansor, 2017). In this regard, competent internal audit staff play a significant role in improving tax administration efficiency and effectiveness through identifying and analysing tax administration strategies and highlighting defects in the operational system for improvement. Operational activities are linked to effective internal audit performance because when internal audit assess the organization resources such as human and material resources, they would able to identify whether set objection, goals, vision etc. could be attainable using the available resource. However, if the internal audit is not effective in identifying the resource allocation and utilization within the organization as among their primary responsibility, then operational activities in that organization would be ineffective due to inefficient planning and mobilization of the required resources that

could leads to successful organization output. Therefore, effective internal audit should evaluate the capabilities of an organization within the control of the organization which, if not properly handled, could cause many defects in the operational activities and overall performance. Scholars argue that competent auditing staff in public organizations is one of the required key elements for effective internal audit performance (MacRea & Gils, 2014).

In Nigeria, the Federal Inland Revenue Service (FIRS) is the apex tax revenue body responsible for collecting and administering taxes in the country (Abata, 2014). The body collects different taxes on behalf of the government. These taxes include personal income tax, capital gain tax, value added tax, petroleum profit tax, educational tax etc. (Okauru, 2012). However, the collections of the taxes witnessed setback in recent years as a result of inefficient and ineffective internal audit performance (Gurama & Mansor, 2018b). As a result, the tax collection in 2015, 2016, and 2017 failed to achieve its annual target (Planning, Research & Statistics Department, 2018) probably due to poor performance of the tax administration. Therefore, this study looked into competency capabilities of the FIRS internal audit to determine its abilities for improving tax administration performance.

Competency can be defined as a set of cognitive and behavioural skills that provide structured guide for identifying, developing and evaluating individual employee's behaviour (Robinson, Sparrow, Clegg & Birdi, 2007). Competency is the ability of an individual employee to properly do a job in a predetermined process using cognitive and behavioural skill proficiently. Furthermore, competency is also viewed as a combination of theoretical, practical and cognitive behaviours, skills, knowledge and values employed to enhance performance (Eraut, 1994; Mulder, 2001; Beck, 2003).

This study viewed competency as the cognitive and behavioural skill of internal auditors in terms of knowledge attained, qualification held and skills required in performing auditing activities. Therefore, having a competent audit staff that can perform skilfully is required in tax administration due to their substantial role in determining and guiding employee's ability to perform a function and their impact in improving operational performance of the tax authority. This study is aimed at examining the role of competent auditing staff and what is required to be a competent internal auditor in order to improve tax

administration performance in Nigeria. The remainder of the paper proceeds as follows: section two deals with literature review, section three presents the research methodology and section four entails the result of the study while section five highlights the discussion of the results. Finally, section six provides conclusion of the study.

LITERATURE REVIEW

The related literature reviewed in this study discusses the concepts of internal audit, internal audit performance and internal audit competency. These concepts are important in understanding the competency of internal audit performance in a tax administration.

Concept of Internal Audit

The concept of internal audit is very wide and broad in nature. This is because it is viewed as an area with a complex jurisdiction that covers internal controls, risk management, operational management, and organizational governance in terms of efficiency and effectiveness of an organization (Ramamoorti, 2003). It is also viewed as an approach involved in performing proactive services such as identifying potential fraudulent activities, defect detection, internal control weaknesses, compliance with laws, statutes and regulations as well as resources acquisition, allocation, utilization and management within an organization (Ramamoorti, 2003; Sawyer, 2003). This diverse nature of internal audit activities in an organization makes it a multifaceted concept and critical to organizational performance. Commitment, accountability, and integrity of internal auditing services would provide value-added to organizational management and also as an independent and objective source of advice for improving operational performance (Gurama & Mansor, 2018a).

Being a catalyst for organizational improvement and systematic analyses, internal audit activities are very significant to public and private organizations. Odia (2014) indicates that the objective of internal audit in public organizations is to ensure employees compliance with laws, statutes, rules and regulations. In addition, they also assure that organizational processes and resources utilization are efficiently and effectively utilized and managed (Eze, 2016; Goodwin, 2004). This implies that effective internal audit activities would

safeguard and evaluate the performance of tangible and intangible organizational resources for successful operational performance.

