

Internal Audit Strategy: A Key Determinant for Auditing Efficiency and Effectiveness in Tax Administration

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ABSTRACT

A strategy is a tactical plan to achieve a goal under a condition of a predetermined process. It also denotes a system of developing, formulating and finding a process that could ensure a lasting solution when successfully implemented. The objective of this study is to understand the strategy needed for internal audit function in tax administration. In order to achieve this, a case study methodology was used on Federal Inland Revenue Service Nigeria (FIRS). Qualitative research paradigm was used to collect data from nine internal auditors using the face-to-face interview method. The collected data were analysed using Nvivo10 qualitative software for thematic analysis. Findings of the study show that strategies of internal auditing in tax administration include ensuring adequate human resource that could perform the audit function skillfully, and comprehensive audit work plan to guide the auditing process. In addition, selecting a suitable approach to actualize the audit work plan is also a crucial auditing strategy. The study recommends that FIRS shall provide all the material and human resources needed to support the internal audit strategy development for effective function of auditing. This, in turn, could assist internal audit activities in improving tax administration performance.

Keywords: Efficiency, Effectiveness, Internal Audit, Strategy, Tax Administration

1. INTRODUCTION

Strategy can be described as how a set of goals (ends) can be achieved by transforming the available resources (means) to accomplish the goals effectively. A strategy involves setting goals and objectives, determining activities required to achieve the goals, and organizing the required resources to implement the planned activities (Freedman, 2015a; Simandan, 2018a & b). On the other words, strategy could be intentional views or series of procedures designed as a pattern of actions of which individual or group of individuals and organization can adapt to, proficiently accomplish its targeted goals and objectives in an environment over a stipulated period of time (Gurama & Mansor, 2018; Freedman, 2013b). Therefore, a strategy is an umbrella of patterns to achieve the set of goals and objectives about planned activities implemented by an individual or an organization to attain the desired objective (Terra & Passador, 2016).

Internal auditors in an organization require certain strategies that can aid their capabilities to perform auditing functions in an organization effectively. The strategies required are very significant determinants of the auditing activities in terms of process efficiency and output effectiveness. For an internal auditor to remain relevant in an organization, he must adapt to changing prospect in an organization and retain alignment with his organizational missionary

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and visionary objectives. Internal audit strategy is an important mechanism to auditors in maintaining relevant and fundamental route for playing an essential role in achieving effective performance by striking a balance between cost and value in an organization (Institute of Internal Auditors, IIA 2012).

In addition, strategy would motivate auditors to make a meaningful contribution to their organization overall risk management, governance, as well as the internal control. However, setting the right audit strategies and implementing them is one of the major challenges facing auditing activities in many organizations (Pitt, 2014). For that reason, internal audit strategies are required to be systematically formulated, well-structured, and feasibility applied in the processes of developing a strategic plan that can help internal audit activities to achieve its stated goals and objectives of auditing functions in an organization.

In Nigeria, FIRS is the top body responsible for collecting and administering tax revenue in the country on behalf of the federal government. Thus, FIRS internal audit at headquarter (HQ) is regarded as typical and critical case selected for this study. Internal audit at the HQ responsible for commanding other auditing units outside the HQ. Therefore, having an effective strategy at the HQ is a key determinant to the success of auditing function in FIRS. Based on this statement, the objective of this study is to understand the required strategies for determining effective internal auditing functions in tax administration. Therefore, it is very important to understand the required audit strategy from the HQ perspective. Efficient and effective internal audit is the one that performs the audit process with strategies that can improve organizational activities and would deliver organization objectives proficiently (Moeller, 2009). The remaining parts of the paper are arranged as follows. Section 2 discussed the literature review; and Section 3 research methodologies. Section 4 presented the result of the study. Section 5 discussed the result of the study, and section 6 provides the conclusion of the study.

