APPLICATION OF COMPUTER IN AUDITING PROCEDURES
A CASE STUDY OF NIGERIA AIRWAYS LIMITED
LAGOS.

BY

LABONG NIMTUR WUYEP

PGD/MCS/2000/2001/1027

A PROJECT SUBMITTED TO THE DEPARTMENT OF
MATHEMATICS/COMPUTER SCIENCE FEDERAL UNIVERSITY
OF TECHNOLOGY, MINNA IN PARTIAL FULFULMENT OF THE
REQUIREMENTS FOR THE AWARD OF A POST GRADUATE
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APPROVAL PAGE

In partial fulfillment of the course requirement for the award of the Post-Graduate Diploma in Computer Science in the department of Mathematics/Computer Science.

This project entitled "Application of Computer in Auditing Procedures" Was prepared and submitted by Labong Nimtur Wuyep who is hereby recommended for the oral examination.

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Dr. N.I. AKINWANDE.   Date.
(Project Supervisor).

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Mr.L.N.EZEAKO   Date
(Head of Department)

....

External Examiner   Date.

DEDICATION.

This project work is dedicated to God Almighty the source of knowledge and wisdom..

My Parents, Mr. & Mrs. Binvyap Labong, Brother Gambo Binvyap Labong and my able sister Hawa Binvyap Labong, Nigeria Airways Limited for giving me the golden opportunity to study to this level.

Alhaji A.A. Aminu for his absolute concerned towards my success.

Also is Architect Jonathan of Federal University of Technology Minna for his numerous advices and to all ambitious friends and well wishers.

ACKNOWLEDGEMENT

ABSTRACT

This project focuses more on auditing generally in a Computer Environment.

Auditing an Independent Examination of Financial Statements of An Organization.

If indeed, the auditor is to justify his claims that the books of accounts Have been properly kept. It is difficult to see how he can do this without paying attention to the controls built into the Computer System.

This project work examined the various controls used to prevent errors creeping into the data presented by a Computer System, The project will achieve this aim by using a DATABASE IV.

Programming language to achieve the essence of using Computer in today's auditing process.

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CHAPTER ONE

INTRODUCTION

1.1 AIMS AND OBJECTIVES OF THE PROJECT

The aim of this project is to study the existing system of auditing in an organization (Nigeria Airways Ltd) a public sector.

The main objective is to achieve an auditing system which performs the auditing work through electronic work (Electronic Data Processing (EDP).

The primary aim of auditing is

a.   To produce a report whether the account presented by Management gave a true and fair view of the financial statement.

b.   To ensure that accounting policies standards and procedures compiled with in the preparation of the financial/statement.

c.   To design and evaluate the system and his work with the View to detect and prevent fraud, errors and irregularities where they exist.

d.   To achieve greater operating efficiencies within the client's organization.

e.   To enable auditor assist his client with an accounting system, auditing and make suggestions to improve the internal accounting controls and the overall control.

1.2 METHODOLOGY/ASSUMPTIONS

The Methodology generally applied in this work includes:

a.   Recalculation involving the recalculation of calculations Previously performed by the client. They are either right or wrong.

b.   Scanning - This is the process which the auditor exercise Their general alertness to unusual items and events in documentation.

c.   Observation and examination which involved physical Inspection of tangible assets to provide compelling evidence of existence, condition and valuation.

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d.   Confirmation involved confirmation by direct correspondence with independent parties.

e.   Verbal enquiry is a procedures that generally involves the Collection of oral evidence from independent parties and Client.

f.   Dependence on others work involving previous audit work And those of the internal audit by the external auditors.

g.   Examination and documentation - This involve a great deal Of documentary evidence and examination of authoritative Parties and by the client.

ASSUMPTIONS

The following assumptions are made on the system :

a.   Mobilization department will furnish the data management division With information on every section or units of the accounts.

b.   The airline accounting system will have to be computerized for Efficiency   and effective management.

c.   There will be no breakdown in equipment and if there is, there Must be provision for alternative back up.

d.   All banking transactions evidence must be produced for easy cross   Reference for any discrepancy to be followed immediately for Proper reconciliation.

DEFINATION OF TERMS:

AUDIT: A systematic examination of the activities and status of an entity based primarily on investigation and analysis of its systems, controls and Records for effective management.

AUDITOR: Is an independent person who is appointed to investigate the Organization, its records and the financial statement prepared.

EXTERNAL AUDITOR: A Periodic Examination of books of accounts and Records of an entity carried out by an independent third party.

COMPUTER: An electronic device that follows instructions in order to process Data, solve a specific problem or accomplish a particular task.

VOUCHERS: These are accounting documents that contain records of items Of expenditures, receipts, income, payments and otherwise.

COMPLIANCE TEST: Is a test an auditor carry out in order to determine the Effectiveness of internal control in operation as a basis for the preparation of the accounts. The computerized auditing system adopts the compliance test in evaluating the effectiveness of the operating system.

INTERNAL AUDITING: Is an independent appraisal activity acting within an Organization for the review of operations as a service to management. It's a managerial control which functions by evaluating the effectiveness of other controls and checking on a test basis the extent to which the operations and system comply with the procedures laid down by management.

ACCOUNTING: The process of identifying measuring and communicating financial or economic information to persons or group of persons interested in using that information for decision making purposes.

INTERNAL CONTROL: Is the system of control arrangement adopted within An organization to check on and maintain the accuracy of business, safe guard the assets of the organization against fraud and other irregularities,Promote efficiency, and encourage compliance with the existing Organization policies and procedures for effective attainment of

Organizational objectives.

1.4 HISTORY OF AUDITING

The Oxford advanced learners Dictionary defined auditing as an official examination of accounts to see that they are in order.

Auditing is one of the most important practices of accounting. It is required by the Law that every organization or institution should get its financial statements audited by auditors (internal or external) at the end Of every financial year. Auditing was introduced as a result of evolution Of joint stock Company from the sole proprietor or a partnership type of Company.

In a case of sole proprietor or business, the fund available was limited to that which the owner could provide, therefore the capital at disposal of the Company is always extremely limited.

On the other hand, joint stock company can greatly widens the possibilities buyers, the individuals, with the highest shares from the board of directors for the company. But all the share holders cannot take part in the day to day management of the company. Therefore they always manage the company on their behalf. Since the Compan is a profit oriented one, a report of the economic activities of the company is very important to the shareholders. After each financial year, a financial report of the company is presented to the shareholders.

The report is in form of a financial statement showing the state of the Company's Economy either making profit or loss. In either case, The shareholder needs to be sure that, the financial statement presented before them represents a true and fair view of the company financial Position. Thus the need some set of accounting personnel called "AUDITORS" to perform this duty of ascertaining the correctness of the Company's Financial Position

1.5 WHAT IS AUDITING?

Auditing is defined as the Independent Examination of Financial Statement of an organization, where such an examination is conducted with a view to expressing an opinion on whether those financial statements gives a true and fair view and comply with the relevant accounting policies, procedures and standards.

1.6 WHO IS AN AUDITOR?

An Auditor is an Independent person who is appointed to carry out a through examination into an organization's records and the financial statements by statute or its organization's management. By statute is External Auditor while by organization's own management is internal auditor.

1.7 THE CONCEPT OF ACCOUNTABILITY

All organizations and entities whether they are run on profit or not, required to be kept informed as to how their activities are progressing.

Such progress report are required by both the managers of the entities and the investors of funds and materials for assessing performance, expansion or contraction of activities etc. It is this requirement of getting a feed back to a higher authority on the progress of any set of activities or utilization of funds, men and materials towards achieving set objectives that is referred to as accountability. It connotes answerability for the action (or non action) behaviour or conduct of someone to some superior authority. The given of an account of one's stewardship

to whom he isresponsible. It should however not be predicted on accounting but move on justification of the utilization of all factors of production towards achieving desired results. Literally, accountability means responsibility and answerability. The government which possesses and exercise wide range of powers that significantly affect the lives of the citizenry must be answerable for the exercise of these powers. Public accountability relates to being answerable to a wide public. The term accountability has been defined as "A process whereby one renders an account of his activities to some one who has the power to ask for it and also to evaluate and reward one's performance.

1.8   <u>AUDITING AND INVESTIGATION</u>

Auditing is the independent examination of financial statement where such examination is with a view to expressing an opinion in compliance with relevant accounting policies procedures and standards. While investigation on the other hand is the consideration and examination of financial and non financial data to meet a client's purpose or needs.

<u>Differences Between Investigation and Audit Statutory.</u>

a.   Audit is statutory required, while Investigation is made at the Request of client.

b.   Investigation takes cognizance of both financial and non financial Data while auditing considers only financial information.

c.   There are no standards and guidelines for investigation while Auditing observed standards and guidelines.

d.   Scope: The scope of investigation is as defined by the client While the scope of audit is defined by statutes.

e.   Reporting Responsibilities: Investigation accountant reports to Client, while audit report is to the shareholders, general public and any other interested third party.

f.   Responsibilities to obtain information necessary for investigation

Lies on the investigation accountant while auditor has right to information and explanations considered necessary for the performance of their task.

1.9   **AUDITING IN THE PUBLIC SECTOR**

The term audit in the public sector includes both financial and performance audit. In the public sector, public officials and other persons entrusted with public resources are responsible, under the various laws, rules and regulations.

