



PUBLIC SECTOR AUDIT REFORMS AND FINANCIAL MANAGEMENT

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ABSTRACT: *Developing economies across the world face high public corruption and weak financial management, and the role of sound audit practices in shaping the narratives is still at the exploring stage in most countries in sub-Saharan Africa. This research explores the nexus between public audit reforms and public sector financial management using survey research design and Nigeria as a case study. Participants in the study were drawn from The Office of the Auditor General of the Federation (OAuGF) Headquarter in Abuja. Agency theory anchored this study and simple descriptive analytics was used in testing the seven hypotheses. The research established that: the recent audit reforms carried out in Nigeria are considered necessary for better public sector financial management; Nigeria's audit system has a strong connection with public sector financial management; there is a need for the establishment of Federal Audit Service Commission (FASC) in Nigeria; the recent audit reforms will block treasury loot and leakages in Nigerian public funds management; Nigeria needs effective audit laws to wholesomely fight corruption through recent audit reforms; and the recent Nigerian audit reforms embrace integrity, transparency and accountability in the management of public funds. The study makes the following recommendations: there is a need for audit staff orientation and professional development in order to promote their overall productivity and efficiency; there is a need for the establishment of Federal Audit Service Commission (FASC) in order to promote the independence of Nigerian Audit system from executive interferences; Nigeria audit laws should be strengthened to curtail fund leakages, wastages of public property, and promotion of value-for-money expenditures; and the recent audit reforms carried out by the government of Nigeria should be sustained and given all necessary supports in order to achieve the desired results.*

KEYWORDS: Audit reforms, financial management, public sector, corruption.



INTRODUCTION

Government policies and programs need funds in order to operate. Therefore, effective audit reform policies are expected to be result-oriented in all stages of implementation in line with strategic plan. Audit reform procedures should be evaluated in order to see how far the administration of public funds has been effectively, economically, and efficiently applied in the lives of the expected beneficiaries in the society (OAuGF, 2018a, 2018b). The concept of reform is as old as the existence of humanity and life itself in general. The prospects for better projections in all spheres of entities' operations in pursuit of meeting their set objectives make reforms inevitable. Reforms are required or expected when existing operating models fall short of pre-set standards targeted to achieve desirable objectives. Desired goals or results are achieved when effective and efficient measures are put in place and implemented through reforms. Otherwise, we circle around the same problems on a regular basis. The Federal Government of Nigeria began public sector financial management reforms to address the challenges of transparency, accountability, corruption, and poor service delivery in ministries, departments, and agencies of government (Nyamita, Dorasamy & Garbharran, 2015). Consequently, in 2004, the country embarked on economic reforms and governance projects (ERGP) sponsored by the World Bank to address these challenges. Chukwune (2015) asserts that this led to the introduction of swooping public financial management reforms such as integrated payroll and personnel information system (IPPIS), government integrated financial management information system (GIFMIS), treasury single account (TSA), e-payment, and international public sector accounting standards (IPSAS). Public sector reform enables the government to change the way it operates in areas like welfare, health care, government administration and other areas where the government has a stake (Odior & Alenoghena, 2018). Nigeria's public sector accounting reforms led to the migration from cash basis to accrual basis, and the reform in public sector accounting was implemented by the adoption of International Public Sector Accounting Standard, IPSAS (OAuGF, 2017a). The introduction of accrual based accounting has its advantages and disadvantages. One of the advantages is that it has more information than cash based accounting while the disadvantage is that it is designed to measure profit, a concept which is largely meaningless in the public sector where surplus can arise from the failure to provide agreed services (OAuGF, 2018c). Nigeria audit reforms policies require sustained political will, commitments, capacity enhancement, and proper funding (Odior & Alenoghena, 2018).

Over the years, corruption and poor accountability have bedeviled Nigeria's public sector financial management, thereby making ministries, departments, and agencies (MDAs) of government easy conduits for wastages, misappropriation, and outright stealing of public funds and other non-cash assets (Nyamita, Dorasamy & Garbharran, 2015). Year-in-year-out, Nigeria spends billions of Naira without the citizens getting their fill of it; and Transparency International keeps rating the country as one of the most corrupt countries in the world (Odior & Alenoghena, 2018). Politicians and political office holders turn millionaires overnight while the poor masses keep dying of hunger, starvation, and diseases. Kisaku (2017) adds that as the gulf between the rich and the poor gets deeper and deeper every day, security of lives and property deteriorates as militia and terrorist groups ravage all nooks and crannies of the country. Auditors, who are the watchdog of the assets and liabilities of government, have become incapacitated in carrying out their statutory responsibilities due to multiplicity of factors within and outside their domains of operations (Salawu, 2015). Then, what is the way forward? It is the expectation of this exploratory study that the recent audit reform policies

introduced in the system are expected to curtail financial leakages, ensure effective and efficient management of funds, and promote adherence to extant provisions of soft and hard laws guiding public financial management and control.