2. LITERATURE REVIEW

This study reviewed related literature on areas of interest to the study that includes the concept of strategy, strategy formulation and implementation, internal auditing strategic planning, and internal audit effectiveness. Detail of the reviews was provided under the following sections.

2.1 Concept of Strategy

Strategy literally means a comprehensive approach in an attempt to pursue administrative needs that include actual or threatening by using strength or intellectuality and interaction of wills, in resolving issues and problematic situation which require systematic and analytical consideration (Mintzberg et al., 2003; Freedman, 2013b). A strategy is a pattern in a stream of decisions to compare and contrast from a perspective of goal attainment (Perry, 1996). In view of Kvint (2015), a strategy is a system of formulating, developing, and finding a policy that can assure long term success when properly implemented. In essence, these scholars described strategy from a different perspective that encompasses a designed pattern to arrive at decision making for achieving a goal successfully. From other perspectives of scholars, such as complexity theorists, they viewed strategy as an unfolding of the internal or external aspect of an organization that guide in planning and achieving activities in a socio-economic environment. This view was opined by scholars such as Terra and Passador (2016) as well as Stacey (1995).

On the other side, David (2011) described the word strategy as shaping a future where human attempt to attain a desirable goal using available resource proficiently. In other words, a strategy is a process of delivering a unique mix of activities and different values from other known conventional process. Basically, a strategy is a unique guide used by people or a group of individuals in an organization to perform actions that can assist in achieving the goals and

objectives of their organization. According to Mintzberg (1994a), strategy can be described into five segments: 1) strategy could be a plan of action to achieve intended goals, 2) strategy as a pattern i.e. consistent pattern of attitude to achieve a target, 3) strategy as a position in terms of location, based on organization activities or conceptual framework, 4) strategy as a tactic i.e. specific manoeuvre wished to edge competitors, and 5) strategy as a perspective for executing theory, ideology or mindset of an organization.

Conversely, strategy has three main components on which it's revolving around. According to Rumelt (2011), a strategy is a problem-solving concept that is structured on three basic components namely diagnosis strategy, guiding policy strategy, and action plan strategy. A 'diagnosis strategy' is aimed to explain or define the nature and type of challenge facing an organization, system, and process. That is to identify and describe the kind of challenge that is confronting organizational activities, processes and system and to inform the top management for necessary action. 'Guiding policy' refers to a policy established to solve the challenges identified at the diagnosis level strategically. Finally, 'action plan strategy' refers to as procedures designed to be implemented by actualizing the guiding policy formulated to overcome identified challenges in an organization effectively.

In essence, the internal audit strategy is aimed to consolidate the three components as outlined by Rumelt (2011) to achieve auditing functions in an organization. Internal audit strategy is, therefore, a way of solving systematic problems using knowledge and skills to deal with different elements that shall be adjusted, arranged, aligned, and coordinated to achieve auditing functions efficiently and effectively. On this note, strategy is described as internal auditing glue that can bind internal audit functions and explain its purpose and vision in accomplishing organizational goals and objectives (Pitt, 2014). Auditing strategy is, therefore, what can articulate auditors' success in any circumstances during auditing functions.

2.2 Strategy Formulation and Implementation

Formulating and implementing strategy typically involves studying and analysing the situation or environment in order to develop a guiding policy that can be a diagnosis mechanism in taking care of the prevailing situation or environment (Rumelt, 2011). This process includes activities such as strategic thinking and strategic planning. On the other hand, implementing the strategy refers to as action took to attain the established goals by the guiding policy (Mintzberg & Quinn, 1996). According to Henderson (1981), developing a strategy requires three factors namely 1) extensive knowledge about a situation or an environment, 2) ability to understand the knowledge in an interactive dynamic system, and 3) the logical and imagination to select between the available alternatives. However, formulating and implementing a strategy depends on the ability of an individual or organization to study the current situation in order to forecast future consequences using available resources. Formulating and implementing a strategy is therefore very essential and valuable to individuals and organization due to the fact that resources are infinite, uncertainty about control of initiatives, the necessity for coordinating actions over time or distance, and irreversible commitment of resources (Rumelt, 2011; Mintzberg & Quinn, 1996).