Consequently public officials are expected to provide appropriate reports to those to whom they are accountable.

The audit of public sector activities is an essential element of public control and accountability. Auditing provides credibility to the information reported by or obtained from management through objectivity, acquiring and evaluating evidence. The importance and comprehensive nature of public sector auditing places special responsibility on public officials or other persons entrusted with public resources to ensure that audit in the public sector is conducted in accordance with applicable standards. The responsibility is to provide audit coverage that is broad enough to help fulfill the information needs of potential users of the audit report.

1.10 **AUDITOR'S LIABILITY**

The subject auditor's liability is the exact legal position of auditors. This includes auditor's civil liability, criminal liability and his liability to third party. It is the statutes dealing with auditor appointment and responsibilities. This is where case law and professional pronouncement help to determine the work to be performed. Both the law and professional standards impose the duty on auditors to act with reasonable skill and care at

all times. Where the auditor falls short in his duty, he may be liable for negligence.

Auditors as professional men may incurred liabilities from duties the owe to their clients both in contract and tort concurrently under the statute. There liabilities can be summarized under:

a. Auditor's Civil liabilities

This may arise under (i) contract (ii) Libel (iii) company act

(iv) negligence.

b. Auditor's Criminal Liabilities

This may arise from error's in the performance of audit duties involving criminal neglect or actual fraud or conspiracy in which intension is to do what is known to be illegal. The statutory provision under which auditor may be held liable criminally includes:

(i) company act (ii) company income tax Act (1974)

(iii)The Institute of Chartered Accountant ofNigeria(ICAN)

Act. (iv) Criminal code (section 465).

CHAPTER TWO

WHY AUDITING?

Auditing is not carry out in a vacuum. The shareholders and management investors, third party and other users of Financial Statements look to the report of the auditor for assurance that the

Financial Statement is reliable. The problem that has always existed when managers report to the owners is that the owner might find it difficult to believed the managers report because of the following reasons:

a.   The report may contain fraud that may involve the use of deception to obtain an unjust or illegal financial advantage.

b.   The report may failed to disclosed relevant information.

c.   The reports may contain errors that are committed intentionally (fraud).

d.   The reports can be inadvertently misleading by containing issions,improper disclosures

e.   The report may not be prepared in line with the laid down Accounting standards principles and policies.

2.1   TYPES OF AUDITS

There are quite a number of types of audits. These are:

(i)   Management audit - concerned with the effectiveness and Efficiency of management.

(ii)   Private Audit: Is audit conducted into an organization's affairs or

Business outlets by independent auditors as requested.

(iii)   Statutory Audit: Is audit carry out because the law requires it.

These includes Building Society Act, Company act, ICAN guide etc.

(iv) Internal Audit: An audit conducted by an employee of the Organization into any aspect of its affairs.

2.2 LAWS AND REGULATION AFFECTING PUBLIC SECTOR AUDITS:

The operation of the public sector auditing and accounting is governed by Laws, acts, or parliament, decrees, regulations circulars etc, which are constantly being reviewed or amended to meet the political, social and economic changes and development. These includes:

i. The Constitution - Is a legal Framework that regulates, not only the government accounting but the system or aspects of Financial management and control of government revenue, expenditure and property.

li Finance, Control and Management Act 1958- As amended:
Is the act that governs the control and management of the public Finances of the Federation especially in the Civil Service.

iii. Audit Act 1958-As Amended:
Covers the areas of audit and accountability of the public sector Bodies especially those in Civil Service.

iv. Appropriation Act:
An annual act issued by the legislature and signed by the President authorizing the withdrawal of money from the Consolidated Revenue Fund.

v. Financial Regulations — 1976:

Deals generally with the financial and accounting matters of the Government. Setting out procedures for Revenue Collection, Payment procedure. Security of Cash and property as well as Categories of officers that are charged with financial responsibilities generally.

2.3 TYPES OF PUBLIC SECTOR AUDIT

All the audits begin with objectives and those objectives determine the type of audit to be conducted. In practice two main types of audit are conducted.

a. Financial Audit: Embraces the audit of Financial Statements of an organization in order to provide reasonable assurance or whether the Financial Statements present fairly the Financial Position, result etc, in conformity with applicable professional standards, Laws and regulations. This includes proper evaluation of the soundness of internal control system of the audited organization.

b. Performance Audit: Is an objective and systematic examination Of evidence for the purpose of providing an Independent assessment of the performance, programmes, projects and service delivery of an entity in order to improve public accountability and service delivery, it includes the assessment of the economy, efficiency and effectiveness with which entity resources has been utilized in achieving results. It is otherwise known as value for money audit.

c. Pre-Payment and post payment Audit.
External'and internal auditor performs almost the same functions bearing their differences. Independence, mode of reporting, scope,

qualification and approach. The internal auditor carries out pre-audit of all transactions within the establishment, which is the examination of transactions before payment, while the External Auditors carries out post audit which is the Examination of transaction after payment.

2.4 PUBLIC SECTOR AUDIT STANDARDS:

The comprehensive nature of public sector auditing as provided in applicable professional standards places more responsibility.

Public sector auditors are expected to comply with the following standards in the execution of their audit assignment.

i. Competence (qualification):- Auditors handling public sector audit data should collectively posses adequate professional proficiency necessary for the task. They should have thorough knowledge of government and public sector activities including the specific environment of the audit assignment. If it becomes necessary, the external auditor may need to hire consultants or personnel with specialist knowledge in the areas of the audit.

ii Independence: The external auditor and the audit staff should be free from personal and external impairment to independence. The auditor should be impartial and to be viewed as such by knowledgeable persons and third parties.

iii The Professional Care: The auditor should act with due Professional skill, care and diligence in conducting the audit and in preparing the related reports.

Iv Audit Planning: Audit assignment should be planned in a manner Which ensures that an audit of high quality is carried out Economically efficiently and in a timely manner.

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v.   Supervision: The work of audit staff at each level and audit phase Should be properly supervised during the audit. Documented work should be reviewed by a senior member of the audit staff.

vi.   Audit Review: This ensures that all evaluation and conclusions are soundly based and are supported by competent, relevant and reasonable audit evidences that all efforts, defficiences etc. have been properly identified, documented and satisfactory resolved with the client.

vii   Evaluation of Internal controls: In this regards, the auditor should obtained:

- Sufficient understanding of the internal controls both Financial and otherwise.

- Study and evaluate the controls with regards to assisting in Safe guarding assets and resources, assure the accuracy and Completeness of accounting records and assisting management in complying with Laws and regulations.

- With regards to performance audits, the evaluation should seek to determine whether the Auditee's business is being Conducted in an economics, efficient and effective manner.

viii   Compliance with Laws and Regulations:
Tests should be carried out to ensure compliance with applicable
Laws and regulations or to detect irregularities, illegal acts and
Material errors or mistakes.

ix.   Advance Evidence:
The auditor should obtain competent, sufficient relevant and Reliable evidence to support his pedgement and conclusions.
His report findings, recommendations and opinion must be based
On adequately documented as audit evidence.

x. Validity and Reliability of Data from Computer based System:

Auditors should obtained sufficient, competent and relevant Evidence that computers processed data are valid and reliable especially when those data are significant to his report and or opinion.

xi. Analysis of Financial Statements:

The auditor should analyse Financial Statements to establish whether acceptable accounting standards for financial reporting and disclosure are complied with. The analysis should be performed to such a degree that a national basis is obtained to express an opinion on the Financial Statements. The auditor should also ascertain whether the Financial Statements are prepared with due consideration to the circumstances of the audit entity.

2.5. ROLES OF AN AUDITOR

The basic roles of an auditor is to assist the Management to ensure both the survival and the positive development of the organization. To Perform this role effectively and efficiently, the Auditor must:

a. Have an understanding of the short and long term objectives of the organization.

b. Be conversant with laid-down procedures in all the department.

c. Renew the principles and assumptions made in profit & loss for cast for reasonable.

d. Advise for a review or adjustment considered future prospect, and change of accounting principles and policies for whatever reasons.

f. Make recommendation for corrective action or where possible take Corrective actions.

Besides this roles, his attributes include:

a. Must be a person of impeccable character.

b. Must be thoroughly trained and prove his competence before
Signing any audit report.

c. Must be an individual with high integrity.

d. Must be objective and maintain independent mind.

2.6 AUDIT TESTING:

This is the audit procedures carried out to gain understanding of client Operations in order to determine the audit approach on client business.

TYPES OF AUDIT TESTING:

i. Compliance test:

This is a test seeking to provide audit evidence that internal control Procedures are being applied as required. Its usually a test whichSeek to provide evidence that the accounting and internal control System are being applied as prescribed by management. Used to Obtain audit evidence about the effective operation of the Accounting and control system. It is usually carried out by the Organizations employees who perform an internal audit function.

ii. Substantive tests:-

Test seek to provide audit evidence as to the completeness, Accuracy and validity of the information contain in the accounting records. This test seeks direct evidence of the correct treatment of a transaction, a balance, assets, a liability or any item in the account.

iii. Operational Audit test: This involved obtaining and evaluating evidence about an organization's operating activities in relation to specified objective.

iv. Financial Statement Audit test:

This involved obtaining and evaluating evidence about the organization's financial statements for the purpose of expressing a

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professional opinion on whether the accounts presented is in conformity with the established accounting principles standard and policies.

v. Extensive Substantive Audit test:

A test carry out to satisfy the completeness accuracy and validity of the Client transaction.

