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Impact of Internal Audit Practices on Operational Efficiency of Government Organisations in Nigeria

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Abstract

The study examined the impact of internal audit practices on operational efficiency of government organisations in Nigeria. The population of the study consists of 350 staff in the five surveyed government organizations in Nigeria. The study through the use of Monkey Survey, sampled 310 respondents from Central Bank of Nigeria (CBN), Nigerian Ports Authority (NPA), Nigerian Maritime Administration and Safety Agency (NIMASA), Niger Delta Development Commission (NDDC) and Nigerian National Petroleum Corporation (NNPC) and validly used 310 respondents representing 89% response rate for data analysis. Risk assessment, Asset safeguard and Auditor's independence were used as the dimensions of internal audit practices in this study. The study used operational efficiency as both dependent and measurable variable. The study used a questionnaire to elicit information from the respondents. The study applied descriptive and inferential statistical tools to analyze the data and test the hypotheses with the help of SPSS 22.0. The study found that risk assessment has a positive and significant impacton operational efficiency of government organizations. This means that risk assessment as a veritable element for internal audit practices significantly affects operation al efficiency of government organisations. Asset safeguard has a positive and significant impact on operational efficiency of government organizations. Auditor independence has a positive and insignificant impact on operational efficiency of government organizations. The study therefore recommends that government organizations should encourage auditor independence in order to boost operational efficiency in public sector organizations.

Keywords: Internal Audit Practices, Risk Assessment, Asset Safeguard, Auditors' Independence, Operational efficiency, Government organisations

INTRODUCTION

Internal auditors become key by informing the public sector as a result of principal-agent relationship that exists between the executive and the public (Muhibat, 2016). Internal auditors help in safeguarding organization resources and are expected to give a continuous account of how the resources have been used and enable continuous assessment on whether the feedback meets public objectives and expectations and whether these are well-balanced to reduce the risks inherent in the principal-agent relationship (Babatunde, 2013).

Internal auditing principles offer quality reporting without due interference from top management in all processes and transactions undertaken and provide responses as to whether the agent has used the resources as intended and expected by the set rules (Adeniji, 2011). Independence is promoted through established reporting structure by the organization and should be clear to all parties focusing on achieving an appropriate mind-set.

The basic functions of internal auditors are directed towards evaluating whether operations were carried out in accordance with the set rules and regulations, set governance structures as well as systems that manage information in a bid to promote preciseness in undertaking transactions (Adedokun, 2014). In addition, internal auditors evaluate issues of integrity in a firm, measure systems and information flow to attain accountability and transparency in financial reporting (IIA, 2006). The other function of internal auditors is to offer direction on the best measures to avert occurrence of chances or deficits that may arise, as well as providing certainty to institutions audit committee's and top management in ensuring objectives are well set (Ademola, Adedoyin & Alade, 2015).

Public institutions are required to support the internal auditor to learn effectively on all if not most issues faced by public institutions by understanding the daily risks and constraints in public organizations systems and formulating strategies that will enable the internal auditors to work as a team to identify and address all risks (Abba & Kakanda, 2017). A good internal auditor is one who undertakes his role efficiently and effectively and enables the achievement of good governance systems in any given public institution (Belay 2007). The internal auditors' functions are affected by credibility issues hindering their capability to perform their duties in promoting transparency, accountability and good governance.

Vani (2010) argues that modern internal audit really evolved after the landmark1987 report of the Committee of Sponsoring Organizations (COSO) on fraudulent financial reporting. He further states that the implementation of the 2002 Sarbanes–Oxley act has further increased the breadth and depth of the professional work carried out by the Internal Audit (1A) community. Adedokun (2014) opines that the main objective of the modern Internal Audit function is to assist management in making decisions "by bringing a systematic, disciplined approach to evaluate and improve the effect of risk management, control, and governance process". This study is necessitated by the fact that over the years, the public sector organizations have been receiving large sums of money from governments for economic and social development; yet the result on ground has been extremely disappointing. Public expenditure has failed to translate into politically desired and expected goals. Hence, the need to examine the impact of internal audit practices on operational efficiency of government organizations in Nigeria.

Objectives of the Study

The study achieved the following specific objectives:
i).To investigate the influence of risk assessment on operational efficiency of government organisations in Nigeria
ii).To examine the influence of asset safeguard on operational efficiency of government organisations in Nigeria.
iii)To examine the effect of internal auditor's independence on operational efficiency of government organisations in Nigeria.

Research Questions

For the purposes of proper evaluation, the effect of internal audit practices on operational efficiency of government organisations in Nigeria, the following research questions were asked:

i).To what extent does risk assessment affect operational efficiency of government organisations in Nigeria?
ii).What is the effect of asset safeguard on operational efficiency of government organisations in Nigeria?
iii)What is the effect of internal auditor's independence on allocative of government organisations in Nigeria?

Research Hypotheses

This research investigated the effect of internal audit practices on public expenditure management in Nigeria.

Accordingly, the following hypotheses relating to the purpose and problems of the study have been formulated and tested:
Ho_1: Risk assessment has no significant impact on operational efficiency.
Ho_2: Asset safeguard has no significant impact on operational efficiency.
Ho_3: Auditors' independence has no significant impact on operational efficiency.

REVIEW OF RELEVANT LITERATURE

To achieve the literature review objective, the study critically examined the theoretical framework, conceptual framework involving internal audit practices, risk assessment, asset safeguard, auditor independence, operational efficiency and empirical review.

Theoretical Framework

This study reviewed theory of budgeting agency theory and adapted them to anchor internal audit and public operational efficiency in government organisations.

The Theory of Budgeting

Budget theory is the academic study of political and social motivations behind government and civil society budgeting. Classic theorists in Public Budgeting include Henry Adams, William Willoughby and, more recently, Aaron Wildavsky (Shields & Young, 1993). Budget theory was a central topic during the Progressive Era and was much discussed in municipal bureaus and other academic and quasiacademic facilities of that time such as the nascent Brookings Institution ((Sharma, 2012).

Shields and Young (1993) posit that budget acts as a detector of variances between organizational objectives and performance and vital part to the umbrella concept of an effective budgetary performance. Budgets project future financial performance which enables evaluating the financial viability of a chosen strategy. In most organizations this process is formalized by preparing annual budgets and monitoring performance against budgets (Silva & Jayamaha, 2012).