The study's specific objectives are to establish if there was need for the recent reforms in Nigeria's audit system; investigate if Nigeria's audit system has a strong connection with public sector financial management; examine if there is a need for the establishment of Federal Audit Service Commission (FASC) in Nigeria; ascertain if the recent audit reforms can block treasury loot and leakages in Nigerian public funds management; establish if the recent audit reforms have significantly reduced Nigeria's audit challenges; investigate if Nigeria needs effective audit laws to wholesomely fight corruption; and examine if the recent audit reforms embrace integrity, transparency and accountability in the management of public funds.

CONCEPTUAL FRAMEWORK

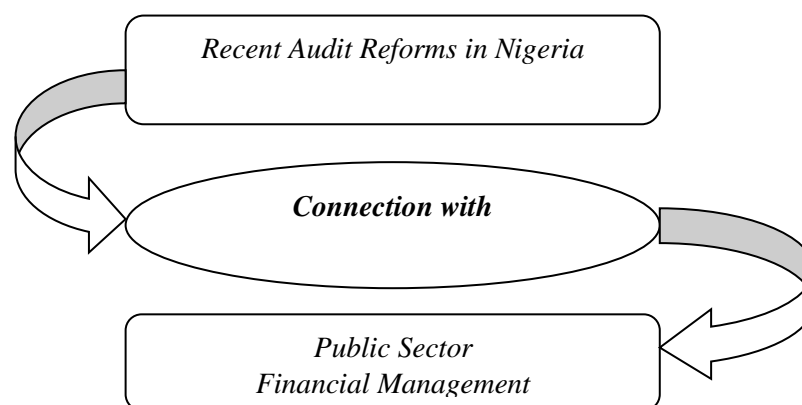


Fig. 1: Diagram of conceptual framework.

Source: *Authors (2024)*

Recent audit reform is the independent variable and public sector financial management is the dependent variable. Audit reforms are some of the critical instruments in public sector financial management which help to ensure efficiency and probity of financial transactions in public sector financial management (OAuGF, 2016). The audit reform policies are tools which serve as major control mechanisms in the cause of funds utilisation. Audit reforms refer to amendments made in existing audit programs or procedures being used in the present audit system, and such policies emerge due to unsatisfactory results in the current system or changes in financial operations of government in order to meet up with other accounting standards and targets (Anyafu, 1996). The underlying factors that made the Office of Auditor General of the Federation (OAuGF) to embark in recent audit reforms are: changes to IPSAS and IFRS standard of financial reporting; changes to modern technological ways of financial operations; implementation of GIFMISS, IPPIS and other new trends in financial operations; and increase in fraud and corruption in the administration of public finances (Anyafu, 1996).



Types of Audit Reforms Implemented by Nigeria's Supreme Audit International

The reform policies implemented cover all three spheres of public sector audit categories which comprise compliance audit, financial audit, and performance audit (OAuGF, 2017b; 2018d), and some of the policies are:

- i. **Environmental Audit:** This is a form of performance audit which assesses the impact of Government management programs. The first environmental audit carried out by SAI-Nigeria was a Joint Environmental Audit on the Drying of Lake-Chad (funded by GIZ and EU) in collaboration with some SAI of its neighboring countries, such as Cameroon, Chad and Niger.
- ii. **Information Technology (IT) Audit:** The development of major computer based accounting systems like GIFMISS and IPPIS creates a vacuum and needs which means that expertise in IT Audit is essential. With that, SAI-Nigeria trained some of its auditors in Ghana and South Africa which included undertaking pilot's audit of the general controls in the IT systems deployed by Debt Management Office (DMO), National Electricity Regulatory Commission (NERC), National Identity Management Commission (NIMC) and Pension Commission.
- iii. **Emerging Issues Audit:** This was created to handle new, specialized and emergency issues. It is responsible for Forensic Audit, Risked Based Audit, Disaster Management Audit, Regulatory Authorities Audit, Performance Information Audit and Public Private Partnership (PPP) Audit.
- iv. **Performance Audit:** The project audit department was re-organized and named performance with additional responsibilities of checkmating audit aspects of economy, efficiency and effectiveness of funds disbursement on programs and projects implementation across the country.
- v. **Developed Risk-Based Audit Template** SAI Nigeria audit guide was updated and expanded to provide an outline of the regularity risk-based audit approach developed by AFROSAI-E and this approach is now adopted as a standard by all departments in all financial/regularity audit engagements by SAI-Nigeria, also with the introduction of FAM and CAM Audit Manual to serve as a guide for new audit template to be used by Federal Auditors in auditing all MDAs henceforth.
- vi. **Quality Assurance Review by AFROSAI-E:** Quality assurance team was set up to keep in track with the reform agenda and undertake constant review of reform policies of progress made so far daily in line with the strategic plan. The team of reviewers is from AFROSAI-E and GIZ (a German Donor Agency). Quality Audit Review Team of AFROSAI-E from South Africa commenced review of SAI-Nigeria 2019 implementation policies from 18th - 22nd November, 2019 for the current period review rating.
- vii. **Development of Strategic-Plan Policy Manual:** Two development strategic plans on audit reforms were developed for five (5) years each, covering a period of 2013 to 2017 and 2017 to 2022 respectively. These strategic plans were developed with the assistance of the UK Department of International Development both financially and technically, and also financial support from the World Bank. The second was updated



