

**INTERNAL CONTROL SYSTEMS AND THE CREDIBILITY OF FINANCIAL
STATEMENTS
A CASE STUDY OF THE NATIONAL CAPACITY BUILDING SECRETARIAT**

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ABSTRACT

The study was undertaken to evaluate the effect that internal control systems have on the credibility of financial statements. The researcher wanted to ascertain the existence and application of internal control systems at NCBS with a special focus on fixed assets and other materials' acquisition, storage, management, and disposal, and their effect on the reliability of its financial statements, it was expected that a link would be established between internal control systems and credibility of financial statements. Identify the role that NCBS attached to its internal controls with regard to guarding against errors and frauds, and found out the relevance or significance that auditors attached to organizational internal controls in expressing their opinion on the financial statements. The significance of this study is to bring awareness to organizations' management of the importance of internal controls as a means of checking frauds and misstatements, the researcher also benefited by enriching his knowledge and contributed to the development of his career in the field of research. Data was majorly generated from interviews and review of related secondary data sources like audit reports, and analyzed using computer applications like excel and SPSS. I have had the honor to venture into this study and look forward to the effect that the findings will have in answering many financial problems. The findings indicated that there is a strong relationship between internal controls and credibility of financial statements in the NCBS as shown by the highly ranked approaches to ensure financial statements' credibility that is: management being responsible for safeguarding assets and other materials and the fact that internal controls regarding fixed assets and other materials are maintained in accordance with accounting standards recognized. It can be summed up that in relation to the internal control systems put in place by NCBS and their impact on financial statements' credibility, corporate improvements in efficiency have been realised due to reduction in errors and frauds in operations. Effective internal controls are an indispensable but a painful dimension of a company's financial management and if ignored it leads to corporate failure. It was recommended that NCBS should ensure all the staff on board are aware of the internal controls as stipulated in the manuals and strive to implement them.