Budgets reflect the financial implication of business plans, identifying the amount, quantity and timing of resource needed (Shields and Young, 1993). They form benchmarks by comparing actual results with budgeted plans and to take corrective actions if necessary (Sharma, 2012). Budgets do influence the behavior and decisions of employees by translating business objectives, and providing a yardstick against which to assess performance. Bedford (2015) even considered such operational planning as the backbone of management. A budget allows a goal and a standard of performance to be established with subsequent comparison of actual results with the created standard. It requires those involved to be forward looking rather than looking back (Bedford, 2015). Budgets make goals explicit, code learning, facilitate control and contract with external parties (Arnold & Gillenkirch,2015). Fisher exemplified this by "linking compensation to performance measures against the budget", thereby making goals explicit, communicating goals and thereby coding learning and clarifying performance measures for individual employees of an organization (Karadag 2015).

Agency Theory

The Principal-Agent (Agency) theory supports development of budgeting. The classic agency theory concept was developed by Berle and Means in 1932.The theory explains why conflicts exist between principals (shareholders/owners) and their agents (managers) leading to agency costs. It aims at reducing information asymmetry so that both the principal and agent read from the same script through the threat of sanctions and the possibility of incentives. Agency theory is developed around the concept of contractual relationships between two groups with conflicting objectives, i.e. principles and agents. The objective in agency theory is to structure the contractual relationship between these groups so that agents take actions to maximize the welfare of principals. This is based on standard principal-agent models involving supervision (Arnold & Gillenkirch, 2015). The National Treasury has control of line ministries and state corporations and is supposed to represent the public interest. State corporations are seen as agents of the National Treasury (principal) because they are required to produce a certain level of public output including the quality of this output in exchange for their budget appropriation. An emerging representative of the public interests in the budget making process has been embodied through civic groups' and the legislature's involvement in the budget making process in most developing countries This trend has been associated with three important international developments i.e. democratization, devolution and public expenditure management reforms. The pair 'expenditure program-budget appropriation' can be interpreted as the two components of the contract between the National Treasury and state corporations (Alau. & Abdulkadir 2009).

The objective of The National Treasury is to induce the state corporations into implementing their expenditure programs, while they pursue their own objectives. That relationship entails both hidden actions (e.g. the productive "effort "of the civil servants, possible perquisite consumption, or corruption) and hidden information (e.g. the exogenous productivity of that particular sector of the economy), with the agents having the informational advantage over the principal (Bedford, 2015).

Conceptual Framework

This study evaluated the impact of internal audit practices on operational efficiency of government organizations in Nigeria. In carrying out the study, three dimensions of internal audit practices (independent variables or predictor variables) namely; risk assessment, asset safeguard and auditor independence were examined. These dimensions have been adopted in line with the works of Adeniji (2011), Babatunde (2013), Gorzen-Mitka (2015), Arnold and Artz (2015) and Su *et al.* (2015).

Also, operational efficiency served as the dependent or criterion variable as well as the measure in this study. The study adopted part of the classifications of operational efficiency espoused by Abba and Kakanda (2017); Bedford and Malmi (2015) and Shields (2015) as well as the Bretton wood institutions' work on the measurement of public expenditure management variables (World Bank, 2017).

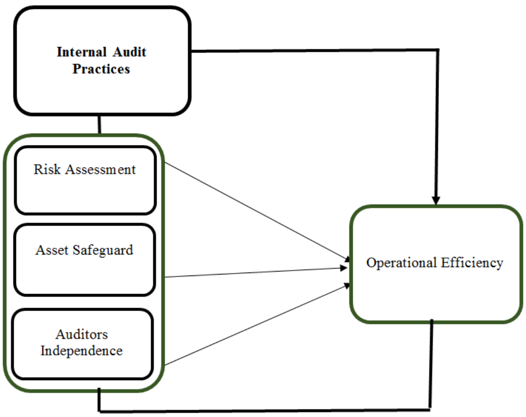

Figure 1: Conceptual/Operational Framework of the Impact of Internal Audit Practices on Operational efficiency of Government Organisationsin Nigeria.

Source: Sanusi, F. A., & Mustapha, M. B. (2015). The effectiveness of budgetary control system and financial accountability at local government level in Nigeria impact. *International Journal of Research in Business Management, 3* (8).

Internal Audit Practices

The objectives of internal audit are unarguably broad but governments differ in their commitment to them. This is why it is generally asserted that the effectiveness of internal audit can only be as good as the commitment of government to pursue these objectives. World Bank (2017), states that the internal auditor's main objective is to evaluate effectiveness of financial and operating control, confirm compliance with company policies, procedure, protect assets, verify the accuracy and consistency of organization's external and internal reports. While Erlina and Muda (2018), believe that the objective of internal audit is to evaluate several of the organization's reports for accuracy and usefulness and also recommending improvement of the control system, Arnold and Artz (2015) argue that the objective of internal auditor is to protect management against errors of principle and neglect of duty.

The Institute of Internal Auditors (IIA) (2010) defines internal auditing as an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It assists an organization to achieve its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Abba and Kakanda (2017) contend that the aim of internal auditing is to improve organizational efficiency and effectiveness through constructive criticism. This means that identification of areas of weakness and suggestions for improvement are in themselves a thrust of internal auditing. Little wonder Gorzen-Mitka (2015) state that internal auditor's job is not done until defects are corrected and remain corrected.

The quality and effectiveness of internal audit procedures in practice are necessary since internal auditors cover a wide variety of assignments, not all of which will relate to accounting areas in which the external auditor is interested. Effectiveness of internal audit procedures is a measure of the ability of the programme to produce a desired effect or a result that can be qualitatively measured (Arnold & Artz (2015).

Rotich (2015), argues that there should be effective internal audit procedures to ensure reliability of financial statements, operational reports, safeguarding corporate assets and effective organizational controls. Onuonga (2014) maintains that higher education not only enables a state to maintain a competitive advantage but it also stimulates scientific research that results in modernization and social transformation. On this basis, Onuonga (2014), further proposes that governments should financially support their institutions of higher education. The Universities are increasingly being pushed towards greater accountability and a display of greater sensitivity to the needs of its stakeholders.

