



Impact of Internal Audit on Income Tax in Nigeria: Evidence from Anambra State Board of Internal Revenue

Nneka Maureen Okeke

Department of Accounting, Nnamdi Azikiwe University, Awka, Nigeria

E-mail: nm.okeke@unizik.edu.ng

ARTICLE INFO

Article History

Received : 10.03.2026
Revised : 15.04.2026
Accepted : 26.04.2026

Article Type :
Research Article



ABSTRACT

Effective tax management is crucial for strengthening internally generated revenue, vital for economic growth and development; yet, tax agencies groan under myriads of challenges associated with systemic leakages, non-compliance, and loose internal controls. The research consequently investigated the relationship between internal audit functions and income tax, with evidence gathered from the Anambra State Board of Internal Revenue. It concentrated on evaluating the influence exerted by internal audit competence, internal audit independence, and the level of management support on the administration of income tax. The study adopted a survey research design, which enabled the collection of data through structured questionnaires distributed to selected board members. The hypotheses were analyzed using linear multiple regression. Results show that audit competence and audit independence have a detrimental impact on income tax performance. This implies that while auditors' skills are necessary for identifying errors, those skills have failed to increase tax outcomes. Furthermore, it also showed that management support had no significant influence on income tax performance. This discovery signifies that managerial support, being a facilitator in internal audit functions, has zero claim on improved tax results. Based on these findings, the study advocated for the allocation of resources for the training of internal auditors in identifying revenue losses effectively. Lastly, auditor independence should be strengthened so as to enhance effective tax administration.

Keywords: Competence, Income Tax, Independence, Internal Audit

1. INTRODUCTION

Acting as a critical bridge in the financial and corporate reporting activities of businesses and nonprofit organizations, internal auditing relies on practitioners who oversee risk profiles and identify risk management improvements. Its core purpose is to improve organizational efficiency and effectiveness by supplying constructive feedback. The field consists of four main components. These include the verification of documented records, policy assessment, examination of procedural reasoning and completeness, and the evaluation of internal services and staffing to confirm they meet organizational guidelines effectively. Providing management with recommendations for improvement is also a fundamental part of the function (Olumoh & Sanni, 2025). The subject merits scrutiny, given that internal auditors occupy a crucial, arguably irreplaceable, station in an economy dependent on information generated independently. Without question, Internal Audit has developed into an indispensable stewardship apparatus for securing rigorous governance in both public sector and private enterprise. Control mechanisms constitute processes devised to monitor and guide, and likewise to catalyze or constrain, the diverse operations of an organization so that its aims may be realized. Internal Auditing uncovers weaknesses in management practices, creating a chance to rectify shortcomings that the primary level of defense overlooked, before these problems escalate beyond control or come to light in the external auditor's report (Ejoh & Ejom, 2014).

The quality of internal audits is defined by factors such as competence, independence, scope of work, support from top management, and the size of the audit (Bello et al., 2018). Effectively conveying audit reports

along with findings and recommendations in a timely manner, while also receiving prompt feedback from decision makers, is crucial for enhancing organizational performance. Internal audit involves a team of skilled, seasoned, and specialized individuals; an adequately sized audit workforce; independence and impartiality during the audit process; and the capability to convey audit results and suggestions via a consistent and appropriate reporting format. To successfully concentrate on the quality of internal audit, aspects like the competence of internal auditors, their independence, the size of the audit team, the timeliness of audits, and the reporting structure within internal audit are essential considerations (Idowu & Ibrahim, 2019).

The internal audit function is fundamentally seen as something that enhances organizational value because of its distinctive role in governance, control, and risk management (Soh & Martinov-Bennie, 2011). More precisely, these functions are valued for their ability to lower risks, improve control measures, reduce the expense of external monitoring, diminish earnings manipulation, lessen fraud risks, curb opportunistic behaviors, and perform various activities unrelated to financial statements inside an organization (Ege, 2014; Prawitt et al., 2009; Putri et al., 2025). Moreover, the quality of internal audits can promote effective governance and accountability, while boosting revenue generation and minimizing excessive spending in the public sector. Nonetheless, every government has several goals to accomplish such as ensuring the safety of lives and property, providing infrastructure and various social services, fostering a conducive business atmosphere, generating employment, and safeguarding jobs among other tasks, for its citizens (Abba & Kakanda, 2017). The authors emphasized that these goals could be met via the revenues generated for the government during a specified timeframe. Revenue can be raised by the government through tax based approaches or through non-tax options, covering items like vehicle licensing, medical charges, court fines, government asset rentals, income, and sales. Should these revenues not be channeled effectively and efficiently to fulfill their original purpose, the establishment of such sources may produce a detrimental effect on already shrinking government income and on the economy's overall health (Adenugba & Ogechi, 2013; Muhammed & Asfaw, 2014).