Furthermore, public sector organizations are service-oriented, therefore, compliance with laws, rules and regulations is to be assured by internal auditors. Conversely, the objectives of internal audit in private sector organization is to facilitate management efforts towards maximizing shareholders wealth by ensuring that financial and production processes are efficiently coordinated (Soltani, 2014; Arel, Beaudoin, & Cianci, 2012). Goodwin (2004) further argue that private organizations are profit-oriented, therefore, they are more concerned with shareholders' wealth maximization.

The concept of internal audit is very wide with different objectives among different organizations. This is due to the fact that, normally, organizations require the activities of the internal audit based on their objectives. However, it is widely accepted that internal audit activities are very important to organizational productivity, both in public and private sector organizations.

Internal Audit Performance

Concept of performance has a wide variation in terms of meaning as it is somehow an indefinite word among scholars when it is employed in research (Imam, Yeng & Abdul-Rani, 2018). However, performance is a concept that is revolving around economy, efficiency, and effectiveness i.e. 3Es. Odia (2014). The OECD (2008) state that performance is an interaction between the economy of resources, efficiency of processes and effectiveness of results in an organization. Economy means scarce organizational resources that include human and materials; efficiency is how the economic resources are proficiently transformed to produce results or outputs while effectiveness is the impact of the result on organizational performance (Eze, 2016; OECD, 2008; Schacter, 1999). The interaction between organizational resources i.e. economy to produce anticipated result in an efficient manner and the effect of the results on the organizational objectives are the triple determinants of performance in an organization.

Nonetheless, internal audit performance refers to how the auditing activities in an organization are facilitated with adequate resources and infrastructure to deliver its duties and carryout its responsibilities

by transforming the scarce resources skilfully to achieve the set objectives of an organization (Sawyer, 2003). In this regard, internal audit performance would be determined by the economy, efficiency, and effectiveness of the auditing activities in an organization. Pitt (2014). In addition, Ridley and Chambers (1998) argued that performance of internal audit in organizations can be measured by availability of required human and material resources that can be used to perform auditing functions efficiently to produce anticipated result and the impact of the result will be traceable to accomplishing organizational objectives.

Individual auditors as well as the auditing department's capability in an organization depends on how the auditors are competent enough to observe the functions of auditing proficiently to improve the organizational performance in wider perspectives. Therefore, to ascertain the performance of internal audit in an organization, one has to reconsider the competency of the auditors in achieving the auditing function efficiently and effectively (Gramling & Hermanson, 2009). Competent internal auditors would better perform the auditing activities in an organization using their cognitive and behavioural skills that would have long-term impact on organizational performance.

Internal Audit Competency

Competency is a general description of characteristics and attributes of a person or group of individuals that are expected to perform a particular function individually or collectively in an organization. Internal audit competency is the ability of an auditor to perform auditing activities using cognitive and behavioural skills that would guide the auditor's functions in identifying, developing and evaluating organizational activities for improvement purposes (William, Kenneth, Simon & Wood, 2011; Zain, Subramanian & Stewart, 2006). For an internal auditor to be competent, he is required to understand and interpret the organizational objectives using cognitive and behavioural skills to identify, analyze and evaluate organizational performance and suggest ways to improve such performance (Gurama & Mansor, 2018a; Gramling & Hermanson, 2009).

Behavioural skills are moral characteristics and attributes attached to a person that could guide him to perform a predetermined functions in an organization (Miron, Erez, & Naveh, 2004). It is a skill that makes an individual to be regarded as qualified and competent

in discharging their responsibilities using moral characteristics competently. Effective behavioural skills can assist a person to manage risks, solve problems and provide solution for improving functions and performance in an organization. According to Seol and Sarkis (2005), behavioural skill competency of internal audit includes moral attitudes or characteristics of an internal auditor in an organization that make him qualified to perform auditing functions efficiently and effectively. In addition, good internal personal skills and behaviours are essential behavioural competency skills needed at this stage.