The audit function has become an integral part of government financial management and an instrument for improving performance in the public sector. Internal audit undertakes reviews of individual systems and processes and consequently makes recommendations to heads of public sector entities on how internal controls could be improved. The internal audit function is in a good position to help senior management of public institutions to identify risks, suggest

risk management strategies and, ultimately, provide assurance that the risks are being appropriately managed (Abba & Kakanda, 2017).
The internal auditing developed rapidly during the decade of 1930s generating the foundation of the Institute of Internal Auditors (IIA), which is an organization with local chapter in the main cities worldwide. The IIA defines internal auditing as follows: Internal auditors are an important part of the internal control environment of entities, representing the highest level of control that measure and evaluate the effectiveness of other controls. Additionally, to the financial controls, the internal auditor's scope includes the evaluation and testing of control effectiveness, and other assurance and consulting services to the management (Alaswad & Stanišić, 2016).

The IIA have issued the standards for the practice of internal auditing with the following purpose: to delineate basic principles that represent the practice of internal auditing; provide a framework for performing and promoting a broad range of value-added internal auditing; establish the basis for the evaluation of internal audit performance; to foster improved organizational processes and operations (Alaswad & Stanišić, 2016).

The auditing standards of the IIA includes two parts, the first is the attribute standards that state basic requirements for the practice of internal auditing. According to this attribute, organizations should define in a formal document or internal audit charter, the purpose, authority, and responsibility of the internal audit, and the nature of assurance and consulting services that the internal auditors will provide. Additionally, the competencies, knowledge, and skills that an auditor must possess are described as well as the due professional care requirement for the performance of the engagement as important elements of the IIA standards (Alaswad & Stanišić, 2016).

According to Shields (2015), Internal Auditing is the review of operations and records sometimes undertaken within the business by especially assigned staff. It is also an independent appraisal function established within an organization to examine and evaluate the effectiveness, efficiency and economy of managements control system (Abba & Kakanda, 2017).

Risk Assessment

Broadly speaking, a risk assessment is the combined effort of: Identifying and analyzing potential events that may negatively impact individuals, assets, and/or the environment; and making judgments on the tolerability of the risk on the basis of a risk analysis while considering influencing factors (Shields, 2015).Vijayakumar and Nagaraja (2012) see risk assessment as a term used to describe the overall process or method where you: Identify hazards and risk factors that have the potential to cause harm (hazard identification). Analyze and evaluate the risk associated with that hazard (risk analysis, and risk evaluation).

Put in simpler terms, a risk assessment analyzes what can go wrong, how likely it is to happen, what the potential consequences are, and how tolerable the identified risk is. As part of this process, the resulting determination of risk may be expressed in a quantitative or qualitative fashion. The risk assessment is an inherent part of an overall risk management strategy, which attempts to, after a risk assessment, introduce control measures to eliminate or reduce any potential risk-related consequences (Muhibat, 2016).

The internal audit function is uniquely embedded within the organization to render universal pledge to board and management on the efficacy of internal governance and uncertainty. It ensures an advocacy role in respect to improved ways of assisting management in implementing recommended processes. This framework helps internal auditing to be a key cornerstone of an organization's corporate governance.

Risk assessment is the determination of actions/inactions that may affect an organization's operations. It refers to the processes and approaches used by managers of an entity to determine the chances of happenings of possible risks in whichever industry they operate in and then the devising of ways to minimize or mitigate those risks (Modar & Shatha, 2015). Risks have got a serious bearing on public expenditure management, if not contained; it will affect the intended outcome (Monday & Aladeraji, 2015). Risk assessment has two components; first, risk identification that require a firm to conduct systematic internal evaluation, industry analysis using Michael Porter's approach. Internal risks such as strategic risk, operational risk, governance and financial risks; these are easy to mitigate since the management has a hand in their control as opposed to external risks which are beyond the control of the management. The external risks which are beyond management control include events like political risk, economic risk, legislative risk, compliance and technological risk.

Risk evaluation refers to process of analyzing the likelihood of the occurrence of the threat by categorizing them into high, medium and low chance of happening. Once risks are identified and evaluated, the management can transfer the risk by means of insurance, subcontracting or outsourcing, reduce the risk through raising staff awareness, putting security measures in place, diversification, strengthening of internal controls, good staff recruitment and training; conducting research and development and developing quality control measures over production of goods and services, accept the risk by doing nothing, hope for the best, and lastly to avoid the risk by not allowing the organization to engage in high-risk ventures (Modar & Shatha, 2015).

However, the fact is that the HealthSouth executives hid a large part of giant fraud, with overstated profits by $3 billion. This is the key reason that a blind spot in the firm's auditing procedures may lead to 15 of former Health South executive fraud charges. Ernst & Young did not notice the fraud until March 2003 when federal agents began to arrest those executives. In addition, the risk-based approach helps explain the increasing number of accounting scandals, such as WorldCom Inc., and Tyco International Ltd. to Parmalat SPA (Ademola *et al.* 2015). An accounting firm might not actually check a company's numbers even if they state that they audited their financial statement already. Thus, many investors keep been shocked by those scandals. There are two risk-based audit methodologies which are "bottom up" audit and "top down" audit.

Auditors should use their knowledge of the client's business "to identify risks that could affect the financial statements and to target audit effort in those areas." That is, more numbers that spit out by the client's computers will be used by the auditors. (Chenhall & Moers, 2015).

To get value, the internal audit function should be independent and unbiased, as a public sector internal audit function can give value through oversight, insight, and foresight. Oversight – to evaluate whether public sector agencies are pragmatic towards detecting and deterring public corruption. Insight – inform decision makers with unbiased evaluation of public sector programs, policies, operations, and results. Foresight – recognize trends and new challenges in the public sector, with specifics to the agency or sector in which the internal audit function resides. To understand the policies of business and related risks is fundamental to the ability of internal audit in the addition of value to public sector agency (Bedford, 2015).

Asset Safeguard

Safeguarding of assets is defined as those policies and procedures that provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposal of the company's assets that could have a material consequence on the financial statements (Chenhall & Moers, 2015).