Levies are the most vital and reliable revenue stream for governments, outshining all other income sources. To secure funding for public expenditures, the government is required to implement taxes, which are mandatory charges on income, profits, households, communities, or corporate entities. A country's ability to meet its citizens' essential needs and wants depends on the revenue produced from taxes. According to Amah and Nwaiwu (2018), the government levies personal income taxes on business profits, salaries, dividends, interest, discounts, and royalties. The realm of taxation encompasses two principal strata: direct exactions and indirect imposts. Direct taxes are levied upon individuals and juridical entities by competent authorities such as SIRS and FIRS, while indirect taxes pertain to consumable goods and services. Governments in both advanced and emerging economies encounter escalating compulsion to amplify their fiscal tributaries, owing to mounting operational outlays and the imperative to accommodate the social requisites of their populations. Taxation supplies the financial backing necessary for government programs, infrastructure upgrades, and public services (Akinbode et al., 2020). The most effective method for boosting tax revenue in Nigeria is via tax audits. In order to gather sufficient tax revenue, key tax authorities must enhance tax audits. Tax auditing developed as a method for combating tax evasion and guaranteeing compliance with tax regulations. It is the formal evaluation or examination by the tax authority related to the tax return submitted by taxpayers according to legal obligations. This enables the taxpayer to comply with tax regulations and audit results in the future. Nonetheless, auditing involves examining and evaluating a company's financial statements. The main goal is to provide your impact on a financial statement.

Consequently, taxation has served as a significant source of governmental income for economic advancement and progress in both developing and developed nations. Tax directly influences the Human Development Index (HDI), which serves as the primary measure of a country's economic development. An effective tax system shields emerging industries and fosters entrepreneurial growth within the nation, which is essential for the ongoing economic development of any economy (Edewusi & Ajayi, 2019). Tax revenue is central to all economic growth and development. The gathering of taxes and fees serves as an essential method for the government to generate public revenues sufficient for financing various investments in human capital, infrastructure, and services for citizens and businesses. Taxation serves as a critical instrument for economic management by facilitating funding for public goods, influencing consumption behavior, guiding the production of targeted goods, and primarily safeguarding emerging industries. Taxation likewise lessens inequalities in income distribution (Okoye & Ezejiofor, 2014). As defined by Bassey (2013), tax is an obligatory payment levied by the government upon individuals and entities following set criteria, with the taxpayer

receiving no direct or particular benefits in exchange. Adefolake and Omodero (2022) contend that taxes underwrite a large proportion of the nation's duties. It is exclusively the government's duty, through tax agents, to determine the tax amount owed, the citizen liable for payment, the tax basis, the payment period, and the specific items subject to taxation. Gale and Samwick (2014) asserts that a country's tax structure influences the level of its economic development.

The principal aim of this inquiry is to examine the effect of internal audit upon income taxation in Nigeria, utilizing evidentiary material sourced from the Anambra State Board of Internal Revenue. The investigation concentrates specifically on two domains: ascertaining whether the competence and independence of the internal audit function exert any influence on income tax at the Board, and establishing the import of managerial endorsement for internal audit on income tax at the same institution.

2. LITERATURE REVIEW

2.1. Concept of Auditing

Auditing, understood in its most comprehensive sense, involves the structured review of financial documents to determine their correctness, conformity, and trustworthiness. According to Tuovila (2023), auditing entails examining a company's financial statements to confirm they offer an accurate and ethical portrayal of its financial operations. Such examinations may be carried out internally by staff members or externally by independent certified experts, yielding assessments that shape stakeholder trust. Among the three principal audit classifications, namely external, internal, and tax audits, internal auditing proves indispensable for fortifying organizational efficacy from within. Scarion (2019) accentuates auditing as a pivotal oversight apparatus that exerts a profound influence on the performance of deposit money banks in Nigeria. This assertion is corroborated by Mgbobi et al. (2024), who delineate auditing as the systematic authentication of commercial records to ensure financial statements faithfully convey a veracious and equitable representation of a firm's fiscal standing. Their emphasis illuminates the function of auditing not merely as a statutory obligation but as a fundamental practice for preserving financial probity. Lambekova et al. (2018) contend that internal auditing furnishes a constructive appraisal conceived to augment both operational efficiency and fiscal performance.