2.3 Internal Auditing Strategic Plan

Internal audit strategies plan is described as multi-year strategic activities designed to assist internal audit functions to achieve the auditing objectives. According to the Institute of Internal Auditors (IIA, 2012), a major aspect for developing internal audit strategic plan is to understand the expectation of organization stakeholders during formulating and implementation of the auditing activities. The organization stakeholders include top management, audit committee and sometimes regulatory bodies to satisfy the expectations of these stakeholders and achieve auditing goals and objectives. This will assist and guide internal auditing functions on its mission for enhancing the performance of an organization and addressing the risks encountered. Building

effective internal audit strategy could include several frameworks and strategic management concepts such as strategic thinking, strategic planning, and SWOT analysis as well (Ridley, 2008). Specifically, to achieve this objective, the IIA provides professional guides on building internal audit strategic plan that includes areas that are very significant in delivering the auditing functions efficiently. The practice guide further discusses some critical steps needed before developing a comprehensive strategic plan that is effective in discharging auditing functions. The critical areas include scope and emphasis; competency development; portfolio service; and technology (IIA, 2012). 'Scope and emphasis' are anticipated that internal audit functional strategies could focus on addressing risk related areas in an organization such as operations, legal and regulatory compliance, organization objectives, and the overall strategy of an organization in achieving its vision. In addition, this could also include some areas of stakeholder's interest that can often considerably change based on a year-to-year basis.

'Competency development' in this area, the stakeholder's anticipation regarding scope and service portfolio strategies are the key determinant of what kind of competence required from the auditing function. The stakeholders' anticipation on auditing competency is what will drive the decision of stakeholders toward hiring skilful auditors and providing them with a training program to satisfy the stakeholders' needs. 'Portfolio of services' in this scenario, it is expected that strategies of internal audit function can provide auditing assurance services across the risk spectrum of an organization as well as areas of project management or monitoring and consulting project support. 'Technology' refers to as internal audit functions in employing different forms of technology software or tools to support auditing process, statistical analysis, auditing workflow as well as gathering information from other systems within their organization.

The elements discussed above are key areas based on IIA (2012) and are critical interconnected components that very useful to be featured in internal audit strategy. Consolidating these components would reinforce auditing functions in aligning their strategies to achieve their organizational goals and objectives efficiently and effectively. Lack of consolidating the components would render the internal audit function inefficient and their services ineffective to their organization.

2.4 Internal Audit effectiveness

Internal audit is an independent, objective assurance and consulting event design to enhance and add value to organizational operation (Pitt, 2014). The major function of internal audit is to provide objectives and independent evaluation about an organizational operation with goals to highlight defects, added values, and suggest recommendations that can be used to improve organizational performance (Ramamoorti, 2003; Institute of Internal Auditors IIA, 2013). This objective of internal auditing can be accomplished through a disciplined and systematic approach to asses organization areas such as risk management, governance, internal control with a target to improve their effectiveness.

Internal audit effectiveness is a multifaceted concept that has a different meaning and interpretation. Internal audit effectiveness is the ability of auditing function to provide a desired outcome that has impact on the organization performance, risk management, and good governance (Lenz and Hahn, 2015; Lenz, Sarens, and Hoos, 2017; Alzeban and Gwilliam, 2014; Yee, Sujan, James, and Leung, 2017). That is effectiveness is a capability of internal audit result to improve organizational efficiency and achieving its objectives. That can be done by understanding the scope of auditing in an organization and intertwine it with the management and organization mission and vision. Internal audit literature indicates that audit function is effective when it has influenced and affect the management decision and assists in improving organization performance and governance, mitigate risk management, goals and objective attainment, and add value to the organization (Lenz and Hahn, 2015).