Where the auditor assessment shows that the system is effective, the auditor performs compliance test on the control operation, where the control passes the auditors compliance test, a reduce level of substantive test should be performed.

vi. Walk-through test:

Is to gain initial understanding of the accounting system and associated control environment.

It is the tracing of one or more transaction through the accounting system and observing the application of relevant aspects of the internal control system.

EXHIBIT 2.1

PLANNING AUDIT TESTS STRATEGY

Education of internal control system.

Individual controls

Strong	Wealth

Compliance tests	
Satisfactory	Unsatisfactory

Reduced substantive tests		could significant error occur	
Satisfactory	Unsatisfactory	No	Yes

Extended substantive tests	
Satisfactory	Unsatisfactory

Report to Client

Analitic Review

Normal year-end work	Extended year-end work
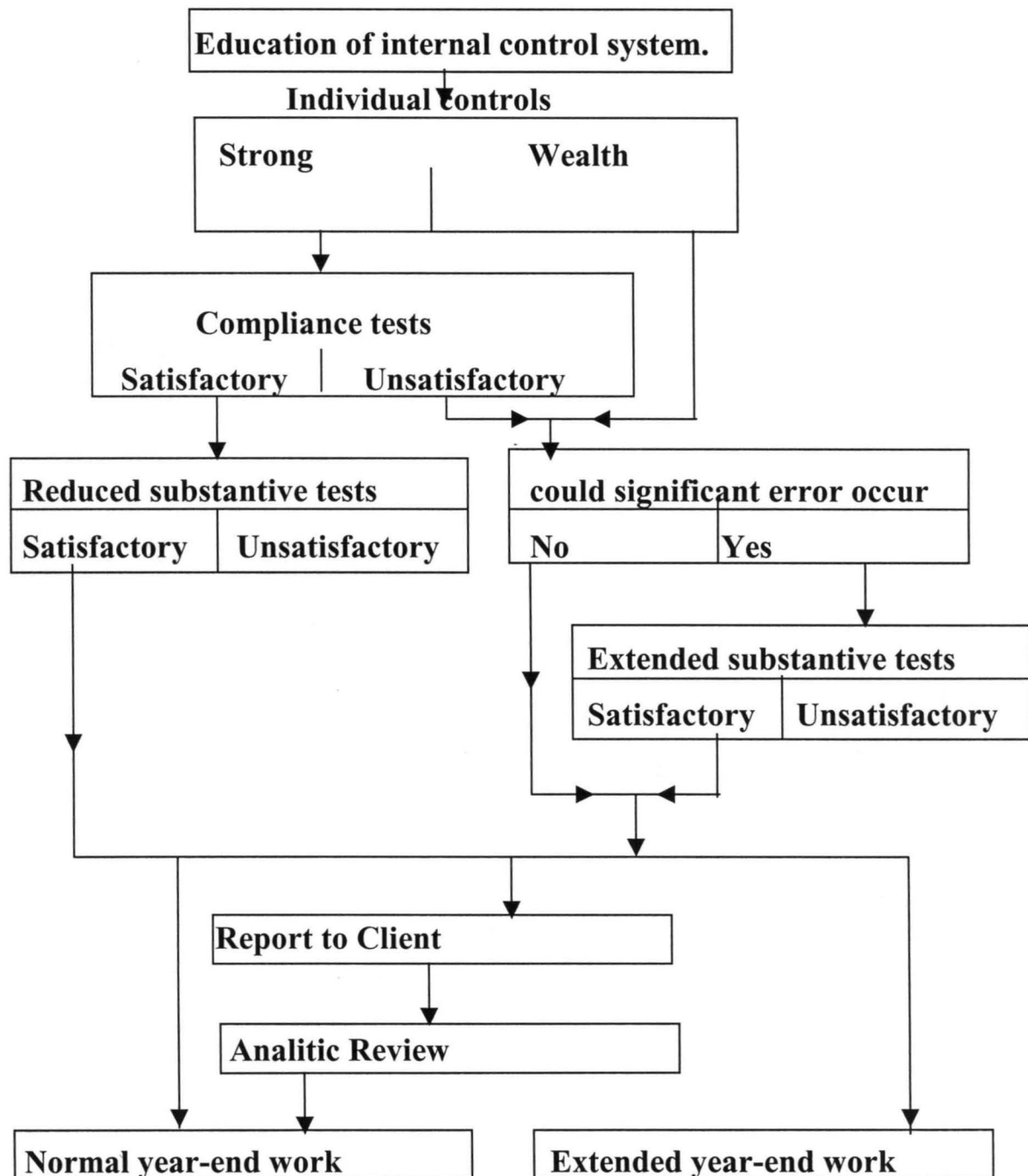
2. 7   <u>AUDIT REPORTING:</u>

At the end of every audit assignment whether in the public or private sector an auditor is expected to present a report. Such report usually depends on the nature of audit assignments, Laws and regulations applicable to the audit. In the public sector, public enterprises are required to submit the external auditors domestic/management report alone with the audited accounts to the ministry's and auditor general of the federation.

In statutory audit, the auditor expresses an opinion in a short but concise form. In other cases, he is expected to indicate his general findings, comments and recommendation in what is referred to as management, domestic or internal audit reports.

In expressing the auditors' opinion, such report should contain a clear written expression of opinion of the Financial Statement or assignment. An unqualified opinion indicates the auditor's satisfaction in all material respects. When a qualified opinion or disclaimer of opinion is given, the audit report should state in clear and informative manner the reasons and matters affected.

Written reports are to be submitted to the appointing authorities or to appropriately designated officials within an organization. Reports are to be issued on or before the date specified by law, regulation or other arrangements and in any event is promptly as possible so as to be useful.

In general audit reports should identify clearly:

i.   The financial statement or assignment to which it relates.

ii.   The date of the report proper heading and signature of presenter.

iii.   Any instruction and the scope of the audit, each report especially Management/Domestic reports shall:

a.   Be concise as possible, but at the same time clear and Complete.   b. Present findings and conclusions objectively and fairly. Such

Information should be adequately supported by enough relevant and reliable evidence in the auditor's working papers to prove when called upon to do so.

c. Place primary emphasis on improvements rather than on Criticism of the past. Critical comments should be presented in balanced perspective recognizing any unusual difficulties on circumstances faced by operating officials concerned.

d. Identify and explain issues and questions needing further study And consideration.

e. Includes recognition of note worthy accomplishments.

f. Includes recognitions of views of responsible officials of the entity on issues raised.

g. Be easy to understand and free from vaqueness or ambiquity, justifiable and professionally sound.

h. Exhibits independence of mind, with constructive criticisms made in decent and matured language.

ACCOUNTANT PUBLIC REPORTING

The Company And Allied Matters Decree (CAMD) required every company to maintain adequate accounting records and to prepared financial statements in respectof each accounting year known as the accounting reference period.

The contents of the Financial Statement are:

a. The Balance sheet

b. The profit and loss account or the income statement

c. Notes on the accounts

d. Sources and application of funds statement

e. Value Added Statement

f. Historical Financial Summary

g.   Statement of accounting policies.

The auditors are required to attest the requirement that every balance sheet shall give a true and fair view of the state of affairs of the company as at the end of its financial year and every profit and loss account shall   give a true and fair view of the profit and loss of the company for the financial year.

The true and fair view rules requires that the information contained in the financial statements is sufficient in quantity and quality to satisfy the reasonable Expectations of the users.

By and large, these Expectations will be determined by the generally accepted accounting practice: and this implies that accounting standards will be observed thus any financial report that deviates from accounting standards without adequate explanation may not be deemed to give a true and fair view.

2.8   **FUNDAMENTALPRINCIPLES   FOR   THE   PREPARATION OFPUBLISHER ACCOUNTS.**

1.   The Company is presumed to be carrying on its business as a going concern.

2.   All accounting principles are to be applied consistently from one year to another.

3   '   The amount of any item is to be determined on a prudent basis, And in particular only profit realized at the balance sheet date is to be included in profit and loss account.

4   Revenue and Expenses are to be accounted for on an accruals Basis.

5. Amounts in respect of items representing assets or income may notbe set off against amounts in respect of items representing liabilities or expenditures.

6. Historical Cost.

DIRECTORS REPORT

For any Financial Statement that is laid at (AGM). Annual

General meeting, it must contain the following:

1. Directors report

2. Five year Financial Summary

3. Notes on Accounts

4. Profit and Loss Account

5. Source and Application of Fund or cash flow statement.

2.9 PROBLEMS OF THE EXISTING SYSTEM

In view of the defects of the manual auditing system which includes:

a. Government frequent changes of management due to political Reasons.

b. Low speed processing of manual auditing system.

c. Less accuracy in manual system due to poor recording system,

d. Management and government interference in appointments and accounting standards.

e. Poor reputiveness in manual auditing system as Financial Statements such as receipts and Payment Accounts i.e Income and Expenditures, Balance Sheets, Credit control, Staff Accounts, Revenue accounting including Interline, Billing, Evaluation, Sales,statistics etc, Budgeting accounts, operational and

administrative Expenditures, accounts from various sales offices and final accounts.

f.   Poor handling of large volume of data in terms of Stationeries and cards which are cumbersome and subject to loss or disappearance.

g.   Poor maintenance culture and continuity in policies.

h.   Lack of expertised and qualify man power.