and further developed to integrate the office's overriding objectives to achieve level three of the AFROSAI-E Institutional Capacity Building Framework. The strategic plans entail the achievement of audit goals as streamlined in 1977 Lima/Peru (INTOSAI Congress No 9) and Mexico 2007 (INTOSAI Congress No 19) complaint.

- viii. **Creation of Audit Reform Unit:** The audit reform unit was created with financial support from the World Bank and technical support from other foreign audit agencies, headed by the former acting Auditor-General for the Federation, Mr. Adeleye I. Ismail, who after retirement from public service was contracted to head the Reform Unit due to his expertise in audit matters.
- ix. **On-Going Technical Support:** A full time Technical Advisor was appointed in October 2015 with additional support from the United Kingdom National Audit Office.

Advantages of the Recent Audit Reforms in Nigeria

According to Odior and Alenoghena (2018), the merits of recent audit reforms in Nigeria are enumerated below:

- i. It would help to block treasury loot and leakages in public funds management. Current stage and measure of implementation have placed Nigeria's audit system in number three ranking from number one (1), in line with INTOSAI standard of rating.
- ii. It has handled emerging issues in Nigeria's audit system, such as Information Technology audit, forensic audit, risk based audit, disaster management audit, value for money audit, project performance and evaluation audit, etc.
- iii. It has helped to improve the level of integrity, transparency and accountability in the management of public funds.
- iv. It has helped by implication to enhance the application of IFRS and IPSAS in the preparation of accounts and financial reports in Nigeria's public sector financial management with the act of compliance by some MDAs, with the enforcement laws on preparing a financial statement by each MDAs at the end of accounting period, as stated by an extant circular from the OAGF of Nigeria in 2018 (although not all MDAs have fully complied with it, while some have started).
- v. It has helped to reduce quacks in the system by employing capable hands and professionals in the field of accounting and auditing to work on strategic plan modules being implemented and also enhance existing audit staffs capacity and performance in modern trends of audit practices in line with INTOSAI and AFROSAI-E standards.
- vi. It has helped to enhance public sector financial administration in terms of transparency and confidence in the auditing of government accounts and credibility of the reports submitted on annual paragraphs to the national assembly from the Auditor General's Office.

Problems of Public Sector Financial Management in Nigeria

Kisaku (2017) identified the following as the problems inherent in Nigeria's public sector financial management: **(i)** Ineffective existing audit laws to wholesomely fight corruption through the recent audit reforms being implemented. This creates the need for the creation of an independent Federal Audit Service Commission (FASC) to address the aforementioned issue as streamline in the proposed audit bill presented for presidential assent after three legislative passages by NASS. **(ii)** Previous audit reports on public funds management by SAI-Nigeria have not received proper legislative hearing in order to address issues raised in audit queries, **(iii)** Stringent conditions or measures have not been taken against defaulters who fraudulently administered public funds wrongly channeled in the cause of disbursement, to serve as a deterrent to others who may venture into such acts in the future. **(iv)** Abuse of office or compromise of professional ethics and standards in the cause of monitoring and evaluation of programs and projects implemented by auditors. **(v)** Inadequate leadership capacity in the hands of persons assigned responsibilities to the heads of MDAs. **(vi)** Political interferences such as in the cause of contracts award and execution which are expected to be people oriented projects/programs. **(vii)** Generally audited reports on public funds have become a tool for monetary settlement between Auditors and Auditees. Only few audit issues or queries were presented on annual paragraphs for legislative consideration.