2.5 Tax Administration in Nigeria

There are three levels of government in Nigeria i.e. Federal, State, and Local that drive the tax administration and handling the tax system of the country. That is the country operates a federal system of government where its fiscal system of government also emulates the same principle (Abata, 2014; Okoi & Omini, 2014). In such a system, this has its own implications on how the country is managing its tax collection and administration in which each of the three levels of government has its own powers and operational jurisdictions (Abiola and Asiweh, 2012). However, the main tax collection powers and administration was vested in the hand of the federal government who retains the huge share of the tax collection in the country (Gurama and Mansor, 2015).

The strategy for collecting tax symbolize a resource for redistributing income among the public development as a whole, and it is commonly enforced on individuals and business entities for the betterment of a nation growth (Abdurrahman, and Muzainah, 2017; Bird, 2015). The quality and quantity of tax administrators are one of the major factors for determining tax administration performance in many countries (Birds, 2015). On the other hand, if the tax administrators are honest, reliable, hardworking, and patriotic and adequately enough it is anticipated that the performance output of the tax system will be efficient and effective (Gurama and Mansor, 2015; Odusola, 2003). However, if the opposite is being practised, then the tax administration would not meet its target and loss its credibility from the perspective of taxpayers as well as government (Micah, 2012).

Several factors were identified in Nigeria as a key challenge for having efficient and effective tax administration and a strong tax system that capable of generating adequate tax to the government at various levels. According to Adekanola (1997), Ariyo, (1997), Micah, (2012), Federal Government of Nigeria (FGN), (1997), Ola, (2001), and Odusola, (2003), the following are among other factors and challenges for the lack of efficient and effective tax administration and tax system in the country. The factors are corruption among the tax employees and taxpayers, the complexity of some of the tax laws, neglecting the tax effort in terms of planning and collecting, poor tax administration strategies, and multiplicity of tax regulatory administrators (Federal/State levels). Others are underground economy as well as structural issues in the country's economy, inadequate statistical number of register taxpayer, problems of tax evasion and tax avoidance, a large number of businesses and individuals that are operating outside the tax net (Adekanola, 1997; Ariyo, 1997; Micah, 2012; FGN, 1997; Odusola, 2003; Ola, 2001). Due to the aforementioned challenges, it is expected that efficient and effective internal audit performance will facilitate in overcoming the challenges that are facing the FIRS operation in Nigeria.

3. METHODS

The research paradigm of this study is qualitative using a case study methodology. The Federal Inland Revenue Service (FRIS) Nigeria was chosen as a case study. The method of data collection is a face-to-face interview on nine internal auditors of the FIRS staffs. According to Guest, Bunce and Johnson (2006), a minimum of 6 and a maximum of twelve participants are adequate for the face-to-face interview in a qualitative study. The face-to-face interview is one of the data collection techniques that is more accurate and precise than the survey in gathering information thoroughly about a phenomenon under study (Merriam, 2009; Yin, 2011).

Moreover, a face-to-face interview is a technique that is more in-depth in collecting data or information about a phenomenon in a qualitative study instead of using the survey method (Uma and Roger, 2013). The composition of the study interviewees (participants) are senior supervisors and other cadres of the internal auditing staffs lower than supervisory position. The

collected data from interviews were analysed using Nvivo₁₀ qualitative software for thematic purpose and analysis. Data analysis begins by listening to the recorded interviews repeatedly and was further transcribed verbatim. The transcribed data were read frequently to ensure the appropriateness of the transcription and testify that it is in line with what the participants responded with during the interview sessions.

Furthermore, the transcribed data were coded into an open coding process. Based on Strauss and Corbin (1990), open coding is a qualitative procedure researcher can employ to minimize bias that ought to happen in coding a qualitative fractured data analysis. Therefore, based on this analysis and methodology of the study, the analysed data about the internal audit required strategies in tax administration were classified into two themes: resource availability and allocation strategy, and approach strategy.