2.10   COMPARISM BETWEEN COMPUTERISED AND MANUAL AUDITING SYSTEM.

The nature and volume of data involved in Nigeria Airways as a national carrier is much, as such the information required is quite much, therefore, the need for the use of computer is inevitable for such as:

a.   Accuracy: The need for accuracy in the computed accounting Results whether manual or electronic of any auditing system cannot be over emphasized. It should be noted that once data are Correctly programmed, the computer can be relied upon for considerable accurate result.

b.   Repetitiveness: As Financial Statement, Payments i.e expenditure Budgeting, income and balance sheet are produced weekly, monthly and otherwise from various sales offices and headquarters, doing it manually can be unpleasant and tiresome, loss on transit etc.

c.   The computer can however be relied upon to repeat a processing Circle (looping) as many times as required.

d.   Speed: computer processes data at a very fast speed. The large Computer like Main Frame actually process millions of instructions per second which of course is an incredible speed compared to manual approach.

e.   Networking of Various Sales Offices worldwide makes

Computerized auditing most appropriate than manual audit

Which involved risk traveling, time wasting, loss on transit of official documents etc.

f.   Retrieving : Retrieving of information when needed at any

Particular point in time is easily made possible through computerized work.

g.   Editing - For further additional of information or data is easily

Made possible through computerized system.

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2.11 EFFECTS OF COMPUTER PROCESSING:

When computers are used to process accounting transactions it affects the organizational structure and it influence the procedures and Techniques used to accomplished the broad based objectives of the Internal controls.   The following characteristics distinguished computer Processing from manual processing.

1.   Potential errors and irregularities: less human involvement in handling transactions processed by computers can reduce the potential for observing errors and irregularities. Most errors or irregularities made in design often remain undetected for long period of time.

2.   Uniform processing of transactions: computers processes uniformly subjects like transactions to the same processing instructions. Hence elimination of the occurance of random errors, normally associated with manual processing and computerized processing.

3.   Transaction Trail: This is a chain of evidence provided through Coding crossing, references and documentation connecting Account balances and other summary results with the original Transactions and calculations, best used in airline transaction Billings and linking of offices network.

4.   Potential for improve management: Supervision Computer system

Offer management a wide variety of tools that may be used to Review and supervise the operations of the organization. The Availability of these additional controls may enhance the entire System of internal control on which auditors may place reliance.

USING COMPUTER IN AUDITING WORK

Under a manual accounting system every transaction is recorded in the book of accounts. Under these conditions, the auditor could trace every transaction from initiation to the end having a clear paper audit trail.

In electronic audit system audit are carried out using two main approaches:

a.   Audit around the Computer

b.   Audit through the Computer

Audit around the Computer: This has the obvious advantage of not   requiring any knowledge of how to unravel a flow chart or a program   listing.   This approach owes much of its simplicity and familiarity to the   auditor. Its major weakness lies in the failure to assess the processing   system.   Data   inputs controls may be absent or inadequate while vital   system controls against fraud may be missing. Furthermore, processing   may be done in an inefficient and costly way. These are deficiencies in the system that the auditor should   be able to spot. The around the Computer approach may be suitable for   audits made during the initial phases of a Computer change over and for   some   low-volume,uncomplicated systems.

Audit through the Computer: Following the complexity and   diversification of computerized accounts there was the need to review   the   computer controls to ascertain whether the computer system incorporates   adequate internal controls.

Whether the controls form part of the operational system during implementation and whether they have not been invalidated by any subsequent amendments.

Auditing through the Computer, therefore, can be defined as assessing, processing, testing, analyzing and reporting electronic data in their electronic state with the objective of ensuring that it conforms to specifications and is valid.

2.12 **AUDIT TRAIL:**

This is the path from original source document to its final record in The ledgers. This occurs when business transactions occurs with third parties. Its reasonable to expect that evidence of these transactions will be created internally while errors may occur from the point in time when the original documentation is created.

To establish audit trail, you should first identify those transactions that affect the financial operation of the entity, these includes:-

- acquisition of capital, assets etc.
- purchase of services, goods etc
- collection of recurables,
- payment for assets and services
- pension management, profit sharing arrangements
- investments, disposals of assets, fixed assets etc.

  To established audit trails, the following must be considered.

- Determine whether documentation exists for routine and None routine transactions.
- Consider the auditability of the flow through the system
- Establish document controls, and etc.

EXHIBIT 2.2
ESTABLISHING THE AUDIT TRAIL

Identify those transaction
That affect the financial
Operations of the entity

Prepare
Documentation

is there
documentation
For both routine
And non routine
Transactions?

Are
documents
controlled e.g
prenumbere with
voided forms,
Retained and a
periodic
accounting for
numerical
sequence

Tangible source
Of evidence
Exist for testing

Who has the processed the
Documents and how they
Have been proceesed
ARE APPARENT FROM
INSPECTION OF
DOCUMENT.

Establish
document
control

Is documentation
maintained for a
Sufficient period
Of time and in
Responsible order
To facilitate and
Audit.

Merge into
Audit process

Establish adequate retention
And filling control

2.13 PLANNING AND PERFORMING COMPUTER-ASSISTED AUDIT TECHNIQUIES

Step 1:	define the audit objective of t5he technique.

Step 2:	Investigate the feasibility of applying the techniques • What data are available in machine readable form? • Can such data be easily processed with available audit software • Is computer time available on the client's equipment and it is compatible with available software,or are alternative arrangements necessary?

Step 3:	Plan the application: • Document of the data files,formal,the technique approach and the planned approach. • Obtain feedbac from other members of the audit team on means of improving the application.

Step 4:	Test the application: • Prepare specification formsfor the generalixed audit software package • Run a small sample of the data to confirm that the processing is being performed as planned and that the input meets the auditors needs.

Step 5: technique employees will	Confirm that the necessary files will be available for the time period required for the actual application of the computer assisted audit and that computer time and required assistance by clients likewise be available

Step 6:	Maintain control of the actual processing

Step 7:	Analyse the result.

Step 8:	Document the application investigation,follow up and findings

CHAPTER THREE
SYSTEMS ANALYSIS:

3.1 INTRODUCTION:

The purpose of the audit is to give the Nigerian public (the core investors in the national carrier for now,) the other national carriers who are joint partners on some bilateral routes, others that have lease aircrafts, interested and other third parties who may be interested as the proposed privatization and commercialization of government parastatal is going on a reasonable representation of the truth of transactions entered into, were of the nature expected reasonable and yielded the benefits as anticipated by the organizational objectives. Therefore, the auditor reports whether in his own opinion, the financial statement prepared represents a true and fair view of the financial state of affairs of the airline concerned.

The system analyst tries to examine what the current system is all about, what remedy or solution to be applied as to correct the abnormalities in the situation. It also analyses the current procedure and designing the most efficient and economic system of control or procedures that will better accomplish the given task within the airline.

3.2 FEASIBILITY STUDY:

Feasibility study which is also known as pritionary investigation is to determine whether or not the proposed project (application of Computer in auditing procedures in Nigerian Airways) is desirable. The objective of this study includes providing answers to the

following questions.

a. What is being done? i.e This is to critically examine the present System of auditing i.e the manual system of audit undertaken in Nigeria Airways Limited and associated problems.

b. What is required and why? This will address the system that is Being proposed as alternative to the present system.

c. The cost and benefits of the proposed system and the alternative Approaches.

However, the investigation aspect at this point should answer these questions concerning the project.

a. What is the objective of the project?

b. What special difficulties or problems are expected?

c. What is or are the problem/problems generally?

Concerning the Computer, the following questions should be answered:

a. Is it feasible to do the work on the Computer?

b. What staff problems will it give rise to?

c. -What are the other problems involved?

d. Is it worthwhile doing the work on the Computer or not?

3.3 TESTING PROJECT FEASIBILITY:

There are three main aspects of testing the project feasibility, these are:

a. Operational feasibility

b. Technical feasibility

c. Economical feasibility.

A. Operational feasibility: This is the feasibility study that is Concerned with the workability of the proposed system When fully developed and implemented or installed. In Determining this, this based on facts discovered during Investigation stages.

B. Technical Feasibility: This list clarifies if the proposed Project can be carried out with current equipments, existing Software and present available manpower. Indeed, there are Some existing hardware and software and human ware on Grand to enable the system take off effectively.

C. Economic feasibility: The test of financial feasibility is Undertaken to assess the cost of implementing a proposed Project vis-a-vis the benefit to be derived in implementing the project.

There is much desired to automate the organization as Indicated by the management. This is with the view to Correct errors of the past, present and if possible future and desired to move forward in the area of information Technology.

3.4   WHY COMPUTERISED AUDITING SYSTEM:

The need to have a computerized auditing system is due the followings:

a. High accuracy of computation. Once the right or correct data have been keyed, the computer will process the data according to the instruction and produce accurate results.

b. Computer process data at a very high speed to likeness of Everybody for efficiency economically and effectiveness.