THEORETICAL FRAMEWORK

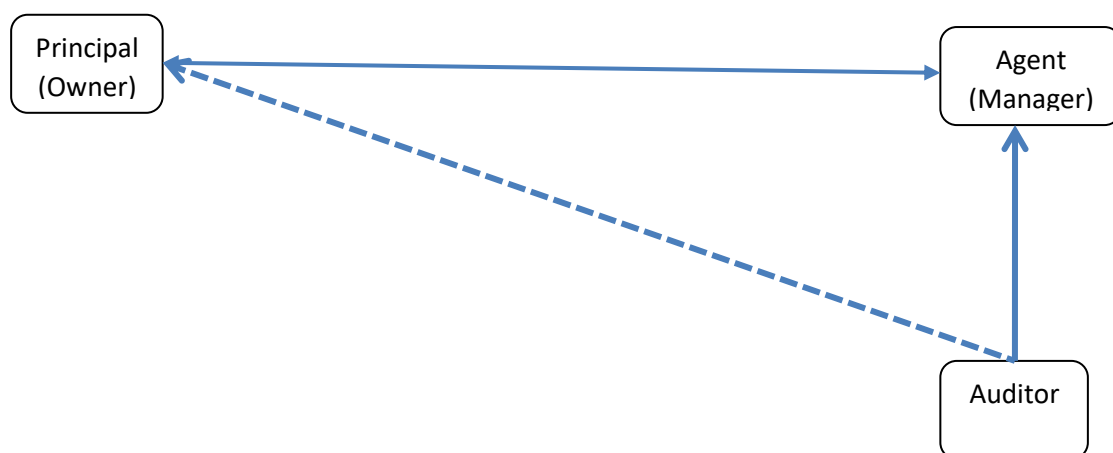


Figure 2: Agency theory diagram.

Source: *Authors (2024)*

Figure 2 captures the theoretical framework underpinning this study rests: agency theory. Figure 2 is an illustration of the relationship between the Principal (owner of economic resources) and the Agent (manager of the principal's economic resources). The principal in this study is the Federal Government of Nigeria and the agents are the heads of various ministries, departments, and agencies that manage the economic resources of the Federal Government of Nigeria. This theory proposes that the relationship between the principal and the agent is not very firm for many reasons (Apostolou & Crumbley, 1992). First, the agents may not be trusted to take the best action because they can act in their own interests and they



usually have more information than the principal, leading to information asymmetry (Zubairu, 2016). Thus, different internal and external auditing mechanisms have been suggested to limit agency costs, and align the manager's interest with that of the agent for the overall good of organisations. Moreover, separating ownership from management functions, such as controlling corporate resources, can cause a lot of conflicts.

If as simple agency theory implies, principals do not trust agents to provide them with reliable and relevant information, then they will hire external experts, who are independent of these agents. A simple agency model suggests that as a result of information asymmetry and self-interest, principals lack reasons to trust their agents and seek to resolve these concerns by putting in place mechanisms to align the interests of agents with theirs and to reduce the scope for information asymmetric and opportunistic behaviour (Ternenge, 2015). Ideally, internal audit should operate in an atmosphere that allows it to function independently. It should have the resources to do its job well. It must have separate administrative and functional reporting lines to different levels of agents, respectively. It should have a clear and positive relationship with principals and agents that allows it to communicate openly and confidently without fear of repercussions.

The agency theoretical framework in public sector studies is a cornerstone of public budget theory which was initiated in the early 1900s in the cause of reform which was characterized by a switch from the budgeting practice of legislative budget to the executive budget. In 1921, the Budget and Accounting Act was established by the government of the United States which became the foundation for present day budgeting at the national level. This executive budget procedure practices a line item or object of expenditure. Line item budgeting includes expenditures, such as personnel cost and capital projects, which focus on development, analysis, authorization and control of public sector expenditure in government organizations and such practices by MDAs. Citizens serve the roles of voters, taxpayers and multiple role expectations in a common democratic governance process which demands accountability in the case of public sector expenditure which is being used to strengthen the economy (FGN, 2009). Successful economic nations today did not become so by mere chance, but the most important factor for success in any sphere of its development is simply efficient management and administration of finances channeled through manpower development which is the most integral part of the public service. The main task is efficient and effective financial management as released for disbursement after formulating plans for achievable aims for public service delivery.



EMPIRICAL REVIEW

Dhaka, Obembe and Jacob (2022) examined the relationship between public sector audit and financial fraud control in the public sector, and found that there is a significant relationship between financial fraud control in the public sector, internal control quality, financial reporting credibility and public sector audit.

According to Oloruntoba and Gbemigun (2019), the public sector had been saddled with different office holders for more than four decades without any evidence of sustainable development in Nigeria. The root cause of this ugly phenomenon is lack of accountability with respect to issues regarding capital and recurrent projects like fraudulent activities. Looting of public treasury, misappropriation of funds, bribery and falsification of results, man inhumanity to man, and poor realization of national security are all traceable to the growth phenomenon of fraud (Oloruntoba & Gbemigun, 2019).

In Nigeria today, ineffectiveness of auditing policies has continued to hamper the drive for better performance and financial management across the public sector of the country (Aduwo, 2019). Efficiency of the public sector in Nigeria has been eroded by ineffective audit system, with no or little reflection of lapses in audit reports over the years, despite the gravity of misappropriation and mismanagement of public fund, which had hitherto incapacitated most states in Nigeria (Aduwo, 2019). Observably non-compliance with standard procedure of financial reporting has become the order of the day in most public sectors in Nigeria, culminating into lack of probity, accountability and prudence with the eminence of deficiencies such as unpaid remittances, improper record processing, indiscriminate print and use of revenue record and receipt, to mention but few (Adaramola, 2015).