Nonetheless, in spite of this acknowledged importance, numerous internal audit functions continue to be underused or structurally fragile, particularly in developing nations such as Nigeria. Oladejo et al. (2021) highlight increasing worries regarding financial crime, corporate collapses, and a loss of confidence in financial reporting, especially in Nigeria. The need for auditing practices to adjust to heightened expectations is underscored, with particular attention drawn to the transition toward digital instruments and continuous financial monitoring. Deficits in audit effectiveness nonetheless endure, most conspicuously when manually operated systems, compromised auditor independence, or deficient oversight corrode both the probity of the audit and its facility for swift response.

2.2. Internal Audit

Essential to any organization's internal control system are its internal audit practices. Benjamin et al. (2020) state that internal audit is designed to ensure policy compliance and facilitate the realization of organizational objectives by consistently evaluating systems and procedures. As organizational insiders, internal auditors perform objective assessments of operational functions, thereby delivering protective and constructive services to management (Klamut, 2024). Alsughayer (2021) stresses that internal audit quality hinges on the practitioner's expertise, sovereign judgment, and commitment to established ethical canons of the profession. In a related line of reasoning, Erasmus and Akani (2021) contend that internal auditors bear the responsibility of delivering accurate, neutral data to guide decision-making, a charge especially critical in convoluted fields such as banking. When undertaken with rigor, audits amplify reliance on financial statements and undergird strategic aspirations (Ajekwe & Ibiamke, 2017).

The success of internal audits depends heavily on auditor professionalism and initiative. Setiawan et al. (2020), remark that technical knowledge, by itself, remains inadequate without the motivation to spot and prevent misappropriation. Therefore, competence, ethics, and independence emerge as crucial factors determining the effectiveness of internal audits (Alsughayer, 2021). Internal audit underpins efficient public financial management, making it essential for guaranteeing operational effectiveness and proper control

implementation. Among its responsibilities are the evaluation of compliance with fundamental fiscal rules, injunctions, and safeguards; the review of the adequacy of established internal controls; the measurement of value and advantage obtained from the utilization of resources; the verification of the reliability and probity of record maintenance and financial reporting; the investigation of discrepancies; the assurance of resource aggregation and proper disclosure; and the authentication of inventory ledgers against physical assets (Ziniyel et al., 2018).

2.3. Income Tax

This is the primary source of revenue for the government. This pertains to funds gathered from people in their personal roles and from entities. The government gathers funds from these sources to facilitate the services it is obligated to provide for its citizens. As per the tenets of public finance, taxation should serve as the primary funding source for the public sector. In general, it is the citizens who should primarily provide the funding for the Nation's development (Adefolake & Omodero, 2022). The two principal classifications of taxes are direct and indirect. Direct tax involves payments made straight by individuals and organizations, calculated on the income derived from their professional and business pursuits. Examples include income tax, often known as Pay As You Earn (PAYE), which individuals pay on their earnings, and corporate tax, which businesses pay on the profits from their operations. By contrast, indirect tax is not remitted directly by the person who carries the financial burden. Rather, it is imposed on the goods and services that people purchase and use. Examples include petroleum tax, collected on the cost of petrol or gas fuel; Value Added Tax, applied to specific categories of goods and services; import duties, which target items imported into the country; and export duties, imposed on goods exported from the country (Zakaria & Nabi, 2016).