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c.   Computerized auditing can be relied upon for looping i.e.
      Repetitiveness of processing circle) as many times as required
      without fear oftiredness.

d.   Computerized Auditing system do not take time where data
      for financial statements are required at irregular or
      unpredictable intervals.

e.   Computerized auditing system is needed in handling a large
      Volume of data processing most recommended for a large
      Organization especially Nigeria Airways which is worldwide.

f.   High decree of accuracy and efficiency and timeliness.

g.   Computerized auditing is most favour for networking.

h.   A much better way for management information system.

3.5   **INTERNAL CONTROL:**

Internal control has been defined in a variety of ways. The trade
way commission on integrating guidance on control follows that:
Internal control comprises the environment, plans, policies,
systems and procedures.

- established, executed, and monitored by an entity's board of
  directors, management, and other personnel.

- to foster achievement of the entity's objectives.

- in compliance with applicable laws and ethical standards

- and in a prudent, cost-effective manner.

  This refers to the whole control arrangements adopted within an
  organization to check on and maintain the accuracy of business,
  safeguard the asset of the organization against fraud and other
  irregularities, promote efficiency and encourage compliance
  with   existing organization's policies and procedures.

The general control procedures consists of several steps. The first is the establishment of standards for control to be effective, there is the need for planners to set standards against which performance can be measured.

Secondly, this important that there is timely and accurate performance information for control. Comparism of information can be provided by computer to managers on an exception basis only when performance variations are outside certain specified limits. If performance is at variance with standard, there may be various reasons for this. In the case of unfavourable variance the reason may be that the standard is unrealistic and replanning may be necessary.

For control purposes its possible for managers to gather, analyse, classify and summarise actual performance data promptly and accurately. Its possible for the Computer to compare the actual performance date with the established standards and periodic report showing the comparisons can be prepared. The Computer can also be programmed to single or signal when predetermined decisions should be carried out.

Administrative controls includes program documentation. It provides the basis for the evaluation and control of new and existing computer systems. It is a good precaution to allow a knowledgeable auditor to participate in the design phase so that proper controls may be built in and to ensure that audit trail does not vanish. A detailed explanation of the purpose of each programme with copies of all related documents must be prepared and kept in programme file.

Computer - Operation controls can be maintained by the creation of data security system, use of appropriate manuals. Data controls are concerned with the accuracy and the authenticity of data flowing through a processing system. Control can be established for data by the use ofpre-numbered form. The use of control totals and by conducting pre-audit of source documents and by using programme instructions to check the authenticity of data as they enter the processing operation,processing controls are installed to check on the accuracy of arithmetic calculations and determine whether data are loss or not processed.

Output controls are used to check accuracy of the processed information. The method of control includes the use of control totals, the review of interested parties, the use of sampling.

The control objectives within an on-line computer system can be categorized into access controls, data transfer control, back up and recovery from system failure. Thus control for such systems, must be concerned with controlling data at both the remote location and the control location is addition to the accuracy and propriety of transmission between locations.

3.6   CONTROL CENTRALISED DATA PROCESSING.

One important area of wide misunderstanding concerns the roles of computers. Particularly with respect to control. Main practise is to computerized a large segment of operation as possible, assuming, somehow, that the computer is always well controlled. When a client have a computerized information system, documentation that

was typically in a manual system through the assignment of responsibilities to different individuals is all processed through a centralized electronic data processing (EDP) system. This combination of duties posses a potentially highrisk to control and must be explicitely valuated and where possible, compensated for through alternative control procedures as follows:

- Treat the EDP as though it were one individual
- Establish compensating controls.
- The way to maintain adequate segregation in spite of(EDP) Electronic Data processing.

3.7   **MAKING AN ENTITY** AUDITABLE:

Statements on Auditing Standard (SAS) which described analytical procedures stresses the concept of formulating an expedation to which recorded books values can be compared. The expectations cited in the Statement of Auditing Standard (SAS) includes prior year activities and historical patterns, budgeted data, and industry statistics. The objective is to identify predictable patterns and to utilize such patterns to formulate expectations which can, in turn be applied as beachmarks in reaching an audit conclusion as to the reasonableness of the financial statements. This audit procedures can be of particular use in making an entity auditable, in the sense that when no clear assurance is available though established procedures that the accounting records of the company are complete, analytical procedures applied to assess the reasonableness of the recorded numbers may provide such necessary assurance. You should make a practice of reviewing the management information system and externally generated industry

data in order to gain a well rounded business perspective as to the client's or the company's operations, the adequacy of controls, and the reasonableness of the Financial Statements. In particular, the external validation process of using industry data can assist in checking the completeness of accounting records.

This however, includes the use of operation statistics to gain confidence as to the completeness of the information base. Your selection of a particular approach from this set of alternatives will largely depends on the client's control and information system, the time frame available to make the entity auditable, and the relative efficiency and effectiveness of the available extended audit procedures.

EXHIBIT 3-1
MAKING AN ENTITY AUDITABLE:

Reduction in
The scope of
The audit report.

Reduction in
The scope of
The audit

Acceptance of a
qualified audit
report.

Available
alternatives

Extended
Scope audit

Using operating
data to check the
completeness of
Accounting
record

Typically a
Substantive testing
Approach is applied

SAS
analytical
procedures
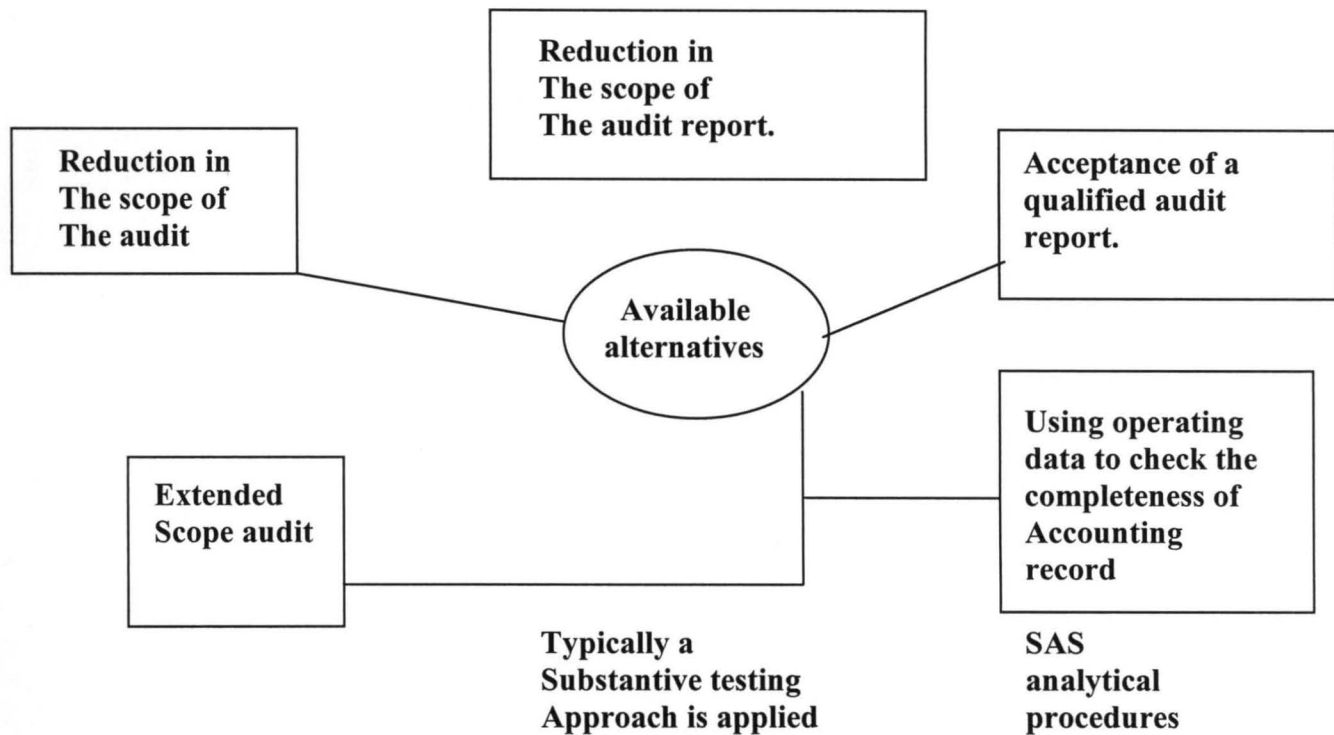
LONG RANGE
ALTERNATIVE
Establish an
Adequate audit trial

uses of:

- prior data

-Historical patterns

the selection of particular
Procedures will be tailored
To clients control and
information system.

- Budgets

- Idustry tatistics.

To test completeness and
reasonableness of
information set

S.A.S-State of Accounting Standard

3.8 SYSTEM CONVERSION/CHANGEOVER

To effect the new system "Application of Computer in auditing Procedure" in Nigeria Airways Ltd, the old system in operation currently will be changed to the new system. The process of shifting from the old to the new system is known as conversion. The most common conversion methods or change over method are:-

a. Direct conversion method
b. Parallel running conversion method
c. Pilot running conversion method.