Cognitive skills refer to the ability of an individual to perform different mental activities that is closely related to learning capabilities as well as problem solving in an organization (Robinson et al., 2007). In reality, cognitive skills normally entail human memory and ability to learn and understand information that is in writing form or otherwise which can guide in performing an event proficiently. An Internal auditor's cognitive skills are his ability to learn and understand activities that can increase his efficiency in performing auditing functions effectively in an organization. Therefore, cognitive skills competency is all about auditors' qualification as well as knowledge acquired through learning and used for effective performance of the internal auditor (Seol & Sarkis, 2005; Vijayakumar & Nagaraja, 2012).

Qualification is a credential attestation that a particular individual is qualified to perform a task. It recommends him to be given a mandate that require definite competency in performing such task (Hyland & Milton, 1997). Additionally, qualification refers to a process of attaining academic achievement that qualifies a person to perform a function competently. According to Kida (1980), qualification is a vocational skill training associated with educational achievements of different academic levels by an individual that can enable him to perform a task skilfully. This academic qualification is awarded upon a successful completion of pre-requisite courses and training established by the awarding institution. Qualification could be in the form of degree, professional evidence, technical affirmation as well as training certificates. An internal auditor is therefore required to qualify competently by acquiring the required academic attestations established by his organization to perform auditing functions successfully.

Knowledge refers to awareness, understanding and/or familiarity of something or someone. It entails skills, information and description

which are acquired by educational training or experience to guide a person in a process of performing a function (Boghossian, 2007). Knowledge could be implicit i.e. practical expertise or skills and could be explicit i.e. theoretical understanding of a particular subject. Internal auditors should possess both implicit (practical) and explicit (theoretical) knowledge for efficient and effective auditing function in tax administration.

Skills are about ability of a person to perform a function with a predetermined outcome using a given amount of energy or time or both. According to Ryu (2017), skills could be divided into general domain skills and specific domain skills. General domain skills refer to skills exhibited to perform a task that could include team-work skills, self-motivation skills as well as time management skills. Specific domain skills, on the other hand, are skills needed to perform a specific job that require specific skills designated for a particular job. Generally, skills normally require definite environmental considerations and stimulus to evaluate the level exhibited by the job performer (Robles, 2012). This kind of competency (qualification, knowledge, skills) of an auditor is required to make him exhibits technical, analytical, and appreciative skills in carrying out auditing responsibilities towards achieving organizational goals and objectives.

In addition, Picket (2004) emphasizes on the cognitive skills required for internal audit competency. He stated that it should include being focused, helpful, decisive and balanced in adding value to an organizational performance. Harrington (2004) adds that competency of internal auditors is related to auditors' paper qualification, working experience and skills on information technology (IT). These components are very essential for an internal auditor to become a competent person in discharging auditing functions in an organization. Despite training as a way for measuring competency, competency can grow by the extent to which a person adapt or learn through experience. However, it is not easy to evaluate competencies of a person or/and his competency development (Robinson et al., 2007).

Therefore, cognitive and behavioural skills that include moral, educational, and working experience of an internal auditor are the major determinants of his ability and readiness to perform the auditing functions that would add value and improve performance of an organization. Equally, these attributes and characteristics are

required by internal auditors of a tax administration for efficient and effective deliverance of operational activities including collecting and administering tax revenue.

RESEARCH METHODOLOGY

The case study method was used in this research to find out the linkage between competency and internal audit performance in tax administration. Ghauri and Gronhaug (2005) states that a case study is used to explore a phenomenon with the aim to understand in-depth, the real practice of the phenomenon under investigation in an organization. For that reason, the Federal Inland Revenue Service (FIRS) was selected as a single case study to understand the required internal audit competency in tax administration in Nigeria.