4. RESULT AND DISCUSSION

Strategy is a procedure set to accomplish the end goal in an organization using the available resources and capabilities within the coverage of an organization. The demographic information of the respondents indicated that four internal auditors are at a supervisory position and the remaining five are auditors from different positions. All the participants have more than six years of work experience with age more than 25 years where two are female and seven are male. Additionally, they are all graduates and are permanent staffs of FIRS. From the perspectives of participant responses, it shows that in order for the internal audit to operate efficiently and effectively, certain strategies are required to guide auditing activities and aids auditors to accomplish auditing task professionally. The participants have vividly expressed that for auditors to perform efficiently, they need to have adequate resources within their reach and used a systematic approach in tackling the auditing functions. These will guide and assist auditing functions to be successful in improving and adding value to the tax administration skilfully. Based on the participant responses, this study classified the data into 2 themes which are resource availability and allocation strategy, and approach strategy. The themes were next discussed as follows one after the other.

4.1 Resource Availability and Allocation

Internal auditors consider the provision of adequate resources as one of the effective strategies required to facilitate auditing functions efficiently. Providing required resources according to internal auditors' responses in this study is of two forms: human resource strategy and audit strategic (work) plan. On this note, participant 6 expressed that *"at the beginning of a year, we reviewed the human capability we have at our reach and based on these capabilities, we are able to formulate our strategic plan that could be our action plan for achieving auditing goals and objectives. These two considerations are our prime strategy strength for successful auditing function in improving tax administration performance and adding value to the effectiveness of the whole system"* (Participant 6, Internal Auditor). In supporting this assertion, participant 4 added that *"Every year, we formulate a strategic plan to be implemented based on our auditing activities and functions to be performed to achieve tax administration objectives. We prepare an audit plan by considering the availability of human resource we have and their ability to implement our planned objectively. Once we get approval from authorities about our strategic plan, we proceed to mobilise momentum to the various activities on auditing functions. We further allocate staffs that can perform those various functions in accordance with our work plan. These work plans every year is segmented on periodic bases that include daily, weekly, monthly, and quarterly. This makes every designated workload has a timeline to start and to finish precisely"* (Participant 4, Senior Supervisor Internal Auditor).

In these two assertions, the participants disclosed some of the process used to formulate and implement their auditing strategy using the available resources to achieve auditing goals and objectives in tax administration. In addition to these views, participant 5 expressed that *“Strategically, we operate on a work plan prepared following the formulated strategy using available resources allocated to auditing functions and activities. This is our major strength in achieving auditing goals and objective in tax administration”* (Participant 5, Senior Supervisor Internal Auditor). Furthermore, *“Implementing prepared auditing plan is our leading strategy for attaining efficient and effective audit functions in the FIRS”* (Participant 2, Internal Auditor). Participant 7 narrated that *“audit work plan prepared based on resource allocated to internal auditing functions every year is one of our fundamental strategy for accomplishing auditing goals and objectives in tax administration precisely in the FIRS”* (Participant 7, Internal Auditor).

These responses indicate how internal auditors are following the processes in preparing their auditing strategy using available resources to formulated and draft auditing work plan for auditing function in tax administration. However, other participants expressed their views by disclosing the need for having sufficient internal audit personnel that can complement auditing functions effectively. On this note, participant 9 opined that *“among the effective strategy for auditing functions in the FIRS is ensuring having sufficient auditors that can formulate and implement auditing plans capable for achieving efficient auditing activities”* (Participant 9, Senior Supervisor Internal Auditor). More so, participant 1 reveals that *“adequate human resource is the key determinant for formulating auditing work plan that can enable smooth activities and function of any effective auditing in many organizations including tax administration”* (Participant 1, Senior Supervisor Internal Auditor).