The method proposed for the new system is the parallel conversion. This is an approach whereby both the new and the old system are running concurrently. The old system mostly used for the Internal control and the new system mostly for the accounting purposes.

The merits of parallel conversion are as follows:

a. Systematic switching over of accounting manual audit To computerized audit system (Electronic data processing EDP).

b. Better understanding of the new system.

c. Protection against unforeseen circumstance

3.9 BENEFITS OF THE PROPOSED SYSTEM

The benefits to be derived from the proposed system is enomours . These includes:-

a. It saves time and cost.

b. Better assess, to record keeping, privacy, confidentiality continuity and auditability, retrieving, editing and

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formatting.

c.   Fast and quick means of data processing and information including information retrieval.

d.   Reduction in storage space for file and file cabinet through efficient data base management system (Reduce duplication of data).

e.   A more effective result oriented audit department with enhanced data integrity.

f.   Better management information system.

CHAPTER FOUR

PROGRAMME SOFTWARE DEVELOPMENT AND IMPLEMENTATION

4.1 INTRODUCTION:

Programming is the detail sequencing of operating instruction for a Particular problem to be in a computer. It involved identification of the Problem into an algorithm form, program flow chart, testing and running Programme.

4.2 GENERALIZED AUDIT SOFTWARE PACKAGES CAPABILITIES AND APPLICATIONS:

The computer's speed and accuracy provide the capacity to perform audit procedures that would be impractical to apply manually. Extension of invoices, inventories, and payroll, as well as computations of interest, depreciation, and lease etc can be performed on a 100% basis in a matter of minute. Further more, the aging of receivables, the matching of receivables with subsequent cash receipts, the reclassification of debit balance, the stratification of receivables for sampling purposes, and the generation of confirmations, ready for mailing are just a small subset of the kind of procedures, a generalized audit software package is capable of performing.

In general. Software packages are easy to use with a minimum amount of Computer knowledge and frequently required no Programming Expertise whatsoever.

SOME GENERALIZED AUDIT SOFTWARE PACKAGES:

MAJOR FUNCTION OF GENERALIZED AUDIT SOFTWARE PACKAGES	SPECIFIC CAPABILITIES	AUDIT APPLICATION
Reorganization of data file	Merger of files	Merger receivables files to Provide one population From which to draw a Random sample.
Determing the attributes of the data file	update function	Add names and addresses to an invoice file to facilitate conformation procedures
Comparing information to asses the consisting which data is processed.	Sort function	Put purchase order in the order with of larger amount to inves amount to facilitate stratiufied tests that can reflect differing controls over larger data order
Re-sequencing data	Generate files and saves files	Prepare a copy of client file for processing to be retained to facilitate the mailking of second requests for conformation otherwise there is risk that the file will beupdated prior to the mailing,and effectivecontrol over the datawill not have been maintained

MAJOR FUNCTION OF GENERALIZED AUDIT SOFTWARE PACKAGES	SPECIFIC CAPABILITIES	AUDIT APPLICATION
Discovering variations between two files Totalling or subtotaling within the file Summarising data	Matching two files	Compare auditor test counts to the clients inventory file to detect differences.
Testing completeness of data And the processing of data. the balance confirming that all	Levels of totals	sub total accounts receivable By division and report total receivable ,to provide a means of evaluating how resonables,to provide ameans of evaluating how are per division as well as a means of receivables comprising the ledger balances were processed.
Mathematical computations involving information in the data file . testing mathematical accuracy . determing the attribute of the data File . Performing ratio Analysis.	Add,subtract,multiply and divide Compute mean,variances. Square roots and exponents	Verify the net pay calculations for employees payroll.
Extraction from data file. LOGIC FUNCTIONS Determing the attributes of the data File Searching file and selecting significant Or unusual items: . Simulating production program logic . Review the quality and correctness of data	Apply procedures to a subset of Records Move and conditional operations greater than, less than,equal to:	Compute the average inventory value per inventory classification and review for resonables. extract only those cost records that are coded department 010 and sub total those costs.

MAJOR FUNCTIONS OF GENERALIZED AUDIT SOFTWARE PACKAGES	SPECIFIC CAPABILITIES	AUDIT APPLICATION
Selecting records from the file.Using Some statistical techniques	Interval,random, and sampling proportionate to size selection approaches	Select and print all receivable values less than zero to allow reclassification of Debit balances.
Printing reports in formats specified By the user	User specified columns,headings, sub-headings,total histogram,bar Graphs and graphic analysis.	Select the sample of invoice to be subjected to control testing
Statistical sampling capilities Attribute sampling Variable sampling Discovery sampling Sampling proportionate to size	Random number tables. Random number generator stratification sampling Graduation of sampling results.	Preparing an aging shedule, summarizing balances less than 30days,those 30days and over But less than 60 days,60 days and over but less than 90 days And 90 days and over.the Cample size required to indicate That the controls are in effect Can be determined.

4.3 FEATURES OF PROGRAMMING CHOSEN:

To meet the need for computer application, the dbase IV Language have been chosen. It is effective because it facilitates easy manipulation of files and records. It is also easy to process the files, either for insertion, deletion, searching or any other process.

other important advantages of using the dbase IV Language are as follows:

a.   Speed of operation

b.   Data can be shared

c.   Drudgery is removed

d.   Integrity can be maintained

e.   Security restriction can be applied

f.   Inconsistency can be avoided.

4.4. FILE CONTROL:

In auditing an electronic data processing (EDP) system, it will be formed that much reliance is normally placed within the system upon standard form and documentation. However strick adherance is placed on procedures laid down. It is important that the auditor should ensure that an audit control file be budded upon as part of audit working papers.

The following should be included in the audit control file:

a.   Statement of audit report comments on the effectiveness of The control.

b.   Copies of all forms of source documents, details of tests and Checks carried out to ensure their accuracy should be part of the working papers.

c.   Full description of how the source documents are to be

Converted into input media, the checking control procedures.

4.5   INPUT/OUTPUT SPECIFICATION

In terms of accuracy, the data that are to be inputted into the system must be validated to ensure that decisions are made from the information obtained from accurate data, which implies that the information should reflect the current situation.

Also with the aid of Computer, a large volume of data which involved sorting, updating information and merging of data could be done without much stress. This is because of the ability of the Computer to perform repetitive tasks which makes things easier (Loop).

The output specification on the other hand are basically vouchers and other related documents in the organization. This includes Analysis books, Bank schedules, periodic reports, produced quarterly, yearly and otherwise relevant vouchers.

4.6   REVIEW AND MAINTENANCE:

The system will need to be reviewed and maintained periodically due to the following reasons.

a.   To deal with unforeseen circumstances problems arising from operation of the new system.

b.   Acceptability of the Software to the environment must also Be ensured. Users must also be able to cope with the new System.

c. To confirm that planned objectives are being met and to take corrective action while maintenance of the software will normally be the responsibility of the programmer who ensures that the package is always in good working order or condition. Necessary precaution should be taken to uphold the integrity of the program.

4.7 TRAINING AND UPDATING:

With the new system in place, there must be employer who should stand as operators or data entry personnel. These group of persons and the child or principal internal auditor will have to be given some training course on the usage of the system for efficiency and otherwise though, they were involved in the designed of the system.

The training includes familiarizing and getting the user acquainted with the operation and fundamental steps in using the new system. The training is recommended better done in house since the rganization can effectively handle it. It is very mportant that such a raining could be coupled with the ocumentation of the system programs as ightly provided.

4.8 HARDWARE AND SOFTWARE REQUIREMENTS

For the purpose of this project, the hardware required is the IBM 8100 mini-computer because of its multi-tasking use such as its ability to perform many tasks simultaneously, it makes it more   preferable to the organization. Besides, it has greater memory storage capacity, greater processing speed and more versatile and flexible. Other hardware items includes Flopy disk drive, standard Keyboard, monitor, Laser InkJet, Dot matric printers and stabilizer Or Ups etc.

While the software requirements includes the system Software Ms-Dos and the application Software-Dbase IV Language.

4.9. SECURITY MEASURES:

Computer system security encompasses the Security of all the information assets that constitute the system. It should be noted that if hardware fails, then the information system has failed.

Therefore adequate measures should be taken regarding both the Software and hardware. Security involved physical safeguards, procedural control,Recovery plan and insurance. It also involved the need to protect The corporate information database, its integrity and accessibility.The problems of data insecurity may arise from one or more Combinations of many factors which include the followings:

a.   Inadequate protection of the system software

b.   Lack of formal logging-in mechanism.

c.   Uncorrupted from off information transfer which might Lead to write tapping.

d.   General laxity on the part of users.

CHAPTER FIVE

SUMMARY. CONCLUSION AND RECOMMENDATIONS.

5.1 SUMMARY AND CONCLUSION

Auditing is a process of examining and determining the financial position of an

organization with a view of establishing its reliability (true and Fairview). The

process of such examination is usually performed by someone other than the person who prepared such information known as the auditor.

The purpose of auditing is also to examine Internal controls and to ascertain the accuracy of business data, safeguard the organization assets, against fraud, embezzlement and theft.

Internal controls must also promote operating efficiency, encourage compliance with organizational rules and regulations, government policies procedures and other standards as ethical guides, professional other norms etc.