Onuora, Akpoveta and Agbomah (2018) opined that public sector audit fraud remains one of the biggest single causes of non-performance and distress in the general Nigerian economy. According to Akani and Ogbeide (2017), there is daily occurrence of financial frauds, embezzlements, fraudulent practices, corrupt and sharp practices which go unnoticed, undetected and uninvestigated in the public sector, thus leading to capital flights, amassment of wealth by a few to the detriment of the masses, and consequently stunting the growth of the Nigerian economy. The media is filled with myriads of reports as regards the varying degree of fraudulent practices perpetrated in the Nigerian public sector (Akani & Ogbeide, 2017). In this regard, this study examines the influence of public sector audit on public financial management in Nigeria.

According to Adejuwon (2018), the public sector in Nigeria is irrefutably beset with gross incompetence and ineffective financial management. Perplexing difficulties endure in the Nigerian public sector in spite of a number of reform programmes that have been designed to enhance efficient and effective service delivery for almost two decades. The fact that public service has failed abysmally to achieve its laudable objectives is the reason for the vote of no confidence passed on its administrators by the majority of the Nigerian populace.

Imegi and Oladutire (2018) opine that audit involves performing procedures to obtain evidence about amounts and disclosures in the financial statements so as to evaluate the appropriateness of accounting estimates made by management. Also, Masood and Afzal (2016) see audit as an independent inspection of an entity where the auditor delivers unbiased results about the appropriation of funds by the underlying organization. Masood and Afzal



(2016) buttress that the first and foremost goal of auditing is to bring transparency and accountability as well as prudent financial management in the private or public sector, and that audit also serves as a tool for making private and public entities responsible and accountable for their duties.

METHODOLOGY

Research Design

This study adopted survey research design with the administration of questionnaires. The survey design enabled the researcher to go out to meet the respondents and used a sampling process that can give information on the researcher's area of interest.

Population and Sampling Technique

The targeted population was sixty (60) staff from fifteen (15) departments in the Office of the Auditor-General for the Federation (Abuja Headquarters, Nigeria). Census sampling technique was adopted in recruiting the entire population in the study. This was because the entire population comprised audit professionals with vast experience in the fields of financial compliance and regularity audit. Again, the census sampling technique was adopted because the study population was less than 100 participants. This approach is supported by Wahua (2020; 2017). Therefore, sixty (60) questionnaires were distributed but only forty-four were properly filled and returned. This represents a 73% success rate. It is important to stress that a 73% success rate is good for statistical inference and generalization.

Data Collection and Analysis Methods

Primary data collection method was employed in this study. The primary data instrument was the questionnaire used to collect information from the respondents. This is supported by Tsekpo, and Wahua (2021). The simple percentage method was used in analyzing the data collected through questionnaires. The option with the greatest percentage is the consensus figure.

PRESENTATION AND DISCUSSION OF RESULTS

Data Presentation

The study has the following demographics:

- i. Gender: Twenty-four (24) males (54.5%) and 20 females (45.5%);
- ii. Age bracket: Three (3) respondents (6.8%) are less than 30 yrs, 20 respondents (45.5%) are within 31–40 years, 15 respondents (34.1%) are within 41–50 years, and 6 respondents (13.6%) are 50 years and above. The majority of the respondents are within 31 to 40 years;



- iii. Marital status: Nine (9) respondents (20.5%) are single, 28 respondents (63.6%) are married, 3 respondents (6.8%) are divorced, 2 respondents (4.5%) are widows, and 2 (4.5%) are widowers;
- iv. Highest academic qualification: Three (3) respondents (6.8%) have a National Diploma, 24 respondents (54.5%) hold Bachelor or Higher National Diploma, 11 respondents (25%) hold Postgraduate Diploma or Master of Business Administration, and 6 respondents (13.6%) hold Master of Doctoral Degree;
- v. Work experience: Five (5) respondents (13.6%) have less than 5 years working experience, 13 respondents (29.5%) have 5 to 10 years working experience, 19 respondents (43.2%) have 11 to 20 years working experience, and 6 respondents (13.6%) have 21 years working experience and above;
- vi. Two (2) respondents (4.5%) are junior staffs, 38 respondents (36.4%) are middle management staff, and 4 respondents (9.1%) are top management staff; and
- vii. Four (4) respondents (9.1%) hold Associate of Certified Chartered Accountants' professional certificate, 9 respondents (20.5%) hold Institute of Chartered Accountants of Nigeria's professional certificate, 17 respondents (38.6%) hold Association of National Accountants of Nigeria's professional certificate, 2 respondents (4.5%) hold Chartered Institute of Management Accountants' professional certificate, 7 respondents (15.9%) hold other professional qualifications, and 5 respondents (11.4%) have no professional qualifications.