How to make internal audit effective has been an area of common interest to many. This has been responsible for the divergent views of authors on this concept. To that effect, the Institute of Internal Audit (2010) sees internal audit effectiveness as the degree (including quality) to which established objectives are achieved. Vijayakumar and Nagaraja (2012) appear to be concerned more with the outcome of effective internal audit system which they argue helps in achieving performance, profitability and prevents loss of revenues particularly in public sectors.

While Muda et al. (2018). view audit effectiveness as achieving audit's objective by gathering of sufficient and appropriate audit evidence in order to express reasonable opinion regarding the financial statements compliance with generally acceptable accounting principles, Muhibat (2016), express audit effectiveness as the number and scope of deficiencies corrected following the audited process.

Alberta (2005) as cited in Mu'azu and Siti (2013) states that effective internal audit professionals should possess the following characteristics: Ability to align the structure of internal audit with the dynamics of the organizational operation; There should be strong relationship between management skills for maintaining appropriate visibility and audit committee needs and expectations; There should be strong service delivery capabilities (consistency in approach, standards, and delivery, including the abilities to maintain audit focus and alignment of resources to the plan; There should also be strong management skills which will ensure that internal audit can have appropriate skills and motivation. Besides the above, the level of training, education, experiences as well as professional qualifications of the internal auditors influence the effectiveness of internal audit. The above characteristics are essential and we see them as building blocks to effective internal audit system (Ademola *et al.* 2015).

Muda et al. (2018) are of the opinion that attributes of effective internal control include "organizational independence, a formal mandate (existence of approved audit charter, unrestricted access, sufficient staff, existence of audit committee, stakeholder support, professional audit standards and unlimited scope. In a related development, Mu'azu and Siti (2013) believe that effective internal audit service should aspire to understand the whole organization, its needs and objectives, understand its position with respect to the organization's other resources of assurance and plan its work accordingly; be seen as catalyst for change at the heart of the organization; and value and assist the organization in achieving its objectives; help to shape the ethics and standards of the organization, ensure the right resources are available and seek opportunities for joint working with other organizations'. A cursory look at the above reveals the holistic nature of the expectations of effective internal audit system from a professional standpoint. It is more or less like setting the universal standard against which effectiveness of internal control would be assessed.

Adeniji, (2011) argued that amongst the not so fascinating but significant attributes of an organization's actions are internal controls, which encompasses safeguarding corporate assets. Accountants are required to carry out sound assessments to safeguard assets and rationally make sure that management's goals are realized in the direction of effective operations, dependable financial reporting and legal and regulatory compliance.

Alzeban (2015) advanced that Assets management involves continuous re-appraisal of business models in the light of emerging challenges. Therefore, in recognition of corporate stakeholders' expectation, there should be deliberate efforts to be vigilant about investment risks as the cycle revolves. Control a measure relating to safeguarding of assets in opposition to unlawful acquisition use or disposal is a process, perfected by an entity's board of directors, management and other personnel, designed to give sensible assertion regarding prevention or appropriate discovery of illegal acquisition, use, or dispossession of the business entity of its assets.

Erlina and Muda (2018) stated that, developing policy as to who has access and control over reliable aspects of company assets is the first step in appreciating at what point a risk of loss may occur. In recent time, business needs to execute controls above traditional physical safeguarding in order to improve business performance. There is dearth of scholarly contributions on the subject area or variable under examination, assets safeguard. The contributions in existence focused on developed economies. From the foregoing. The implications generated from this endeavour will aid the entrenchment of accountability and viable culture of safeguarding assets will be institutionalized.

The non-current assets are subjected to annual wear and tear normally referred to as depreciation. With the exception of land which may appreciate in the non-current category of assets, other categories undergo amortization, whereas the wasting assets are subjected to the process of depletion. The method of depreciation adopted by management should be strictly adhered to and the consistency principle should prevail to avoid unnecessary discrepancy that may arise from assets valuation. The maintenance of assets register is very crucial, just as the preparation of 'debtors ageing analysis' for business organizations makes for effective and efficient management of resources (Abba & Kakanda, 2017).

The explanation advanced by Güneş and Atılgan (2016), that Off-Line-Control consists of on-going measures and procedures designed to provide reasonable assurance, that all significant actions of a business organization, are taken in accordance with organization's policies and with due regard for efficiency and the protection or safeguard of corporate assets. The on-line control function is more of an appraisal activity designed to evaluate the capabilities of an organization, to promote more efficient and effective controls through constructive recommendations of the unit responsible for the maintenance of the assets register. In order to safeguard corporate assets, organizations' records and documentation of transactions should be crosschecked by qualified and designated personnel for the maintenance of checks and balances in the system, the job of employees should be checked against one another (Awdat, 2015).

The achievement of a favorable result at the least cost of resources possible appears to enhance business performance (Asiedu

& Deffor, 2017). The contributions made by scholars emphasizing the need for organizations assets to be safeguarded, had over the passage of time resulted to goal achievement and often time, effective business performance may have been realized and sustained. Güneş and Atılgan (2016) had a different view, on the issue of assets safeguard, that irrespective of the undue pressure on the internal audit staff, the internal auditor remains accountable to management and by extension the shareholders or owners of the business organization.

Auditor Independence

Auditor independence has been defined as the ability to resist client pressure (Alau & Abdulkadir, 2009). Similarly, Ademola *et al.* (2015) define auditor independence as having: "... freedom from situations and relationships which make it probable that a reasonable and informed third party would conclude that objectivity either is impaired or could be impaired". Independence is traditionally regarded as being one of the fundamental principles underlying the reliability of an auditor's report.

An auditors' report would not be deemed credible and investors and creditors would have little confidence in it, if auditors were not independent in both fact and appearance (Amans *et al.* 2015). The independence of auditors has been a major concern for some time. In recent years, it has become even more distinctive, given the collapse of Enron, which resulted in the closure of Arthur Andersen, one of the major international accounting firms (*Chang* & *Choy*, *2016).* Andersen's audit of Enron may have been the most notable failure of auditor independence, but it was by no means the first, the largest, or the last (ANAO, 2014). Enron was a very important client of Andersen's, and due to its long association with the company, Andersen's auditors failed to uncover the wrongdoing that went on at Enron as soon as it had occurred (Anderson *et al. et al.* 2014).