Face-to-face interview was used to collect the data from nine (9) internal auditors of the FIRS. According to Guest, Bunce and Johnson (2006), a minimum of six and a maximum of twelve interviewees are enough for a sample size in an organizational case study research. Semi-structured face-to-face interview was used in this study for data collection because interview techniques is more concise and precise to accumulate and gather direct or first-hand information on a subject or phenomenon under examination which may not be obtained objectively using survey approach (Uma & Roger, 2003).

According to Yin (2014) and Merriam (2009), validity and reliability of qualitative study can be established using four test process namely internal validity, external validity, construct validity, and reliability. Internal validity entails identifying cause and impact association between an occurrence and the outcome. External validity refers to a link for instituting bases on which a result of a particular study can be used for generalization beyond the particular case examined. Construct validity is a logical plan of suitable operational measures for a concept under study whereas, reliability is exhibiting proof that a findings of a study could be attain when another researcher replicate the same approach in gathering and analyzing data on the same study as done before (Merriam, 2009; Yin, 2014). Reliability test is conducted to show the sincerity level and minimum bias or error in a study. This study employed interview protocols and steps that guided the accomplishment of the interview as recommended

by Yin (2014). The interview protocols are schemes of activities and processes that were adapted during the research process. This assisted us in conducting the study and data collection logically and following the study plan consistently.

Validity test in this study was achieved following recommendations of Yin (2014) suggested. Yin's suggestion on external validity is that a researcher can use replicate logic which is more suitable for case study research with a subjective data. Replicate logic is a system for strengthening a theory by using same questions adapted from the literature or concept to validate another study's construct. Therefore, in this study, this method (replicate logic) was used to derive the interview protocols that was adapted from the literature and concept to validate the questions used for the data collected. These processes for confirming the validity and reliability in qualitative study were observed in this study accordingly.

In this study, Nvivo software was employed for the purpose of thematic and data analysis. The analysis of the collected data was conducted by listening to the recorded information which was further transcribed verbatim. The transcription of each participant was read and re-read to ensure that precision of the transcription was achieved. The coding process followed immediately. The data was coded into three stages that include open, axial and selective coding. According to Strauss and Corbin (1990), open coding process can assist researchers in reducing bias of fractured data and information. Based on this methodology, this study classified the data collected on competency of internal auditors into three themes namely qualification, knowledge and skills.

RESULT OF THE STUDY

Findings from the demographic profile of the respondents shows that two internal auditors are female while the remaining seven are male. Four of the internal auditors, out of nine, are on the rank of internal auditing supervisor in FIRS and the remaining five are internal auditors with different position. Additionally, the entire nine internal auditors are permanent staffs of auditing department in FIRS and both are graduates with working experience of more than six years. Finally, they are all more than twenty five years of age.

From the perspective of the participant responses in respect of linking competency with internal audit performance in tax administration, they argued that competency of internal auditor is regarded as an important factor in determining the failure or success of auditing functions in tax administration. Therefore, competency is a major indicator to measure efficient and effective performance of internal auditing activities that can assist in improving and adding value to the tax administration. Determining and analysing the required competency for auditing performance in a tax administration is very crucial to the success of auditors' functions. In essence, the study participants stated that the competencies required for efficient and effective auditing performance in tax administration are categorized into three areas namely: qualification, knowledge and skills. These are the major indicators for auditing competency that can leads to success. The elaboration of the participants' responses is further discussed in the following sections.

Qualification

Qualification is related to occupational profession that a person has to make him perform a particular function on his job proficiently. Internal audit qualification competency refers to a certain level of professional expertise that an auditor achieved to discharge his auditing activities in an efficient and effective manner (Harrington, 2004). Internal auditors in the Nigerian tax administration are required to have qualification competency in terms of qualification in professional exams that acquaint auditor with adequate expertise to perform auditing function diligently as mentioned by the participants. The responses of the study participants reveal that, to be a competent internal auditor, one has to possess a professional qualification (certificate) offered by professional bodies of accounting, auditing and other related areas.