In conclusion, participant 8 disclosed that *“The prime strategy for successful audit strategy is a provision of substantial auditing staffs that can primarily formulate and mapped out the audit plan systematically in an attempt to achieve the future goals and objectives of auditing functions holistically”* (Participant 8, Senior Supervisor Internal Auditor).

The above responses of the participants are all geared toward having enough auditing personnel as a major tool for attaining auditing strategy. The interviews responses indicate how the internal auditors are high regarding the needs for having adequate auditing personnel in achieving the auditing strategy. In summary, the excerpt of the interviewees shows that internal audit required adequate human resource and audit work plan as their strategic need for effective audit function in tax administration. These two factors are very essential to determine internal audit resources availability that is useful for an effective strategy. After having the views, knowledge and perception of study participants concerning the resource availability and allocation strategy theme, the next section provides the responses (data) and opinions of the interviewed participants. The theme is namely strategy approach.

4.2 Approach Strategy

Strategy approach refers to as the method or process followed to implement and complete the formulated strategy by internal auditors to carry out auditing functions in tax administration. In this study, the participants expressed their approach deployed to actualize their auditing activities to deliver their functions efficiently. In their responses, the participants explain that they have a set of Key Performance Indicator (KPI) as a yardstick and approach for ensuring the auditing strategic plan is well implemented using the KPI. The KPI is of different kind and form which is needed and to be used to handle every situation at a point in time.

Based on the participants respond, participant 3 disclosed that *“Key Performance Indicator (KPI) is our core strategy approach to implement our strategic plan. The approach offers us a wide range and opportunity to follow all that was planned and schedule from time to time to be implemented in line with our core targets in the course of achieving tax administration objectives”* (Participant 3,

Internal Auditor). Similarly, participant 8 reveals that “*KPI is the prime approach we employed to execute our strategies and achieve auditing goals and objectives successfully in tax administration (FIRS). The strategy is very effective and sometimes depends on the level of audit resources and nature of the strategic plan that was set to achieve the target perfectly*” (Participant 8, *Senior Supervisor Internal Auditor*). On the same issue, participant 1 highlight that “*in general, our approach for accomplishing our auditing strategy is all about KPI approach. The KPI approach would give space to strategically think, align and go by the strategic plan formulated. This approach gives our auditors wider scope to understand what is needed, when and where necessary to handle the issues at hand efficiently and effectively as appropriately*” (Participant 1, *Senior Supervisor Internal Auditor*).

The above expression of the participants indicates that the formulated strategy and work plan is being implemented using KPI by the auditors. In a similar response to the earlier interviews, other participant disclosed how the KPI meant to them when it comes to suitable approach for actualizing strategy plan. Participant 6 opined that “*implementing a strategic plan required careful observation to select the most suitable approach in any circumstances. However, in this very organization (FIRS) we deploy KPI as a major strategy to achieve our auditing goals and tax administration objectives*” (Participant 6, *Internal Auditor*). “*In FIRS, internal auditors used KPI as their approach for accomplishing auditing strategy plan well design to achieve end goals and objectives*” (Participant 4, *Senior Supervisor Internal Auditor*). Participant 9 added that “*KPI is one of the most suitable approaches for implementing auditing strategic plan as well as other strategy aims to enhance audit performance*” (Participant 9, *Senior Supervisor Internal Auditor*).

In conclusion, participant 5 disclosed that “*With KPI, we can determine the weekly, monthly, quarterly, and yearly achievement of our auditing goals and tax administration objectives. This is because, KPI as an approach, enable auditors to assess the development of the activities and functions served at any point in time and is the appropriate method to detect defects more efficiently and effectively*” (Participant 5, *Senior Supervisor Internal Auditor*). These responses complement the earlier respond by the participant on how KPI is so important and the chosen method for efficient auditing approach strategically. In summary, the result of this study shows that KPI is the prime strategy approach which internal auditors relied on to deliver their auditing functions in the FIRS. In a nutshell, the method is the holistic means for implementing auditing strategic plan and other formulated strategies developed to facilitate auditing activities and accomplish tax administration objectives.