People rely extensively on the advice of experts. Often, these experts face conflicts of interest between their own self-interest and their professional obligation to provide good advice. A central concern in the Enron post-mortem has been to explain why Enron's auditor, Arthur Anderson, failed to act as an independent gatekeeper of reliable and transparent financial information (Muhibat, 2016). To be credible, an auditor's opinion must be based on an objective and disinterested assessment of whether the financial statements are presented fairly in conformity with Generally Accepted Accounting Principles (GAAP). If this is complied with to the auditor's best ability, this, in turn, will mean that users will have more confidence in audited financial statements and that there will be greater certainty in the capital markets (Erlina & Muda, 2018).

In light of these scandals, Congress in the US passed the SOX Act to prescribe new requirements and restrictions for auditors of publicly traded companies (Chambers, 2009). Although there have been no comparable failures, brought forward as of yet in the United Kingdom (UK) or Ireland, where the regulatory framework has been claimed to be more robust (CIPFA, 2006), public reassurance was needed. The UK Government rapidly instigated reviews of key aspects of the UK regulatory framework and a key concern was highlighted regarding the adequacy of the framework for auditor independence (Cohen & Sayag, 2010).

To improve audit quality and ensure auditor independence and objectivity, there are now more regulators, such as the FRC who set up the APB in an attempt to rectify the threats that face auditors today. The APB have been continuously updating their auditing ethical standards, since they were first introduced as guidelines for auditors in December 2004, in an attempt to overcome the auditor independence issues that are worldwide. The updated auditing ethical standards functions are to: – Limit the likelihood that auditors will succumb to independence pressure (Collins & Khan, 2004). – Establish high standards of auditing – Meet the developing needs of users of financial information and – Ensure public confidence in the auditing process (Vani, 2010). The following section provides a brief synopsis of the ethical standards that are in place today.

The concept of autonomy refers to the dimension of conflicts of interest that require the Internal Auditor to be independent on the activities of his review, and to be away from the influence of the party that performs the audit of its operations, and that means a sense of practitioners that they are able to make decisions without pressure or docility to those who are making an impact on them The objective concept relates to the quality of the estimates and decisions and judgments and quality out of the state of mind experienced by the internal auditor, in the sense that the objective is a product of independence, and that the absence of independency element for internal auditor loses the ability to add any value to the institution, that mean the audit operation lose the add value, it is that the concept of independency is absolute value and difficult to apply, the internal auditor is closely linked to the organization is contractually as an employee within the organization (Arena & Azzone, 2009).

Operational efficiency of Government Organisations

Suppose that the government manages to instill aggregate fiscal discipline and to enhance operational efficiency. That is, it stays within its budget and spends on the right things. It still has to confront the challenge of providing services at an acceptable level of quality and at reasonable cost? In this case, there are two problems. The first is the inevitability of government being the monopoly supplier of some, in fact many services. A monopolist has little incentive to keep costs down and provide good service. Government as monopolist is no exception. In the case of obtaining a driver’s license, for instance, because a citizen has no choice but to get it from the driver’s license bureau, the service is usually grossly inefficient (and invariably corrupted). The second is a typical management problem. How can top management monitor the performance of the company staff? Top management has a set of preferences and priorities which it seeks to satisfy. Staff may not necessarily have the same preferences nor share the same priorities. When such misalignment occurs then there will be a tendency for some staff to try and “shirk”, i.e. do other than what management wants them to do. This is what economists refer to as the principal agent problem. It is particularly severe in government because the likelihood of misalignment is much higher.

The more severe the misalignment, the higher will be the cost of monitoring the performance of staff. And the higher the cost of monitoring, the less monitoring there will be. Consequently, inefficiencies will creep in. It is no wonder for instance that, in many developing countries, considerable corruption occurs in the public procurement of goods and services. While such problems occur in private firms, competition and the profit motive tends to limit it. Unfortunately, in the public sector, monopoly is the more general rule and there is no “bottom line” profit to contend with (Ewa & Udoayang, 2012).

The principal agent problem is another one of those issues which economists have beaten to death. For instance, a considerable literature exists on the appropriate contractual arrangements between a landlord (the principal) and a tenant farmer (the agent). In the context of operational efficiency, the oversight agencies (including primarily the budget agency) are the "principal" and each line agency an "agent". Moreover, within a line agency, the minister is the principal and his management staff the agents. Within a division in the ministry, the manager of the division is the principal and the staff are the agents. In short, there are several layers of principal-agent relationships. Is it no wonder then why many governments tend to be (operationally) inefficient? In the private sector, this problem is also endemic. But CEOs and managers in the private sector have a very important ally – profits, competition, and the market. The bottom line is something that managers can easily monitor. So by structuring the company so that sources of profits (and losses) are easily discernible, management can more easily identify who is to blame or reward. Staff, particularly those in the line departments, cannot manipulate the market (De Baerdemaeker & Bruggeman, 2015). People buy a product because they want them and/or they get good service. Hence, if a product's sales decline then the manager of the division for that product line is to blame. Within the division, the manager will also know which of his line people has performed poorly since the division will likely be structured into sales districts with division staff assigned to each of those districts. One implication of this is that, to the extent possible, government should use the private sector to help deliver services since it is better able to address the principal agent problem. Some services can be privatized or outsourced; for others, the management can be contracted out.

The linking framework which allows expenditures to be driven by policy priorities and disciplined by budget realities is provided by the MTEF (World Bank, 2017). Due to the disconnection between budget priorities and national development objectives the MTEF has become an integral component of public expenditure management (PEM) programs. The expenditure framework, fiscal management and macroeconomics can be seen as closely related, but macroeconomic performance has a significant impact on revenues due to its impact on various tax units, and also on expenditure due to spending on transfers, interest payments, and inflation etc. Although fiscal policies and performance have a significant impact on macroeconomic conditions, fiscal phenomenon i.e. budget surpluses or deficits, allocation of government spending, level of public debt, tax rates, level and scope of subsidies and transfers have positive and negative impacts on macroeconomic performance which influences the decisions of various economic fundamentals (World Bank, 2017).