Income tax is among the most crucial and dependable sources of government funding worldwide. It pertains to the mandatory charge enforced by the government on persons, businesses, and other groups according to their earnings or profits, aimed at funding public spending and enhancing economic stability (Adekanmi et al., 2022). In countries with emerging economies like Nigeria, income tax plays a crucial role in internally generated revenue (IGR), enabling states to have the financial means to support infrastructure, education, health care, and various public services (Olumoh & Sanni, 2025). The management of income tax encompasses a range of tasks, such as evaluation, collection, oversight, and enforcement, which are generally overseen by appointed tax agencies. In Nigeria, the State Boards of Internal Revenue manage the administration of personal income tax at the state level, functioning under the oversight of the Joint Tax Board as set forth by the Personal Income Tax Act (PITA) 2011 as amended (Federal Inland Revenue Service, 2023). Successful management necessitates not only solid policy structures but also skilled staff, clear documentation, and an effective internal audit process to guarantee responsibility and adherence. Empirical data corroborates the connection between robust audit systems and enhanced income tax results. For example, Olumoh and Sanni (2025) found that managing tax audits effectively greatly improves tax compliance and boosts revenue collection in Nigeria's state internal revenue services. In the same vein, Adekanmi et al. (2022) discovered that consistent and independent audits of corporate taxpayers encourage voluntary compliance, lessen tax evasion, and enhance the efficiency of income tax collection. These results indicate that income tax management cannot operate effectively without the incorporation of strong internal audit practices, skilled staff, and backing from management.

2.4. Agency Theory

The foundation for this study rests on Agency Theory, which Jensen and Meckling (1976) introduced. It clarifies the connection between a principal, the party granting authority or assigning duties, and an agent, the party expected to carry out those duties for the principal. In simple terms, it looks at what happens when one party depends on another to make decisions or perform certain duties, and how differences in interests or access to information can sometimes create problems. The theory suggests that agents may not always act completely in the interest of the principal because they may pursue their own personal goals or take advantage of the information gap between them and the principal. Because of this, organizations need proper monitoring systems, internal controls, and accountability measures to ensure that activities are carried out as expected. Internal audit plays a major role in this regard by helping to review operations, promote transparency, and identify areas where resources or procedures may not be properly managed.

The theory is built on some important assumptions. It assumes that individuals are naturally driven by their own interests, meaning that agents may sometimes place personal benefits above organizational

objectives. It also assumes that information is not equally available to both parties, as agents usually know more about their actions than the principals. Therefore, monitoring and control mechanisms are necessary to reduce possible conflicts and improve performance.

Agency Theory's pertinence to this study is discernible in the operational dynamics of the Anambra State Board of Internal Revenue, where revenue collectors and managerial personnel operate as agents obligated to procure and administer tax levies on behalf of the state and its populace. Acknowledging the possible emergence of complications such as tenuous accountability or inefficient revenue administration, a resilient internal audit infrastructure proves critical. The competence and independence of the internal audit function can underwrite effective oversight of taxation processes, while management's support facilitates the actualization of audit directives. Consequently, the theory delivers a fitting analytical lens for evaluating the bearing of internal audit practices on income tax efficacy at the Anambra State Board of Internal Revenue.

2.5. Review of Previous Empirical Studies

Ajayi et al. (2025) probed the linkage between audit functions and tax income within the small and medium enterprise sector. Empirical data were gathered via a survey of 168 individuals selected from 42 small and medium enterprises (SMEs) and the Federal Inland Revenue Service (FIRS) situated in Lagos State. The study deployed a random sampling technique, and data evaluation was carried out using analytical tools such as SPSS and STATA. The findings indicate that tax regulations, field investigations, and retroactive audits positively influence tax adherence. Field and back-duty audits significantly influence tax revenue as well. Significantly, the bearing of tax policy on revenue is exercised indirectly, operating through its capacity to influence compliance rather than through any direct mechanism. The study establishes that tax compliance acts as a partial mediating variable between audit activities and tax receipts, strengthening the revenue effect of back-duty audits while weakening the revenue effect of tax policy. The implication is that more vigorous auditing can generate improved compliance, which is vital for raising revenue yields. Advocated measures comprise simplifying the legislative tax framework, advancing electronic taxation systems, delivering enhanced taxpayer sensitization, and sharpening audit procedures to mitigate evasion and enhance voluntary compliance.