ANALYSIS AND INTERPRETATION OF DATA

Test of Hypotheses

Table 1: There is a need for the recent audit reforms in Nigeria (H1)

	Frequency	Percent	Cumulative Percent
Strongly Agree	38	86.4	86.4
Agree	6	13.6	100
Total	44	100	

Source: *Authors (2024)*

Table 1 indicates that 38 respondents (representing 86.4%) strongly agree that there is a need for the recent audit reforms in Nigeria while 6 respondents (representing 13.6%) agree that there is a need for recent audit reforms in Nigeria. These results indicate a consensus among the respondents that there is a need for the recent audit reforms in Nigeria, and this will go a long way in ensuring better public sector financial management. The alternate hypothesis 1 (H1) is hereby accepted.



Table 2: Audit system has a significant relationship with public sector financial management (H2)

	Frequency	Percent	Cumulative Percent
Strongly Agree	14	31.8	31.8
Agree	22	50	81.8
Undecided	6	13.6	95.5
Strongly Disagree	1	2.3	97.7
Disagree	1	2.3	100
Total	44	100	

Source: *Authors (2024)*

Table 2 contains the respondents' opinion on the correlation between Nigeria's audit system and public sector financial management. Fourteen (14) respondents (representing 31.8%) strongly agree that there is a significant correlation between Nigeria's audit system and public sector financial management; 22 respondents (representing 50.0%) agree that there is a significant correlation between Nigeria's audit system and public sector financial management; 6 respondents (representing 13.6%) are undecided on the nature of relationship between Nigeria's audit system and public sector financial management; 1 respondent (representing 2.3%) strongly disagrees that there is a significant correlation between Nigeria's audit system and public sector financial management; and 1 respondent (representing 2.3%) disagrees that there is a significant correlation between Nigeria's audit system and public sector financial management. In summary therefore, there is 81.8% significant correlation between Nigeria's audit system and public sector financial management (that is, 31.8% plus 50% of the respondents for the strongly agree and agree, equal 81.8%). The alternate hypothesis 2 (H2) is hereby accepted.

Table 3: There is a need for the establishment of Federal Audit Service Commission in Nigeria (H3)

	Frequency	Percent	Cumulative Percent
Strongly Agree	38	86.4	86.4
Agree	4	9.1	95.5
Undecided	2	4.5	100
Total	44	100	

Source: *Authors (2024)*

Table 3 shows respondents' independent opinions on the need for the Federal Audit Service Commission (FASC) in Nigeria. Thirty-eight (38) respondents (representing 86.4%) strongly agree to the establishment of the Federal Audit Service Commission in Nigeria; 4 respondents (representing 9.1%) agree to the establishment of the Federal Audit Service Commission in Nigeria; and 2 respondents (representing 4.5%) are undecided. In summary therefore, it could be deduced that 95.5% of the respondents are in support of the establishment of an independent Federal Audit Service Commission in order to enhance accountability and probity in public sector financial management in Nigeria. The alternate hypothesis 3 (H3) is hereby accepted.

**Table 4: Nigeria's recent audit reforms blocked treasury looting and leakages (H4)**

	Frequency	Percent	Cumulative Percent
Strongly Agree	28	63.6	63.6
Agree	9	20.5	84.1
Undecided	2	4.5	88.6
Strongly Disagree	2	4.5	93.2
Disagree	3	6.8	100
Total	44	100	

Source: *Authors (2024)*

Table 4 shows the respondents' independent opinions on Alternative Hypothesis 4. Twenty-eight (28) respondents (representing 63.6%) strongly agree that the recent audit reforms will block treasury looting and leakages in the administration of public financial management in Nigeria; 9 respondents (representing 20.5%) agree that the recent audit reforms will block treasury looting and leakages in the administration of public financial management in Nigeria; 2 respondents (representing 4.5%) are undecided on the role of recent audit reforms in blocking treasury looting and leakages in the administration of public financial management in Nigeria; 2 respondents (representing 4.5%) strongly disagree that the recent audit reform will block treasury looting and leakages in the administration of public financial management in Nigeria; and 3 respondents (representing 6.8%) disagree that the recent audit reforms will block treasury looting and leakages in the administration of public financial management in Nigeria. In summary therefore, it is statistically sound to conclude that 84.1% of the respondents believe that the recent audit reforms will block treasury looting and leakages in the administration of public sector finances. The alternate hypothesis 4 (H4) is hereby accepted.