The relationship between macroeconomics and fiscal performance, with a more specific focus on the role of macroeconomic information and analysis in budget management, raises a critical question: what are the goals of public sector budget management? A good budget is one that contributes to the efficient delivery of public goods and services across a range of important sectors (e.g. health, education, transportation, etc.), and does so in a fiscally prudent or sustainable manner, i.e. working within a budget constraint. Recent literature on public expenditure management offers an analytical framework for assessing the level of budget management, premised on MTEF and based on these three characteristics, which are captured using the following terminology (World Bank, 2017):

a. Aggregate Fiscal Discipline – keeping spending within a realistic budget constraint such that over time the government is not accumulating substantial debt.
b. Sectoral Prioritization – allocating resources across sectors in accordance with well-defined and appropriate policy priorities and sectoral strategies.
c. Technical (or Operational) Efficiency – utilizing resources in a manner that minimizes costs for providing a given set of outputs and outcomes.

Empirical Review

In a study carried out by Ahmad, Othman and Jusoff (2009) investigated the ineffectiveness of internal audit in Malaysian public sector. They sampled 285 employees in the public service through questionnaire. The study used simple percentages as the tool for data analysis and they found that lack of audit staff was a major impediment to effective internal auditing.

Stewart and Subramaniam (2010), investigated internal auditors' independence and corporate performance of selected banks in India. They sampled 372 staff in the banking sector and used Spearman Rank Order Correlation. They found close relationship with management and or audit committee and social pressure from management and or audit committees. They further found a significant correlation between internal auditors' independence and financial performance in terms of audit quality which is related to the consulting and assurance activities of internal auditors.

Furthermore, Cohen and Sayag (2010) studied 'effectiveness of internal auditing: An Empirical Examination of its Determinants in Israeli organization'. With the use of questionnaire and mail survey of 292 organizations and ANOVA, the study identified management support, especially in relation to provision of proficient internal audit staff, career development and independence of internal auditors as vital to the effectiveness of internal audit.

In another study, Davila, Foster and Jia (2014) investigated the valuation of management control systems in start-up companies: International field-based evidence on the 'relationship between elements of internal control system and internal audit effectiveness' with the use of 52 Hotels in Greek through mail survey, the results reveal positive relationship between the variables. However, they suggested that with larger samples the outcome of the study might differ significantly from their own.

Wang et al. (2015), examined industry expertise of independent directors and board monitoring. The study made use a cross-sectional design and a sample of 92 respondents. They established that an accommodative ownership structure that embraced corporate governance in audit committee independence contribute to internal auditors' effectiveness leading to improved audit quality and good governance.

Barasa (2015) examined statistical analysis of the role of internal audit in promoting public expenditure management in public institutions in Nigeria. Internal audit function was measured by risk management, control process, and governance process, while accountability, transparency, effectiveness, efficiency and responsiveness measured public expenditure management. Using correlation analysis, the study showed that there was a strong significant relationship between internal audit and public expenditure management in public institutions. The empirical studies showed that much research on the subject matter have been carried out even in different countries, but very little have been done in Nigeria especially. This necessitated this study.

Further, Kaneza (2016), in a study on internal auditors' independence and their effective evaluation of risk management in banks found a positive correlation between these and the financial performance of listed banks. Using an observational study research design and a sample of 102 observations, they asserted this relationship was also exhibited in the integrity of financial reports reflected by reliable earnings quality. They demonstrated that this independence was extended to external auditors thereby reducing fees that would have been charged for the purchase of non-auditing services (NAS) by the external auditor which in-turn improved return on assets and profitability of the listed banks that attracted investors.

Scott (2016).identified the reality of the internal audit in the municipalities of the Gaza Strip, and to achieve the objectives of the study and testing of hypotheses, a questionnaire was designed and distributed to (77) of workers in the units of internal audit and control, financial accountants and managers in the municipalities of the Gaza Strip, and the study found the internal auditors tasks audit required of them, and their commitment to the internal audit generally accepted standards, and the attention of the members of the Municipal Council of the importance of the existence of the Department of Internal Audit, and follow the internal audit department in the municipalities of the Gaza Strip to the Department of Finance and not to senior management, and lack of interest by senior management to develop the internal audit department, the study concluded that the number of Recommendations of them, units in terms of the reality regulatory and independence made it clear, and the study confirmed the weakness of the independence of those units, and the lack of detailed evidence to the policies and procedures in those units, and the study showed that the units audited often do not follow the methodology of work documented and clear when carrying out the internal audit.

World Bank (2017) examined the difficulties in the practices of cash planning, lack of reliability and short horizon of ceilings for expenditure commitment, lack of liquidity, several outstanding bills, and lack of regular information on cash balances. World Bank (2017) emphasizes categorically that these situations ultimately impact upon the quality of the service delivery. The World Bank (2017) further found that, there remain substantial weaknesses in expenditure control, and that while the rules and procedures are generally clearly described in the regulatory framework and internal guidelines, they are often not adhered to.

Erlina and Muda (2018) examined the determinants of the implementation of risk-based internal auditing in Sweden banks. The study used questionnaire to sample 418 staff in Sweden banks. They used an observational study research design and correlation statistical tool for hypotheses testing. They found strong evidence that internal auditors' independence was positively correlated with the share performance of listed banks in the country. They also established that non-interference of internal auditors' work by senior management strongly improve the image of listed banks. They further found that improved image also exhibited a positive relationship with investor confidence leading to improved share value and profitability.

Behrend and Eulerich (2019) studied the evolution of internal audit research: a bibliometric analysis of published documents (1926–2016). The study used chi-square to determine the frequency of occurrence between the evolution of internal audit research and a bibliometric analysis.

METHODOLOGY

The research design applied in this study is the survey research design. The survey method emphasizes quantitative analysis whereby data is collected through questionnaire, interviews, or from existing documents. The population of the study consists of all the key management and middle administrative staff in the five major government owned organizations in Nigeria that are very knowledgeable on the study's area of interest. Therefore, the population of the study consisted of 350 management and middle administrative staff from the five selected government organizations.

In this study, percentages, ratios, frequency distribution, scaling, ranking and other statistical tools were used to analyze and achieve research objectives. Nevertheless, stepwise regression was used to test the moderating variable. Regression analysis was used to test the extent of the effect individual and collective variable(s) on the other. Specifically, ordinary least square estimate was used for the analysis. Also, regression analysis (ordinary least square method - OLS) was used to test the hypotheses formulated in the study in order to determine the effect of the dimensions of the independent variables on the measures of the dependent variables. All these analyses were computed through the use of statistical package for social sciences (SPSS) IBM SPSS Statistics 22 version.