There are control problems in electronic systems and the auditor should have the requisite knowledge of how to use computers and carry out his audit through the computer as opposed to the system of auditing around the Computer (manual auditing) since many of these accounts are already in electronic stage the auditor must be knowledgeable to know how these data have been stored, the processing details and relevant controls that should be installed in the system.

Indeed very large organizations, due to the complexity of their operations,

there is need for control of performance and accountability. The main purpose of auditing is to ensure that the organization achieves its set objectives at a

minimum cost and in accordance with laid down rules and procedures of management and the standard accounting practices and policies.

RECOMMENDATIONS

Based on this project work on auditing procedures by application of computers, it is highly recommended that;

a. The organization Nigeria Airways Ltd should arrange for inhouse Computer audit training for all the staff particularly audit and finance Staff and marketing since computer auditing is a fairly new, areas of focus auditing around the computer should be priority.

The implementation of the new system will enhance efficiency. As manual system is replaced by computer system, It is important to identify control problems, and find solution to. Auditor must have a greater understanding of the concept of control especially in a data processing environment and the basic technology of computers.Data processing and information system technology should form a critical part of the organisations basic structure. Auditors should ensure

that: -

a. Effective controls are design into the system.

b. There are adequate audit involvement in the system analysis and design process to help ensure that appropriate controls are implemented.

c. Proper funding should be provided by the organization, since the benefits to be derived from this recommendation far outweigh the cost.

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```
SET TALK OFF
SET ESCAPE OFF
SET BELL OFF
SET SAFETY OFF .
SET STATUS OFF
SET SCOREBOARD OFF
USE BANK
STORE 0 TO R
DO WHILE .T.
R-0
@1,1 TO20,70DOUB
@2,15 SAY "**** MAIN SYSTEM MENU *•**"
@4,10 SAY "ADD RECORD       (1)"
@6,10 SAY "EDIT RECORD      (2)"
@8,10 SAY "VIEW RECORD          (3)"
@ 10,10 SAY "DELETE RECORD    (4)"
@ 12,10 SAY "PRINT REPORTS          (5)"

@14,10 SAY "QUIT -    '           (6)"
@ 17,8 to 19,55
@ 18,17 SAY "ENTER YOUR CHOICE ()"
@ 18,45 GET R PICT "9" RANGE 1,6
READ
DO CASE
CASER=1
DO ADD
CASER=2
DO EDIT
CASE R = 3
DO VIEW
CASE R =4
DO DELETE
CASE R = 5
DO REPORT
CASER=6
EXIT
ENDCASE
ENDDO
```

```
PROCEDURE ADD
USE AUDIT
CLEAR
DO WHILE T.
STORE 0 TO MACC_NO, MAUDIT
STORE SPACE( 15) TO MTYPE
STORE SPACE (30) TO MREMARK
STORE SPACE (20 TO MCOMPANY
STORE CTOD(" / / ") TO MDATE
@1,23 SAY "DATA ENTRY PROGRAM"
(u)123 SAY "_____•_•_••_____"
@4,4 SAY "ACCOUNT NUMBER:"
@4,45 GET MACCJMO PICT "9999"
@8,4 SAY "COMPANY : "
@8,45 GET MCOMPANY
@10,4 SAY "ACCOUNT DESCRIPTION : "
@ 10,45 GET MTYPE
@12,4 SAY "DATE AUDITED :"
@ 12,45 GET MDATE
@14,4 SAY "REMARK: "
@ 14,45 GET MREMARK
@16,4 SAY "AUDITED AMOUNT : "

@16,45 GET MAUDIT PICT "99999999.99"

READ

S=.T.

@22,15 SAY "SAVE RECORD (Y/N) ? " GET S PICT "Y"

READ

IFS

APPEND BLANK

REPL ACC_NO WITH MACC_NO

REPL TYPE WITH MTYPE

REPL DATE WITH MDATE

REPL REMARK WITH MREMARK
```

```
REPL AUDIT WITH MAUDIT
REPL COMPANY WITH MCOMPANY
ELSE
@22,0
WAIT " RECORD NOT SAVED, PRESS ANY KEY........,..."
CLEAR
ENDIF
MORE = .T.
@22,0
@22,15 SAY "ADD MORE RECORD (Y/N) ? " GET MORE PICT "Y"
READ
IF MORE
CLEAR
LOOP
ELSE
CLEAR
EXIT
ENDIF
ENDDO
RETURN
PROCEDURE EDIT
SET TALK OFF
SET ESCAPE OFF
SET BELL OFF
SET SAFETY OFF
SET STATUS OFF
SET SCOREBOARD OFF
```

```
USE AUDIT

CLEAR

DO WHILE .T.

STORE 0 TO MACCJMO, MAUDIT

STORE SPACE (15) TO MTYPE

STORE SPACE (30) TO MREMARK

STORE CTOD (" / / ") TO MDATE

@ 1,10 SAY "ACCOUNT NUMBER TO EDIT " GET MACC _NO PICT
"9999"

READ

IF MACC_NO = 0

CLEAR

RETURN

ENDIF

LOCATE FOR ACC_NO = MACC_NO

IF .NOT. FOUND ()

WAIT "****** RECORD NOT FOUND, PRESS ANY KEY ******"

CLEAR

LOOP

ENDIF

MACCJMO = ACC_NO

MTYPE = TYPE


MDATE = DATE

MREMARK = REMARK "

MAUDIT = AUDIT

MCOMPANY = COMPANY
```

```
@1,0

@1,23 SAY "DATA EDIT PROGRAM"

@2,23 SAY "=====————==

@4,4 SAY "ACCOUNT NUMBER : "

@4,45 GET MACCJMO PICT "9999"

@8,4 SAY "COMPANY : "

@8,45 GET MCOMPANY

@10,4 SAY "ACCOUNT DESCRIPTION : "

@ 10,45 GET MTYPE

@12,4 SAY "DATE AUDITED : "

@ 12,45 GET MDATE

@14,4 SAY "REMARK : "

@ 14,45 GETMREMARK

@16,4 SAY "AUDITED AMOUNT : "

@ 16,45 GET MAUDIT PICT "99999999.99"

READ

S = .T.

@22,4 SAY "SAVE EDITED RECORD (Y/N)? " GET S PICT "Y"

READ

IFS

REPL ACC_NO WITH MACC_NO

REPL TYPE WITH MTYPE

REPL DATE WITH MDATE

REPL REMARK WITH MREMARK

REPL AUDIT WITH MAUDIT

REPL COMPANY WITH MCOMPANY

ELSE
```

```
@22,0
WAIT " RECORD NOT SAVED, PRESS ANY KEY .........."
CLEAR
END1F
MORE = .T.
@22.0
@22,10SAY "EDIT MORE RECORD (Y/N) ? " GET MORE PICT -Y-
READ
IF MORE
CLEAR
LOOP
ELSE
CLEAR
EXIT
ENDIF
ENDDO
RETURN
PROCEDURE DELETE
ST TALK OFF
SET ESCAPE OFF
SET BELL OFF
SET SAFETY OFF
SET STATUS OFF
SET SCOREBOARD OFF
USE AUDIT
CLEAR
DO WHILE .T.
```