In line with the preceding statement, Participant 4 stated as follows “In FIRS, for qualification, we are highly encouraged and must acquire a professional qualification such as Chartered Accountant (ACA), Chartered Information System Auditor (CISA) and other accounting related professional qualification. This would enable us to work as professionals and achieve our goals through the expertise we have acquired. This will also enable us to perform our auditing activities efficiently and improve tax administration performance” (Participant 4, Senior Supervisor Internal Auditor). In his own words, Participant

5 added that “Professional qualification required by the internal audit unit is that the auditor should be a chartered accountant (ACA) ... as you all know that our primary objective in this organization is revenue collection, therefore being chartered is highly appreciated by the staff including internal auditors” (Participant 5, Senior Supervisor Internal Auditor).

These expressions of the participants show that they are really required to be professionals by the tax administration and should acquire the professional certificates of an accounting body that would facilitate their activities in delivering the auditing duties effectively. Another respondent stated that “Internal auditors in FIRS are employees of a tax authority; you would not be relevant if you are not exhibiting professionalism in your services. Professionalism wouldn’t be exhibited without professional qualification and the most needed are auditors who have qualifications such as Chartered Internal Auditor (CIA), Chartered Accountant (ACA) and other professional qualifications of accounting bodies that are relevant to tax administration as well” (Participant 9, Internal Auditor).

On the other hand, Participant 2 expressed his view by describing the role of professional qualification in tax administration by saying “FIRS is a professional organization specializes in revenue generation in Nigeria. Therefore, it is a must for all staff in the organization to serve diligently and effectively and should exhibit professional practice and have either one or more professional qualifications or certificates in other to be regarded as qualified tax employees” (Participant 2, Internal Auditor). This shows that FIRS gives priority to professional qualifications of the auditors as part of competency requirement in performing tax administration functions. It is becoming apparent that the FIRS staff without professional qualifications seemed to be less important to the services of the tax authority. They were strongly urged to acquire the professional certification for efficient and effective discharge of auditing functions.

In addition, Participant 1 concluded that “Qualification is very important and core operational success in terms of internal audit competency in this organization includes accounting related qualifications such as chartered accountant and other accounting related profession” (Participant 1, Senior Supervisor Internal Auditor). In summary, professional qualification is one of the key

determinants of internal audit competency in tax administration. An auditor with professional qualification tends to be more relevant with regard to tax administration. Other qualification required for internal audit competency include being a member of other auditing professional bodies such as Nigerian Institute of Internal Auditors (NIIA), Association of National Accountant of Nigeria (ANAN), and Chartered Institute of Taxation (CIT). These associations and institutes are very important in providing professional services and training ground for auditors. In addition to qualification competency, knowledge competency was discussed below.

Knowledge

Knowledge refers to theoretical and practical apprehension of a subject. In a broader perspective, knowledge means acquiring complex cognitive processes of reasoning, communicating, and perception in relation to the capacity of a human beings in acknowledging his surrounding in a formal or systematic approach (Eddy, 2013). In essence, knowledge competency is the ability of an internal auditor to become acquainted, understand or aware of such things as information, facts and descriptions which were acquired through education by way of learning, discovering or formal perceiving (Ridley, 2008). In this case, participants in this study suggested the minimum knowledge requirement for internal auditors to perform proficiently in FIRS. Their responses show how knowledge is aiding their competency and facilitating their efficiency and effectiveness.

On this note, Participant 1 opined that “The minimum required knowledge for internal auditors in the FIRS is a graduate certificate from the university or its equivalent higher institution i.e. a Bachelor Degree or Higher National Diploma. You won’t be employed as an internal auditor without having any of the two or higher than that” (Participant 1, Senior Supervisor Internal Auditor). In addition, Participant 5 disclosed that “...in terms of knowledge, all internal auditors in FIRS are university graduates and have accounting knowledge and other accounting fields or related background. In fact, an internal auditor without accounting background and knowledge is like a manufacturing company without raw materials. So, the most important knowledge required here is graduates with accounting knowledge” (Participant 5, Senior Supervisor Internal Auditor).