Model Specification

$Y = b_o + b_1x_1 + b_2x_2 + b_3x_3 + e$ -------------(1)
OE = f (RA, AS, AI)
Where;
OE = Operational efficiency
RA = Risk assessment
AS = Asset safeguard
AI = Auditors' independence

Statistical Model Specification

This study used allocative efficiency as the dependent (criterion) variables while risk assessment, asset safeguard, auditors' independence and professional competence were used as independent (predictor) variables. The model is therefore specified thus:

$Y_1 = b_o + b_1x_1 + b_2x_2 + b_3x_3 + e$; for hypotheses

Where;
Y = Operational Efficiency
X_1 =Risk assessment
X_2 = Asset safeguard
X_3 = Auditors' independence
b_o = The parameter which represents the intercept, b_1, b_2, b_3 = the regression parameters were used in determining the significance of the effect of each of the independent variables x_1, x_2, x_3 on the dependent variables Y. e = Random disturbance term.

These include the variables which (although not specified) in this model may also affect internal audit practices and public expenditure management (Akujuru & Enyioko, 2018). They include government policies, political instability, corruption, environmental marketing problems etc. The effects of internal audit practices on the dependent variables were measured in interval and ratio scaling. The coefficient of determination (R^2) was used to measure the rate at which the independent variable was explained by dependent variables. The a priori expectations for the coefficients are as follows: $\beta_0>0$; $\beta_1>0$; $\beta_2>0$; $\beta_3>0$

RESULTS AND DISCUSSION OF FINDINGS

Test of Reliability

To achieve this, reliability has been ascertained relying on Cronbach alpha using the Nunnally and Bernstein's (1994) threshold, alpha values for the examined constructs and items are as follows:

Table 1: Test of Reliability

Construct	No of items	Alpha(α)
Risk assessment	5	0.861
Asset safeguard	5	0.771
Auditor independence	5	0.857
Operational efficiency	5	0.877
Total		3.366
Mean Reliability	3.366 ÷ 4	0.8415

Source: Survey Data, 2021, and IBM SPSS Statistics 22 Window Output

From the alpha outcomes in Table 1, the instrument is a dependable one and identified with the topic of the study. The information gathering instrument was tried for unwavering quality utilizing Cronbach's Alpha is within the acknowledged scope of 0.70 or more as the overall reliability test of the instrument is 0.8415. This has been achieved in line with Okwandu's (2007) position that the use of the SPSS software package would practically help in testing of the reliability of instruments. Validity test was additionally done, utilizing specialists proficient in the subject matter under investigation, experts and supervisors' endorsement to determine that the instruments were significant and measured what they were designed to measure. The predictors and the criterion variables were found to be dependable as the constructs have alpha values above the Nunnally threshold of 0.7 (Akujuru & Enyioko, 2018).

Administration and Retrieval of Questionnaire

Collection of data was carried out by the researcher through Monkey Survey which involved the administration of the copies of questionnaire to the selected public organizations' email addresses. After administering the instruments, the respondents were given a time space of three months to respond to the instruments. Thereafter copies of questionnaire were retrieved through established email contacts of the government organizations by the help of Monkey

Survey. A total number of 350 copies of questionnaire were distributed to the respondents from 5 government organizations in Nigeria. A total of 328 copies of questionnaire were retrieved from them. After editing the retrieved copies of questionnaire, the copies found useful were 310. The 310 copies of questionnaire were considered as valid and suitable for data analysis in this study. The administration and retrieval of copies of the questionnaire are shown in Table 2 below:

Table 2: Questionnaire Administration and Retrieval

S/N	Organisation	Copies distributed	Copies Retrieved	Copies found useful	Response Rate
1.	Central Bank of Nigeria (CBN)	70	61	60	86%
2.	Nigerian Ports Authority (NPA)	70	68	64	91%
3.	Nigerian Maritime Administration and Safety Agency (NIMASA)	70	69	63	90%
4.	Niger Delta Development Commission (NDDC)	70	67	62	89%
5.	Nigerian National Petroleum Corporation (NNPC)	70	63	61	87%
	Total	350	328	310	89%

Source: Survey Data, 2021

Table 2 shows the details of how the copies of questionnaire (survey instruments) were distributed and retrieved from the respondent government organisations' staff through the Monkey Survey. The data collection shows that 70 copies of questionnaire were administered to Central Bank of Nigeria (CBN) and 61 copies retrieved from the respondents while 60 copies of questionnaire representing 86% response rate were found useful from this segment. Also, 70 copies of questionnaire were administered to the staff of Nigerian Ports Authority and 68 copies were retrieved from them while 64 copies of questionnaire representing 91% were found useful. With respect to Nigerian Maritime Administration and Safety Agency (NIMASA) 70 copies of questionnaire were administered to their staff and 69 copies retrieved from the respondents while 63 copies of questionnaire representing 90% were found useful in this segment. In Niger Delta Development Commission (NDDC), 70 copies of questionnaire were administered to their staff and 67 copies retrieved from the respondents while 62 copies of questionnaire representing 89%. For Nigerian National Petroleum Corporation (NNPC) 70 copies of questionnaire were administered to their staff and 63 copies of questionnaire were retrieved from the respondents while 61 copies of questionnaire representing 87% were found useful in this segment. In all, 350 copies of questionnaire were distributed to five (5) government organizations in Nigeria and 328 copies of questionnaire were retrieved from them. However, after going through them, 310 copies of questionnaire representing 89% response rate was found useful for data analysis.