Table 5: Recent audit reforms strongly reduced Nigeria's audit challenges (H5)

	Frequency	Percent	Cumulative Percent
Strongly Agree	2	4.5	4.5
Agree	5	11.4	15.9
Undecided	15	34.1	50
Strongly Disagree	17	38.6	88.6
Disagree	5	11.4	100
Total	44	100	

Source: *Authors (2024)*

Table 5 captures the respondents' opinion on whether the recent audit reforms strongly reduced Nigerian audit challenges. Two (2) respondents (representing 4.5%) strongly agree that the recent audit reforms strongly reduced Nigerian audit challenges; 5 respondents (representing 11.4%) agree that the recent audit reforms strongly reduced Nigerian audit challenges; 15 respondents (representing 34.1%) are undecided on whether the recent audit reforms strongly reduced Nigerian audit challenges; 17 respondents (representing 38.6%) strongly disagree that the recent audit reforms strongly reduced Nigerian audit challenges; and 5 respondents (representing 11.4%) disagree with the opinion that the recent audit reforms strongly reduced Nigerian audit challenges. In summary, it is statistically sound to



conclude that 50% of the respondents do not agree that the recent audit reforms strongly reduced Nigerian audit challenges; this becomes more pronounced when we factor in the 34.1% undecided opinions. So, the government has a lot to ensure that the recent audit reforms are actually committed to reducing audit challenges as much as they reduce corruption and wastage in public financial management. The alternate hypothesis 5 (H5) is hereby rejected.

Table 6: Nigeria needs effective audit laws to fight corruption (H6)

	Frequency	Percent	Cumulative Percent
Strongly Agree	41	93.2	93.2
Agree	3	6.8	100
Total	44	100	

Source: *Authors (2024)*

Table 6 captures the respondents' opinion on the need for effective audit laws to wholesomely fight corruption in Nigeria. Forty-one (41) respondents (representing 93.2%) strongly agree that Nigeria needs effective laws to wholesomely fight corruption, while only 3 respondents (representing 6.8%) do agree that Nigeria needs effective audit laws to fight corruption. All the respondents agree that Nigeria needs effective audits law to wholesomely fight corruption.

Table 7: Nigeria's recent audit reforms embrace integrity, transparency, and accountability (H7)

	Frequency	Percent	Cumulative Percent
Strongly Agree	22	50	50
Agree	11	25	75
Undecided	4	9.1	84.1
Strongly Disagree	4	9.1	93.2
Disagree	3	6.8	100
Total	44	100	

Source: *Authors (2024)*

Table 7 contains respondents' opinions on whether the recent audit reforms embrace integrity, transparency, and accountability in the management of public funds. Twenty-two (22) respondents (representing 50.0%) strongly agree that the recent audit reforms embrace integrity, transparency and accountability in the management of public funds; 11 respondents (representing 25.0%) agree that the recent audit reforms embrace integrity, transparency and accountability in the management of public funds; 4 respondents (representing 9.1%) are undecided on whether the recent audit reforms embrace integrity, transparency and accountability in the management of public funds; 4 respondents (representing 9.1%) strongly disagree that the recent audit reforms embrace integrity, transparency and accountability in the management of public funds; and 3 respondents (representing 6.8%) disagree that the recent audit reforms embrace integrity, transparency and accountability in the management of public funds. In conclusion therefore, the study establishes that the majority of the



respondents (representing 75%) believe that the recent audit reforms embrace integrity, transparency and accountability in the management of public funds. The alternate hypothesis 7 (H7) is hereby accepted.

DISCUSSION OF FINDINGS

The recent audit reforms carried out in Nigeria are considered necessary by the overwhelming majority of the respondents in order to promote better public sector financial management. In specific terms, 86.4% of the entire population strongly agree that there is a need for the recent reforms in Nigeria's audit system. This agrees with Dhaka, Obembe and Jacob (2022). Nigeria's audit system has a strong connection with public sector financial management. This implies that as the quality of Nigeria's audit system improves, public sector financial management equally improves. The study establishes that there is 81.8% positive connection between Nigeria's audit system and public sector financial management.

There is a need for the establishment of the Federal Audit Service Commission (FASC) in Nigeria. This is to ensure the independence of Nigeria Audit Institution, and enhance accountability and probity in public sector financial management. 95.5% of the respondents are in support of the establishment of an independent Federal Audit Service Commission. This will go a long way in fighting corruption and enhancing probity in the management of public finances. The recent audit reforms will block treasury loot and leakages in Nigerian public funds management. The study quantitatively established that 84.1% of the respondents are of the opinion that the recent audit reforms will block treasury loot and leakages in the administration of public sector finances. This finding does not sit well with the positions of Onuora, Akpoveta and Agbomah (2018) and Akani and Ogbeide (2017) who have a contrary opinion.

The recent audit reforms will not strongly reduce Nigerian audit challenges. This is a breaking finding that calls for thorough follow-up by the managers of Nigeria's audit reforms. So, the government has a lot to ensure that the recent audit reforms strongly reduce audit challenges as much as they reduce corruption and wastage in public financial management. This position has been held by Adejuwon (2018). Nigeria needs effective audit laws to wholesomely fight corruption through recent audit reforms. Statistically, 100% of the respondents strongly agree that Nigeria needs effective laws to wholesomely fight corruption through recent audit reforms.