```
STORE 0 TO MACC_NO, MAUDIT
STORE SPACE (15) TO MTYPE
STORE SPACE (30) TO MREMARK
STORE CTOD(" / / ")TOMDATE
@1, 10 SAY "ACCOUNT NUMBER TO DELETE " GET MACC NO PICT
"9999"
READ
LOCATE FOR ACC_NO = MACC_NO
IF .NOT. FOUND ()
WAIT "**•*** RECORD NOT FOUND, PRESS ANY KEY ******"
CLEAR
LOOP
ENDIF
MACCJMO = ACC_NO
MTYPE =TYPE
MDATE = DATE
MREMARK = REMARK'
MAUDIT » AUDIT
MCOMPANY = COMPANY
@1,0
@1,23 SAY "DATA DELETE PROGRAM"
@2,23 SAY "=================="
@4,4 SAY "ACCOUNT NUMBER : "
@4,45 GET MACC_NO PICT "9999"
@8,4 SAY "COMPANY : "
@8,45 GET MCOMPANY
@ 10,4 SAY "ACCOUNT DESCRIPTION : "
```

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```
@ 10,45 GET MTYPE
@ 12,4 SAY "DATE AUDITED : "
@ 12,45 GET MDATE
@14,4 SAY "REMARK : "
@ 14,45 GET MREMARK
@16,4 SAY "AUDITED AMOUNT : "
@16,45 GET MAUDIT PICT "99999999.99"
S=.T.
@22,4 SAY "DELETE THIS RECORD (Y/N)? " GET S PICT "Y"
READ
IFS
DELETE
PACK
ELSE
@22,0
WAIT " RECORD NOT DELETED, PRESS ANY KEY........."
CLEAR
ENDIF
MORE=.T.
@22,0
@22,10 SAY "DELETE MORE RECORD (Y/N) ? " GET MORE PICT "Y"
READ
IF MORE
CLEAR
LOOP
ELSE
CLEAR
```

```
EXIT

ENDIF

ENDDO

RETURN

PROCEDURE VIEW

USE AUDIT


CLEAR

DO WHILE T.

STORE 0 TO MACC_NO, MAUDIT

STORE SPACE (15) TO MTYPE

STORE SPACE (30) TO MREMARK

STORE CTOD(" / / ") TO DATE

@ 1,10 SAY "ACCOUNT NUMBER TO VIEW " GET MACCJMO PICT
"9999"

READ

LOCATE FOR ACC_NO = MACC_NO

IF .NOT FOUND ()

WAIT "**¡'**** RECORD NOT FOUND, PRESS ANY KEY •»****«

CLEAR

LOOP

ENDIF

MACC_NO = ACC_NO

MTYPE = TYPE

MDATE = DATE

MREMARK = REMARK

MAUDIT = AUDIT
```

```
MCOMPANY = COMPANY
@1,0@1,23 SAY "DATA VIEW PROGRAM"
@2,23 SAY                _____"
@4,4 SAY "ACCOUNT NUMBER : "
@4,45 GET MACC_NO PICT "9999"
@8,4 SAY "COMPANY : "
@8,45 GET MCOMPANY
@ 10,4 SAY "ACCOUNT DESCRIPTION : "
@ 10,45 GET MTYPE
@ 12,4 SAY "DATE AUDITED : "
@ 12,45 GET MDATE
@ 14,4 SAY "REMARK : "
@ 14,45 GET MREMARK
@ 16,4 SAY "AUDITED AMOUNT :"
@ 16,45 GET MAUDIT PICT "999999999.99"
MORE=.T.
@22,0
@22,10 SAY "VIEW MORE RECORD (Y/N) ? " GET MORE PICT 'Y'
READ
IF MORE
CLEAR
LOOP
ELSE
CLEAR
EXIT
ENDIF
ENDDO
```

```
RETURN

PROCEDURE REPORT

SET TALK OFF

SET ESCAPE OFF

SET BELL OFF

SET SAFETY OFF

SET STATUS OFF

SET SCOREBOARD OFF

SET DEVICE TO FILE "AUDIT. TXT"

USE AUDIT

CLEAR


CLEAR

DO WHILE T.

STORE 0 TO MACC_NO, MAUDIT

STORE SPACE (15) TO MTYPE

STORE SPACE (30) TO MREMARK

STORE CTOD(" / / ") TO DATE

@ 1,10 SAY "ACCOUNT NUMBER TO VIEW " GET MACCJMO PICT
"9999"

READ

LOCATE FOR ACC_NO = MACC_NO

IF .NOT FOUND ()

WAIT "**¡'**** RECORD NOT FOUND, PRESS ANY KEY •»****«

CLEAR

LOOP

ENDIF
```

```
MACC_NO = ACC_NO

MTYPE = TYPE

MDATE = DATE

MREMARK = REMARK

MAUDIT = AUDIT

MCOMPANY = COMPANY

@1,0@1,23 SAY "DATA VIEW PROGRAM"

@2,23 SAY                    "

@4,4 SAY "ACCOUNT NUMBER : "

@4,45 GET MACC_NO PICT "9999"

@8,4 SAY "COMPANY : "

@8,45 GET MCOMPANY

@ 10,4 SAY "ACCOUNT DESCRIPTION : "

@ 10,45 GET MTYPE

@ 12,4 SAY "DATE AUDITED : "

@ 12,45 GET MDATE

@ 14,4 SAY "REMARK : "

@ 14,45 GET MREMARK

@ 16,4 SAY "AUDITED AMOUNT :"

@ 16,45 GET MAUDIT PICT "999999999.99"

MORE=.T.

@22,0

@22,10 SAY "VIEW MORE RECORD (Y/N) ? " GET MORE PICT 'Y'

READ

IF MORE

CLEAR

LOOP
```

```
ELSE

CLEAR

EXIT

ENDIF

ENDDO

RETURN

PROCEDURE REPORT

SET TALK OFF

SET ESCAPE OFF

SET BELL OFF

SET SAFETY OFF

SET STATUS OFF

SET SCOREBOARD OFF

SET DEVICE TO FILE "AUDIT. TXT"

USE AUDIT

CLEAR


STORE 1 TO S, L

DO WHILE .NOT. EOF 9 ()

IF L = 1

@1,40 SAY "SUMMARY OF AUDITED ACCOUNTS"

(5)140 SAY"***********************************"

@4',1 SAYREPL("=",105)

@5,5 SAY "ACCOUNT"

@5,15 SAY"ACCOUNT"

@5,68 SAY "AUDITED"

@6,1 SAY "S/N"
```

```
@6,5 SAY "NUMBER"
@6,13 SAY "DESCRIPTION"
@6,37 SAY "COMPANY NAME "
@6,55 SAY "DATE"
@6,68 SAY "AMOUNT"
@6,86 SAY "REMARK"
@7,1 SAYREPL("=",105)
L=8
END1F
@L,1 SAYSTR(S,3)
@L, 6 SAY ACC_NO
@L, 13 SAY TYPE
@L,31 SAY COMPANY
@L, 54 SAY DATE
@L,66 SAY AUDIT
@L,79 SAY REMARK
L=L+ 1
@L,1 SAYREPL("-",105)
SKIP
L=L+1
S=S+1
IF L » 50
EJECT
L=8
ENDIF
IF EOF ()
EXIT
```

```
END1F
ENDDO
WAIT ""
SET DEVICE TO SCREEN
CLEAR
RETURN
```

NIGERIA AIRWAYS LIMITED

BALANCE SHEET AS AT 31st DEC.

	2000	1999
ASSETS	₦-000	₦ 000
Cash and short term fund	7,070,840	3,788,169
Loans and Advances	20,808,971	16,006,417
Advances under finance lease	194,199	15,243
Investment Securities	1,104,400	104,366
Other assets	1,755,284	911,050

Fixed Assets

Aircrafts	387,000		
Buildings	1,000,000		
Motor Vehicles	709	1,387,709	699,882
		32,321,403	21,525,127

LIABILITIES

	2000	1999
Deposit and other Accounts	23,388,204	15,142,829
Other liabilities (Insurance premium)	5,378,091	4,789,216
Deferred taxation	176,175	92,983.
	28,942,470	20,024,028

CAPITAL AND RESERVES

	2000	1999
Grand from federation Accounts	1,005,000	500,000
Funds from Bilateral Agreement	2,373,933	1,001,099
Total equity and liabilities	32,321,403	21,525,127

Acceptances, guarantees and other

Obligations for accounts of:

1. Subsidiaries

Sky power	1,523,177		
Printing	1,223,913		
Catering	3,910		
Properties	2,200,000	4,951,000	3,065,424

2. Traveling Agents

	678	140,766

3. Government Parastatals

   and Ministries

1,000,000	1,059,234
5,951,678	4,265,424

INCOME AND EXPENDITURES FOR THE PERIOD ENDING 31st DECEMBER.

	2000	1999
	₦'000	₦'000
Gross (Income)	6,726,551	3,613,990
Net **Income**	**2,473,713**	**1,374,688**
Taxation	(410,879)	(402,648)
Total earnings after tax	2,062,834	972,040

APPROPRIATIONS

	2000	1999
Transfer to Statutory reserve	618,850	291,612
Transfer to Reserve for Insurance premium	247,371	137,469
Payment to other Airlines	185,000	35,000
Payment to Nigeria Airport Authority(FAAN)	995,000	505,000
Payment to Nigeria Airspace Management Authority (NASMA)	16,613	2,959
	2,062,834	972,040

AUDITOR'S REPORT TO GOVERNMENT AND BOARD
OF NIGERIA AIRWAYS LIMITED

We have examined the Financial Statements of Nigeria Airways Limited for the year ended 31st December 2000, which have been prepared in accordance with the International Airline accounting policies and standards.

RESPECTIVE RESPONSIBILITIES OF MANAGEMENT
AND AUDITORS

The management of the national carrier is responsible for the preparation of the financial statements. It is our responsibility to express an Independent opinion,based on our audit on the financial statements prepared by the management.

BASIS OF OPINION

We conducted our audit in accordance with international standards on airline auditing policies. These standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates and judgements made by the management and an evaluation of the overall adequacy of the presentation of the financial Statements.

We planned and performed such audit procedures and obtain all the information and explanations, which we considered necessary for the purpose of our audit. We examined the books at the head office, and certain sales offices and some traveling agencies and received adequate returns from the sales offices not visited by us. Our examinations of ticketing was carried out in accordance with

the International Air Travelers Association (IATA) guidelines on airline Operations. We believed that our audit provides us with a reasonable basis for our opinion.

OPINION

In our opinion, the airline has kept proper books of accounts. The assets have been properly valued and adequate provisions made for losses and diminution in the value of such assets.

In our opinion, the financial statements which are in agreement with the books and returns, give in the prescribed manner, the information required by the companies and Allied matters Act 1990 and the International Air travelers Association (IATA) guidelines and all relevant statements of Accounting Standards, and give a true and fair view of the State of Affairs of the airline as at 31st December 2000 and of the income and Expenditure, surplus and cash flows of the airline for the year then ended in conformity with generally accepted accounting principles. To the best of our information, the airline has complied with the requirements of all relevant (IATA) International air Travelers Association guidelines and accounting standards polices and procedures.