In contrast, Gurama (2025) examined the essential internal audit procedures in tax administration that bolster auditor performance and contribute value to the Nigerian tax system. Adopting a qualitative methodological orientation, the study harnessed interviews to gather intelligence from internal auditors operating within the tax administration milieu. The evidentiary corpus was derived from nine internal auditors stationed at the Federal Inland Revenue Service Headquarters in Abuja, Nigeria. Once amassed, the data were transcribed with exactitude and subjected to thematic scrutiny utilizing Nvivo13 software. The findings delineated internal audit processes in tax administration as comprising four interconnected facets: planning, execution, reporting, and oversight. In concert, these facets embody the auditor's prerequisites for sustaining audit processes and fulfilling responsibilities during an engagement. The findings connote that internal auditors should amalgamate these components to conduct audit procedures effectively. These insights carry pragmatic import for tax administrations and internal auditors within manifold public sector institutions. The study prescribes that tax administrators establish the requisite supportive environment to permit internal auditors to operate with objectivity.

In related study by Shakir et al. (2024) focused on the effectiveness of the internal monitoring and management system within the Tax Authority for reaching its organizational financial targets. The study investigates how internal control frameworks and auditing practices contribute to the realization of financial goals within the General Tax Authority. Embracing a quantitative design, the research incorporated fifty staff members drawn via stratified random sampling from varied organizational strata. A structured questionnaire served as the instrument for data collection, measuring three cardinal dimensions: the control environment, control activities, and mechanisms for monitoring and control. Hypotheses were tested utilizing SPSS software, with analytical techniques encompassing frequency distributions, means, standard deviations, and linear regression. The evidence confirms that all three internal control dimensions appreciably elevate the Authority's financial performance. The control environment registered the highest correlation coefficient ($r = 0.887$) and coefficient of determination ($R^2 = 0.785$), followed by monitoring and control ($r = 0.916$; $R^2 = 0.836$), with control activities ranking third ($r = 0.863$; $R^2 = 0.738$). These outcomes underscore the criticality of explicit role specification, a judicious distribution of power, and independent supervisory systems in advancing fiscal

efficiency and fulfilling organizational objectives. The data intimate that internal control systems occupy an essential strategic position, yielding consequential insights for strengthening accountability and operational performance in the public sphere. The research advocates for strengthening internal control measures across the central authority and its affiliates. To achieve improved outcomes, it is advisable for the organization to implement advanced monitoring protocols, perform regular evaluations, and make systematic modifications in response to new challenges. These measures are crucial for verifying correct tax reporting and improving the efficiency of tax revenue collection.

In an analysis spanning 1992 to 2016, Okeke (2023) appraised the effect of federally collected taxes on revenue generation in Nigeria, with the objective of verifying whether a significant association linked these taxes to fiscal receipts. Petroleum Profit Tax, Companies Income Tax, and Value Added Tax served as the proxy indicators. Secondary data were sourced from the Federal Inland Revenue Services (FIRS) and the Central Bank of Nigeria (CBN). The research employed an ex-post facto design, commencing with ordinary least square (OLS) regression as the initial analytical framework and employing the augmented Dickey-Fuller unit root test to ascertain the stationarity properties of the time series variables. Based on the results, all factors subjected to examination positively influenced revenue generation, save for customs and excise duties, which exerted an adverse impact on the nation’s revenue. It is imperative that the government perpetually implement measures that secure absolute tax compliance from business entities operating within the region.

Idowu and Ibrahim (2019) extended the inquiry by scrutinizing the influence of internal audit quality on the performance of public tertiary institutions situated in Osun State, Nigeria. Primary data were elicited through a structured questionnaire administered to 72 respondents selected from a total population of 151, comprising personnel from the internal audit and bursary divisions across three state-owned higher education establishments within the state. The amassed data were subjected to Correlation Analysis alongside the OLS Multiple Regression technique. The results evinced a statistically significant nexus between internal audit quality and institutional performance, as corroborated by $F(3, 68) = 52.96; P < 0.05$. The research determined that internal audit quality acts as an important tool for boosting performance related to efficiency, effectiveness, economy, and service delivery quality in state-owned higher education institutions. Among its recommendations, the study suggested that more attention should be directed toward the competence and independence of internal auditors, including measures to ensure these traits are properly utilized and preserved, thereby enhancing the quality of internal audit services and elevating the performance of public tertiary institutions.