The result of this study shows that strategy is one of the internal audit mechanisms required for efficient and effective auditing functions in tax administration. Human resource strategy could articulate the needs of having a strategic plan. In this case, selecting an appropriate strategy approach is one of the key identifiers of auditing strategy to achieve internal audit goals and objectives. Therefore, for a successful internal audit activity in FIRS, there shall be an effective strategy adopted to carry out the audit functions proficiently. From the study findings and analysis, it indicates that human resource strategy is a fundamental pillar required to be considered in the internal audit department in order to determine its potentiality in performing auditing activities efficiently in FIRS. Human resources are the auditing personnel that are capable of setting and implementing auditing function. That is internal auditors in this regard are the main actors in actualizing the auditing exercise to success. Sufficient auditing staffs means resourceful internal auditors that are competent, professionally qualified, and capable of performing the auditing task.

On the other hand, adequate auditing resources from the perspective of personnel also refers to the quality of auditors that able to study tax administration environment and forecast the future needs of the auditing activities and how to achieve their goals and objectives proficiently. Furthermore, adequate auditors are whom capable to understand their organization objectives analysed them and perform towards actualizing the objectives using available human resources

to meet the auditing goals as well as organizational objectives. In line with internal audit human resource, Ahmad (2015) argued that adequacy of auditing personnel was among the key determinant factor for efficient auditing functions that can yield effective auditing activities in an organization. Therefore, providing adequate internal audit personnel is viewed as one of the required human resources for efficient audit strategy that is very crucial in accomplishing internal audit activities in FIRS.

On the same note, adequate human resource as one of the auditing strategies found in this study was supported by what Thomas (2018) viewed as one of the major strategical tools for developing, maintaining, and actualizing internal audit strategic plan in a complex organization. Tax administration is one of such complex organization that deals with different actors and stakeholders whose interest is diverse and often conflicting in nature. These actors and stakeholders with diverse and often conflicting interest include government, taxpayers, tax administrators, tax practitioners, as well as legislators. On the other view, the findings of this study also show that apart from human resource need as a strategy for internal auditing functions in tax administration, a strategic plan is also a significant aspect of auditing strategy for effective auditing performance.

At this level of a strategic plan, internal auditors need to use their ability and competency towards initiating, developing, and formulating strategies that could be their strategic work format for implementing auditing activities efficiently. From the analysis of our findings, the participant responses highlighted that there is a crucial need for a strategic plan that could serve as driving forces to efficient auditing activities. A strategic plan or audit work plan is where the internal auditors can map out their annual auditing function that can be segmented and achieve on a weekly, monthly, and quarterly basis to attain audit goals and objective. In addition, it is a stage where internal auditors are anticipated to cover the auditing scope and objectives of their organization through scrutinizing the operational performance of processes, activities, and system to be audited to highlight their weaknesses and provide improvement measures to curb the weaknesses or challenges identified. This strategic work plan could be to internal auditors as a tactical tool to synchronize their activities and arrange them in chronicle order for accomplishing audit function effectively. In a nutshell, a strategic work plan is an embodiment for auditing activities and a guide toward successful function in tax administration for achieving its goals and objectives.

The finding of this study on strategic work plan is supported by Mintzberg (1994b) who argued that strategic planning is about analysing a situation to come up with a blueprint that could achieve the visionary goal and objective of an organization. In view of the above, strategic planning is required by internal auditors to assist the auditors to understand the vision of their organization in a broad perspective and direct their plans towards accomplishing the vision using tactical plan and approach in a predetermined manner. The finding of the study also agreed with Perry (1996) who opined that strategic planning is the guide for attaining goals and objective in a predetermined approach in an organization. Therefore, a strategic plan is one of the critical requirements for successful auditing strategy in tax administration. Also, it is a strategy that could yield efficient and effective outcomes of auditing functions and hence assist tax administrators toward its goals' attainment.