Based on these two responses, it is clear that FIRS management have set the minimum knowledge requirement for its internal audit staff as university graduates or equivalent. This is because it is anticipated that graduates are well educated, formally trained and have learned theoretical concepts of auditing and accounting that would make them efficient and effective to deliver satisfactorily. Other respondents expressed the high needs of internal auditor to be knowledgeable in accounting area in case where he is not from the accounting background discipline. In this regard, Participant 6 disclosed that “For an internal auditor to perform competently, he should first of all and most importantly, have accounting knowledge. As we are servicing the tax authority as internal assessors, an auditor must be acquainted with accounting terms, concepts and words to avoid disseminating misleading information and reporting inappropriately” (Participant 6, Internal Auditor).

Additionally, Participant 8 affirmed that “To perform efficiently as an internal auditor in tax administration (FIRS), one should have the accounting knowledge i.e. sufficient accounting background. If an internal auditor lacks accounting knowledge, definitely it is impossible for the person to perform his function efficiently and competently. This will render his services ineffective and below expectation” (Participant 8, Senior Supervisor Internal Auditor).

In summary, accounting background knowledge and attaining graduates level is the minimum requirement of knowledge for internal audit competency in FIRS. The two attributes related to knowledge are part of competency requirements for effective auditing performance. In essence, internal auditors in FIRS have attained this competency benchmark by being university graduates and having accounting knowledge although not all of the auditing staff are from accounting background. They are therefore, required to go for training and retraining to keep them familiar with their responsibilities. Skill is discussed next as a competency requirement for internal auditor in the FIRS.

Skills

Skill is a combination of social, interpersonal, communication, attitude and character traits that can be performed by a person in carrying out a function (Ryu, 2017). Skill is an ability of a person to carry out a

function with predetermined result within a given period of time and energy or both. In internal auditing, skills are significant attributes required in determining that competent internal auditors can perform auditing functions proficiently (Pitt, 2014). However, from the responses of the participants in this study, it is understood that internal auditors in FIRS are basically required to have managerial skills as well as training on different skills. These skills are significantly important in guiding auditors and keeping them in good performance.

Regarding the skills, Participant 7 disclosed that “The core required skills in terms of competency are managerial skills. An internal auditor must be versatile in management knowledge, i.e. accounting, business administration, economics and others. This will widen his knowledge and increase his skills and ability to work hard. If you are an information system auditor, for instance, or any auditor within the auditing department, you need to have this skill. Managerial skills are therefore part of internal auditors’ competency which is required to perform auditing activities effectively” (Participant 7, Internal Auditor).

This shows how internal auditors in FIRS regard managerial abilities in performing effectively. In addition, Participant 9 explained that “Internal auditors in FIRS must be skilful in managerial activities. This is because they are intermediaries between the management at the top and employees/system at the bottom. With managerial skills, they would better enquire, identify, and analyse the tax administration needs efficiently and effectively” (Participant 9, Internal Auditor). Furthermore, “Communicating and writing skills as well as other managerial skills are what makes internal auditors in the FIRS to perform wonderfully and achieve competency requirement” (Participant 8, Senior Supervisor Internal Auditor).

The above assertions further explained the influence of internal auditing skills that is termed as competency capability. To be competent enough, an auditor must be skilful in communicating to his auditees and writing good reports to the management. Participant 5 viewed skill competency as a periodic training that can facilitate auditors’ capabilities. He further said “Through training, we learn new skills and deliberate on evolving issues which at the end would enable us to improve our auditing efficiency and effectiveness in FIRS” (Participant 5, Senior Supervisor Internal Auditor).

In summary, for internal auditors in FIRS to perform competently, they need to have managerial, communicating and writing skills to improve their capability. This could be achieved by training and retraining them so that they would be able to acquire new skills and strategies for achieving competent performance in tax administration. Based on the result in this study, the three elements namely qualification, knowledge, and skills are what matters in determining internal audit competency in tax administration. Therefore, competency in internal audit in tax administration is determined using tripod components as discussed above.