2.6. Conceptual Model

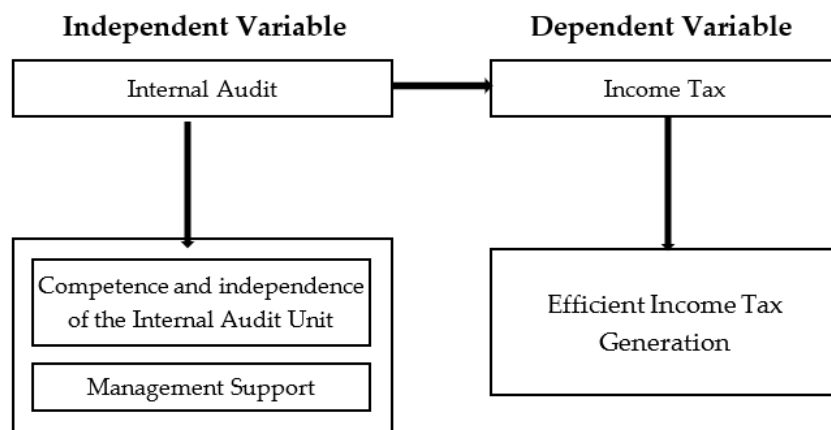


Figure 1. Schematic Diagram
 Source: Developed by researchers (2025)

In attempting to provide preliminary answers to the study’s central questions, the subsequent null hypotheses will be examined:

H₀: The competence and independence of the internal audit unit does not have a significant influence on the income tax performance of the Anambra State Board of Internal Revenue.

H₀: Management support for internal audit does not significantly affect the income tax performance of the Anambra State Board of Internal Revenue.

3. RESEARCH METHODS

The research utilized a survey research design. This was considered suitable as it allowed the researcher to gather the views of the representative sample of the target group. A carefully designed closed-ended survey was conducted to gather pertinent information from the employees of Anambra State Board of Internal Revenue.

Primary data essential to the investigation were sourced via a rigorously designed questionnaire administered to employees of the Anambra State Board of Internal Revenue. The engagement of the Board’s workforce rests on the premise that the Board governs income tax revenue mobilization across the state and possesses considerable expertise in internal audit practices and income tax matters. Consequently, the answers from the participants were derived from questions on a Likert scale, spanning from strongly agree (5) to strongly disagree (1). The scale underwent item analysis to confirm its validity and reliability. It produced a Cronbach’s alpha of 0.73, indicating reliability suitable for data measurement, utilizing SPSS version 23 Statistical software. The participants in this research include all the management personnel and revenue officers of the Anambra State Board of Internal Revenue. Owing to the population’s manageable size, the research utilized a census sampling method by incorporating the entire population into the sample. The research utilized linear multiple regression as the method for estimation. It is an extremely essential and trustworthy instrument. Regression assesses the connection between the dependent and independent variables. See the population distribution in table 1 below.

Table 1. Population of the Study

S/N	Category	Number of Staff
1.	Executive Chairman	1
2.	Directors	7
3.	Head of Departments	10
4.	Other senior staff	23
Total		41

Source: A.S.B.I.R 2025

3.1. Model Specifications

The unique contribution of the independent variables to the dependent variable was tested using the following regression model. The model utilized in this study derives from the empirical model previously adopted by Idowu and Ibrahim (2019) and is presented below:

$$PERF = f (IOA, COA, SOA, \mu) \dots\dots\dots eq. 1$$

$$PERF = \beta_0 + \beta_1 IOAi + \beta_2 COAi + \beta_3 SOA i + \mu \dots\dots\dots eq.2$$

Where, β_0 = Constant Parameter 1- 3= Regression Coefficient of Variables PERF = performance, IOA = Independence of Auditor, COA = Competency Auditor, SOA = Size of internal audit unit, μ = Stochastic Error term, i= Cross sectional.

The above model was modified and adapted in this study below as follows:

$$IA = \alpha + \beta_1 COMPIN + \beta_2 MSUP + e_i$$

Where:

IA = Internal audit, COMPIN = competence and independence of internal audit unit, MSUP = management support to internal audit.

4. RESULTS AND DISCUSSION

4.1. Research Results

4.1.1. Descriptive Statistics

This portion of the study displays the descriptive statistics for the variables, derived from the responses collected from participants. The analysis covers the mean and standard deviation for every statement used to gauge the dimensions of internal audit, which include the competence and independence of the internal audit unit, along with management support. The mean scores represent the extent to which respondents agreed with each statement, whereas the standard deviation shows how consistent their answers were. These results are laid out in Table 2.