On the other hand, the findings of the study also show that the internal audit strategy required in tax administration (FIRS) has to do with a strategic approach meant for performing evaluation functions of auditing activities. A strategic approach is a methodology used to implement the strategic plan set to achieve the auditing as well as organizational goals and objectives. The analysis of the finding in this study indicates that the participants highlighted that KPI as a major auditing strategy approach used in FIRS to perform internal auditing activities. The participants argued that KPI is their core and most important approach for implementing auditing plans and

scrutinizing processes in their course toward achieving goals and objective of internal audit and tax administration.

Accordingly, KPIs are techniques used to periodically evaluate the processes, departments, system and employees' performance in various capacities in an organization in accordance with organizational goals and objectives. This approach is very useful to internal auditors in FIRS to understand and measure employees, system, and process performance in a tax administration. On this note, the success of KPIs in FIRS depends on the ability and competency of internal auditors to identify, understand and analysed the operational functions of FIRS and highlight defects and suggest solutions to the management for improvement. This kind of ability and competency of internal auditors could give a clear picture of what could be achieved and how to achieve it proficiently.

Precisely, KPI in FIRS is used by internal auditors to achieve what they simply called as 'SMART' which stands for Specific Measurable Achievable Relevant and Timely (Okauru, 2012). 'Specific' means targeting a specific area for improvement, 'Measurable' i.e. quantifiable by suggesting indicators of progress, 'Achievable' refer to feasible specific function, 'Relevant' i.e. function accomplished is related towards goals and objectives of an organization, and 'Timely' is about performing a function in a right time. In order to achieve this end, KPI is expected to be linked with the target value to be accomplished so as to measure and assessed value that can meet the expectations of the organization. In FIRS, internal audit strategy approach as a core methodology for auditing function was categorized into different forms of KPIs. For instance, there is corporate-level KPIs, then followed by division, group, department, unit and individuals' levels KPIs accordingly. This multiplicity of KPIs is used to have efficiency in the evaluation process and to yield impact on the overall performance of the tax administration. In essence, the finding of this study reemphasized and reaffirmed the important role of selecting the right approach that is suitable for tax administration and which could serve as a basis for achieving internal audit strategy requirement.

Thus, the finding of this study is in line with Pitt (2014) that KPI is an instrument used by internal auditors to assess the internal performance of an organization. It is also a strategic approach that is effective in accomplishing the auditing function efficiently. Accordingly, selecting suitable KPI for internal audit function relies on a good understanding of what is deemed to be crucial to the organization at various levels (Ridley and Chambers, 1998). In essence, what could be deemed crucial sometimes depend on the organization diversity and needs of the internal auditors to adopt a right measurement that can yield effective result presented to the top management to improve the organizational performance. Therefore, understanding what KPI is more important to internal auditors which depends on various evaluation techniques and approaches adopted to assess the tax administration operational functions.

5. CONCLUSION

This study explains the required strategy for efficient internal audit functions in tax administration. Internal audit strategy is very crucial in understanding and determining factor for auditing efficiency. It is also a tactical process of identifying resource availability to be used for achieving auditing functions in tax administration. Internal audit strategy in tax administration is a mechanism or tool used to achieve auditing functions efficiently. It is also a measure used to describe how the auditing ends will be achieved through the resources available in developing, formulating and implementing audit work plans meant to accomplish auditing objective effectively. Accordingly, providing internal auditors with necessary resources will increase their ability to strategically accomplish their target and equally achieve their goals and objectives efficiently. Therefore, we recommend that FIRS should ensure providing the required strategy resources to its internal auditors in order for them strategized their activities in a logical

and systematic manner that would yield fruitful audit result. Auditing result used to improve tax administration performance as well as effective tax revenue generation in Nigeria. Future studies shall consider other determinant factors that are essential in determining internal audit efficiency in tax administration and other public sector organizations.

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