The majority of the respondents (representing 75%) believe that the recent audit reforms embrace integrity, transparency and accountability in the management of public funds. Therefore, it is important for the government to support it. This agrees with the position of Masood and Afzal (2016).

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Summary of the Research

Developing economies across the world face high public corruption and weak financial management; and the role of sound audit practices in shaping the narratives is still at the



exploring stage in most countries in Sub-Saharan Africa. This research explores the nexus between public audit reforms and public sector financial management using survey research design and Nigeria as a case study. Participants in the study were drawn from The Office of the Auditor General of the Federation (OAuGF) Headquarter in Abuja. Agency theory anchored this study and simple descriptive analytics was used in testing the seven hypotheses. The research established that: the recent audit reforms carried out in Nigeria are considered necessary for better public sector financial management; Nigeria audit system has strong connection with public sector financial management; there is need for the establishment of Federal Audit Service Commission (FASC) in Nigeria; the recent audit reforms will block treasury loot and leakages in Nigerian public funds management; Nigeria needs effective audit laws to wholesomely fight corruption through recent audit reforms; and the recent Nigerian audit reforms embrace integrity, transparency and accountability in the management of public funds.

Significance of the Study

This study will principally serve as an effective tool or mechanism for checkmating leakages and corruption in the disbursement of public funds, and it will serve as a working guide to various ministries, departments, and agencies (MDAs) of government on how to promote and ensure quality public audit practices in Nigeria and beyond. Therefore, this study will be beneficial to multiple stakeholders such as public auditors, researchers, partners of government, and the citizens, among others. Public auditors will be better empowered to carry out their duties if the recommendations of this study are fully implemented. The audit institution would be further strengthened by the establishment of the Federal Audit Service Commission (FASC) and enactment of specific audit laws. This would have far reaching implications in promoting economic, effective, and efficient quality audit service delivery in the Nigerian public sector in particular.

This study would be of immense benefit to present and future researchers as it would serve as a springboard for deeper and wider investigations into bettering Nigeria's public audit services. This is because research on a particular subject is a continuous exercise in order to meet the yearnings and aspirations of a particular time. The Nigerian government has numerous local and foreign partners, and the implementation of the outcomes of this study by the government of Nigeria would help in instilling confidence in the country's strategic partners and donors. It would also boost investors' confidence in Nigeria and stimulate foreign direct investment into the country. This is because public corruption would decrease and the image of the country would be better projected abroad. All said and done, the ordinary Nigerians would be the greatest beneficiaries of this study. This is because public funds would be judiciously used for the good of the country, and the welfare and wellbeing of the masses would be better for it.

Conclusion

This research explores how Nigeria's recent audit reforms connect with public sector financial management using survey research design as the data collection method. Participants in the study were drawn from The Office of the Auditor General of the Federation (OAuGF) headquarters in Abuja. The study established that: The recent audit reforms carried out in Nigeria are considered necessary by the overwhelming majority of the respondents in order to promote better public sector financial management; Nigeria's audit



system has a strong connection with public sector financial management; there is a need for the establishment of Federal Audit Service Commission (FASC) in Nigeria; the recent audit reforms will block treasury loot and leakages in Nigerian public funds management; Nigeria needs effective audit laws to wholesomely fight corruption through recent audit reforms; and the recent Nigerian audit reforms embrace integrity, transparency and accountability in the management of public funds.

Recommendations

Based on the empirical findings in this research, the following salient recommendations are suggested:

- i. There is a need for audit staff orientation and professional development in order to ensure policy carriers (that is, auditors) are capable enough to enforce and uphold audit and regulatory standards put in place for effective service delivery.
- ii. There is a need for the establishment of the Federal Audit Service Commission (FASC) in order to promote the independence of Nigeria's audit system from executive interference. This will promote the building of strong audit institutions like in People's Republic of China, Republic of South Africa, the United Kingdom of Great Britain and Northern Ireland, and the United States of America.
- iii. There is a need to strengthen Nigeria's audit laws in order to curtail fund leakages, wastages of public property, and promotion of value-for-money expenditures. This will serve as a great tool for fighting corruption in the country.
- iv. The recent audit reforms carried out by the government of Nigeria should be sustained and given all necessary support in order to achieve the desired results. The executive, parliament, and civil societies should support the Nigerian audit reform exercise.
- v. The office of the Auditor-General for the Federation should ensure full implementation of the audit strategy plan 2017–2022 in order to yield better results and block treasury loot and leakages of public funds. There is a need for proper monitoring of strategy plans to achieve optimal results.
- vi. General sensitization should be made, and citizens of Nigeria should be given a platform to exercise their rights of monitoring funds disbursement, supervising projects/programs implementation, and making periodic assessment without being victimized.

Suggested Areas for Further Studies

There is a need to extend this study to other public sectors in Africa using higher statistical analysis techniques like correlation and regression by integrating other controls or moderating or mediating variables.



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