DISCUSSION

Internal audit competency is significant in determining auditing performance in an organization. From the result of this study, qualification is very fundamental and crucial in evaluating the competency and capabilities of auditors in FIRS. Auditors with required qualifications tend to perform better, and this would leads to added value and improved operational performance of tax administration. The findings of this study compliments those of Van Gansberghe (2005) who found that qualified internal auditors with affiliations to professional bodies perform efficiently and effectively when compared with auditors that are not qualified or affiliated with professional bodies. Therefore, FIRS should ensure all its internal auditors are fully affiliated with professional bodies for better internal auditing activities. In addition, FIRS should also provide the enabling environment for practicing the professionalism of the auditing functions.

Knowledge is another determinant of internal auditor competency. The result of this study indicates that internal auditors who are university graduates are required in FIRS auditing activities. This implies that, university graduates are formally trained and have learned the auditing theories that would make them capable of understanding the functions and activities of auditing in a logical manner. Additionally, they are able to identify, analyse and systematically perform auditing tasks in a proficient way. Moreover, through the acquired knowledge, a graduate will easily understand management needs and what is expected from him while performing auditing activities, hence, he can perform accordingly.

In a nutshell, the findings of this study is in line with Ridley (2008) who argued that setting certain level of knowledge for internal auditing would definitely determine the capability and competency of an auditor. Furthermore, competency of internal auditors is related to the knowledge of an auditor in performing the auditing functions effectively (Gurama & Mansor, 2018a). Therefore, FIRS should provide a good atmosphere for its internal auditors where they would utilize their knowledge and capabilities to improve tax administration performance. This would be accomplished through periodic trainings and workshops that would facilitate their knowledge in putting theoretical aspects into real practices that can benefit FIRS.

Skills of an internal auditor are also indicators of his ability to perform the auditing functions diligently. The findings of this study show that managerial skills are the most important skills required in the FIRS for efficient and effective auditing functions. To determine the performance of an auditor, one has to consider the auditors' skills from managerial perspective. The finding of this study is in line with Ighelogo (2016) who described managerial skills as a basic organizational skills required for determining subordinates ability to perform effectively in an organization. In this case, internal auditors are subordinates to top management and they are expected to have managerial skills as basis for performing auditing functions in tax administration.

Internal auditors are part of management that can oversee and assess the resources, system and employees of tax authority and report to the management for decision making (Ridley & Chambers, 1998). Furthermore, the roles of auditors are very significant and to achieve their effectiveness they must have the basic skill required for management functions. Therefore, to achieve this, the FIRS should make sure that their internal auditors are practicing these skills. They should also be provided with new modules and other training packages that can increase their skills from time to time. This would keep the auditing function more active and facilitates auditors' capabilities to strictly focus on improving performance and adding value to the tax administration's effectiveness.

Effective performance of internal audit in FIRS depends on how these factors are co-ordinately provided and perfectly utilized by internal auditors to strengthen their competency in performing auditing

responsibilities. Accumulating qualification, knowledge and skills would make the audit performance very important in achieving tax administration objectives. This will also increase the efficiency of the auditing process and finally yield the expected result including promoting good governance, effective internal control and improving tax collection performance in FIRS.

CONCLUSION

The findings of this study have provided new dimensions in understanding the requirements and roles of competency of internal auditors in the performance of tax administration. The study has contributed to the literature of internal audit in tax administration by identifying and analysing the influence of competency in achieving successful auditing performance. Qualification, knowledge and skills are the major indicators that can define the capabilities of internal auditors' performances in FIRS. The study participants highlighted these factors as the major indicators in determining competency of internal auditing performance in improving tax administration. However, it is important to urge FIRS management to ensure the accomplishment of these indicators by maintaining competent internal auditing activities that can facilitate and compliment the efforts of all the employees to achieve tax administration effectiveness. Additionally, enabling a good internal auditing environment is very crucial in determining the achievement of auditors' performance in tax administration (Gurama & Mansor, 2018b). Future studies may consider other factors that can determine internal auditing performance such as strategies adopted by the internal auditors. This will complement the findings of this study from another perspective.

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