Table 2. Mean and Standard Deviation Computed for the Variable of Internal Audit

S/N	Competence and independence of the Internal Audit Unit	N	Mean (\bar{x})	Std. Dev. (σ)	Remark
1.	The capability of the internal audit team improves the effectiveness of income tax evaluation by the board.	41	4.07	1.01	Agreed
2.	Experienced and educated internal auditors assist in identifying revenue losses in income tax collection.	41	4.17	0.95	Agreed
3.	Consistent training for internal auditors enhances the precision of tax reporting within the Board.	41	3.98	0.99	Agreed
4.	The internal audit team offers valuable insights that assist our board in enhancing tax collection outcomes.	41	3.95	0.96	Agreed
5.	Independent internal auditors guarantee fairness and openness in the administration of income taxes.	41	4.17	0.96	Agreed
	Management Support	N	Mean (\bar{x})	Std. Dev. (σ)	Remark
6.	When management backs internal audit functions, income tax management becomes more efficient.	41	4.07	1.00	Agreed
7.	Management guarantees that suggestions from internal audits regarding revenue enhancement are applied, simplifying income tax evaluations.	41	3.98	0.98	Agreed
8.	The board receive better guidance on tax operations when management cooperates with the internal audit team.	41	3.95	0.96	Agreed
9.	The board obtains improved direction on tax operations when management collaborates with the internal audit team.	41	4.07	0.99	Agreed
10.	Support from management for internal audit reduces fraud and fund misuse, thereby improving income tax collection.	41	4.10	0.97	Agreed

Source: Field survey, 2025

Table 2 illustrates that participants concurred that the proficiency of the internal audit unit, backing from management, and its autonomy positively affect income tax administration in Anambra State. Mean scores ranging from 3.95 to 4.17 suggest that seasoned auditors, backing from management, and independence in audits enhance transparency, efficiency, and precision in tax collection. The small standard deviations indicate a solid consensus that effective internal audit practices are essential for improved income tax performance at the Board.

4.1.2. Regression Analysis

- A. Hypothesis One: H_0 : The competence of the internal audit unit does not have a significant influence on the income tax performance of the Anambra State Board of Internal Revenue.

Table 3. ANOVA Results for the Effect of Internal Audit Competence on Income Tax Performance

ANOVA ^a						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.666	2	.833	.631	.038 ^b
	Residual	42.220	39	1.319		
	Total	43.886	41			

Source: SPSS Output, 2025

Table 4. Regression Coefficients for Internal Audit Competence and Independence on Income Tax Performance

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
	1 (Constant)	2.765	.780		
Competence and Independence of the Internal Audit	-.207	.186	-.243	-1.108	.276

Source: Researcher's Survey, 2025

Tables 3 and 4 display the findings from the regression analysis regarding the effect of the internal audit unit's competency and independence on income tax performance. The ANOVA table reveals a statistically significant relationship, as shown by an F-value of 0.631 at a significance level of 0.038. However, the coefficient findings indicate that the effectiveness of income tax is slightly but insignificantly affected by the skill level of the internal audit unit ($\beta = -0.243$, $t = -1.108$, $p = 0.276$). This suggests that while the skills of internal audit contribute to effective tax management, they have minimal direct influence on the income tax outcomes of the Anambra State Board of Internal Revenue.

- B. Hypothesis Two: H_0 : Management support for internal audit does not significantly affect the income tax performance of the Anambra State Board of Internal Revenue.

Table 5. ANOVA Results for the Effect of Management Support for Internal Audit on Income Tax Performance

ANOVA ^a						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.551	2	6.275	6.408	.005 ^b
	Residual	31.335	39	.979		
	Total	43.886	41			

Significant: $P < 0.05$

Table 6. Regression Coefficients for the Effect of Management Support for Internal Audit on Income Tax Performance

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
	1 (Constant)	1.690	.482		
Management Support for Internal Audit	.204	.246	.143	.829	.413

Source: Researcher's Survey, 2025

The regression findings regarding the relationship between income tax performance and management backing for internal audit, as illustrated in Tables 5 and 6 above, indicate that the model is statistically meaningful, based on the ANOVA result ($F = 6.408$, $p = 0.005$). However, based on the coefficient result ($\beta = 0.143$, $t = 0.829$, $p = 0.413$), management support shows no significant direct effect on income tax performance.

This suggests that while involvement from management might improve internal auditing activities, it does not automatically lead to improved income tax results at the Anambra State Board of Internal Revenue.

4.2. Discussion

An appraisal of internal audit unit competence, independence, and management support levels unveils two critical findings with respect to their effect on income tax performance at the Anambra State Board of Internal Revenue. The inquiry into the first hypothesis indicates that the competence of the internal audit unit has an adverse impact on income tax performance, yet this impact fails to attain statistical significance ($\beta = -0.243$, $p = 0.276$). The suggestion is that while auditors' skills are essential for identifying errors to strengthen internal controls, those skills alone do not automatically lead to better income tax outcomes. Systemic processes, technological apparatus, or human resource capabilities may also exert an influence on the interplay between internal audit effectiveness and the optimization of tax collection. The current finding contravenes the work of Idowu and Ibrahim (2019), whose inquiry examined how internal audit quality affects the performance of public tertiary institutions in Osun State, Nigeria. Their research revealed a statistically significant linkage between internal audit quality and institutional performance, validated by $F(3, 68) = 52.96$; $P < 0.05$. Their research established that internal audit quality acts as an essential tool for boosting performance dimensions such as efficiency, effectiveness, economy, and service delivery quality in state-owned tertiary institutions. Among its recommendations, the study advocates that greater priority be accorded to the competence and sovereign judgment of internal auditors, along with frameworks designed to leverage and conserve these qualities, so as to uplift the standard of internal audit provision and advance the efficacy of public tertiary establishments.

The results regarding the second hypothesis concerning the connection between management support for internal audit and income tax were determined to be insignificant in directly affecting income tax performance, at $\beta = 0.143$, $p = 0.413$, although it was included in a significant overall model at $F = 6.408$, $p = 0.005$. This suggests that managerial support is certainly a facilitator in the execution of internal audit activities, although such support cannot be claimed to lead to improved income tax outcomes. The results suggest that assistance should be integrated with the proper execution of audit recommendations and efficient operational practices to significantly influence tax performance. This result stood in opposition to Ajayi et al. (2025), whose inquiry examined the connection between audit functions and tax revenue for SMEs. The evidence indicates that tax regulations, operational audits, and back-duty audits positively affect tax compliance. Tax revenue is substantially shaped by field audits and retroactive audits alike. Of particular salience, tax policy exerts no direct influence on revenue; instead, it operates indirectly by modulating the level of compliance. As the research demonstrates, tax compliance partially mediates the relationship between tax audits and tax revenue, magnifying the effect of back-duty audits on revenue while diminishing the effect attributable to tax policy. This suggests that more robust auditing can cultivate heightened compliance, which is pivotal for increasing tax receipts. Recommended measures include simplifying the tax code, deploying additional electronic taxation platforms, delivering superior taxpayer sensitization, and tightening audit protocols to curtail evasion and promote voluntary conformity.

5. CONCLUSIONS

Centering its inquiry on the Anambra State Board of Internal Revenue, this investigation scrutinized the bearing of internal audit on income tax performance, devoting particular consideration to the competence and independence of the internal audit unit, as well as the level of management support. The findings reveal that, notwithstanding the recognition of internal audit competence and management support as essential constituents of efficacious tax administration, neither variable manifests a statistically significant impact on income tax performance. These results suggest that professional expertise and management support alone are insufficient to improve tax outcomes without effective implementation of audit recommendations and integration into operational processes. Nevertheless, the high mean scores recorded for these variables demonstrate that respondents perceive competent, independent, and well-supported internal audit functions as essential for promoting efficiency, transparency, and accountability within the Board. Overall, the findings underscore the importance of strengthening internal audit practices and ensuring that audit recommendations are effectively implemented to enhance income tax performance.

Based on these findings, the Anambra State Board of Internal Revenue should invest in continuous professional development and specialized training programs to enhance the competence of internal auditors in detecting revenue leakages and improving audit quality. Management should extend its support beyond providing resources by ensuring that audit recommendations are promptly implemented and continuously monitored to achieve meaningful improvements in tax administration. Furthermore, the Board should strengthen the sovereign posture of the internal audit function in order to advance transparency, accountability, and the operational efficiency of income tax administration. This objective can be realized by instituting policies and structural frameworks that enable auditors to execute their responsibilities impartially, free from inappropriate external pressures.

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