Table 3: Main Objectives for Internal Audit Practices in Government organizations

Objective	Number of Respondents	Agree Percentage (%)	Number of Respondents	Disagree Percentage(%)
Setting direction	200	64.52%	110	35.48%
Instilling ethics	180	58.06%	130	41.94%
Overseeing results	162	52.26%	148	47.74%
Accountability reporting	215	69.35%	95	30.65%
Correcting course	183	59.03%	127	40.97%
Deterrence	170	54.84%	140	45.16%
Foresight and Insight	220	70.97%	90	29.03%
Others	164	52.90%	146	47.10%

Source: Survey Data, 2021, and IBM SPSS Statistics 22 Window Output

Table 3 shows the responses of the respondents on the main objectives for internal audit practices in government organizations. The data reveal that 70.97% of the respondents indicated that the main objective for internal audit practices in government organizations is foresight/insight. This is followed by accountability reporting as 69.35% of the respondents indicated this option. Also, 64.52% of the respondent specified that the main objective for internal audit practices in government organizations is setting direction. However, as revealed in the data 59.03% of the respondents indicated that the main objective for internal audit practices in government organizations is correcting course. Table 4.8 shows that 58.06% of the respondents indicated that the main objective for internal audit practices in government organizations is instilling ethics. Deterrence as indicated by 69.35% of the respondents is one of the main objective for internal audit practices in government organizations. Finally, 52.26% of the respondents picked overseeing results while 52.90% of the respondents indicated others strengthening the financial records and correction of deviations as the main objectives for internal audit practices in government organizations.

Risk assessment as a Dimension of Internal audit practices

Table 4 gives the detailed analysis on how risk assessment as a dimension of internal audit practices has been examined to determine its effect on public expenditure management of government organizations and to show its descriptive statistical outcome based on the questions deposed.

Table 4: Risk assessment as a Dimension of Internal audit practices

S/N	Question Items on Risk Assessment	N	$\bar{X}$	SD
1	To what extent does your organization use risk assessment to achieve auditing objectives?	310	2.848	1.225
2	To what extent are staff in your organization very skillful in risk assessment activities?	310	3.271	1.128
3	To what extent does risk assessment offer veritable opportunities for achieving internal audit practices in your organization?	310	2.819	1.647
4	To what extent does your organization introduce any controlling measures through risk assessment?	310	3.074	1.536
5	To what extent do customers talk good about your organization's willingness to use the best risk assessment instruments for auditing activities?	310	3.377	1.098
	Grand mean and standard deviation =		**3.078**	**1.362**

Source: Survey Data, 2021, and IBM SPSS Statistics 22 Window Output
Keys: VLGE = very large extent, LGE = large extent, MDE= moderate extent, LWE = low extent, VLWE: very low extent, S.D: standard deviation.

Table 4 shows that five question items represent a dimension in the 5-point scale. The data revealed that with the mean and standard deviation scores of 2.848±1.225, the respondents disagreed that to a large extent public organization use risk assessment to achieve auditing objectives. Also, with the mean and standard deviation scores of 3.271±1.128, the respondents agreed that to a large extent staff in government organizations are very skillful in risk assessment activities. The data also revealed that the respondents disagreed that to a large extent risk assessment offer veritable opportunities for achieving internal audit practices in government organizations with the mean and standard deviation scores of 2.819±1.647. With the mean and standard deviation scores of 3.074±1.536 the respondents indicated that to a large extent government organizations introduce any controlling measures through risk assessment. Finally, the data in Table 1 revealed that with the mean and standard deviation scores of 3.377±1.098, the respondents agreed that to large extent customers talk good about public organizations' willingness to use the best risk assessment instruments for auditing activities.

Asset Safeguard as a Dimension of Internal Audit Practices

In order to ascertain the extent to which asset safeguard as a dimension or component of internal audit practices affects public expenditure management of government organizations, the study used 5 question items on the 5-point scale as shown in Table 5.

Table 5: Asset Safeguard as a Dimension of Internal audit practices

S/N	Question Items on Asset Safeguard	N	$\bar{X}$	SD
1	To what extent does asset safeguard offer veritable opportunities for internal audit practices in your organization?	310	2.581	1.416
2	To what extent does quality of your staff inputs in auditing engender the asset safeguard of your organization?	310	2.842	1.319
3	To what extent does passing auditing information in the Asset safeguard lead to the achievement of the expected auditing results in your organization?	310	2.258	1.304
4	To what extent does your organization give rooms for staff to suggest new ways or approach to asset safeguarding of your organization?	310	2.745	1.224
5	To what extent does asset safeguard become everybody's business in your organization?	310	2.023	1.125
	Grand mean and standard deviation =		**2.490**	**1.316**

Source: Survey Data, 2021, and IBM SPSS Statistics 22 Window Output
Keys: VLGE = very large extent, LGE = large extent, MDE= moderate extent, LWE = low extent, VLWE: very low extent, S.D: standard deviation.

As shown in Table 5 above, the responses of the respondents have indicated the mean and standard deviation scores of 2.581±1.416, showing that the respondents collectively disagreed that to a large extent government organizations asset safeguard offer veritable opportunities for internal audit practices. Also, with the mean and standard deviation scores of 2.842±1.319 it is quite obvious that the respondents indicated on the aggregate disagreement that to large extent quality of staff inputs in auditing engender the asset safeguard in government organizations. As to the extent to which the passing of auditing information in the asset safeguard lead to the achievement of the expected auditing results in government organizations, the mean and standard deviation scores of 2.258±1.304 indicate aggregate disagreement. The data additionally revealed that the respondents disagreed that to large extent public organization give rooms for staff to suggest new ways or approach to asset safeguarding; this is shown by mean and standard deviation scores of 2.745±1.224. Finally, the mean and standard deviation scores of 2.023±1.125 indicate that the respondents disagreed that asset safeguard become everybody's business in government organizations.

Auditor independence as a Dimension of Internal audit practices

Table 6 shows the descriptive statistical results on the effect of auditor independence as a dimension of internal audit practices on public expenditure management of government organizations. The outcomes from the five question items on the 5-point-scale show a distribution indicating that auditor independence is a veritable platform for internal audit practices and it leads to public expenditure management of government organizations.

Table 6: Auditor independence as a Dimension of Internal Audit Practices

S/N	Question Items on Auditor independence	N	$\bar{X}$	SD
1	To what extent does auditors' independence directly influence the performance of your organization?	310	2.903	1.385
2	To what extent does your organisation's auditors' independence contribute to aggregate fiscal discipline?	310	2.658	1.152
3	To what extent are there are opportunities to develop the staff to allow for the auditors' independence in your organization?	310	3.026	1.811
4	To what extent does your organization provide for auditors' independence that encourage efficient auditing activities?	310	3.158	1.216
5	To what extent does your organization usually allow for the auditors' independence?	310	3.084	1.146
	Grand mean and standard deviation **=**		**2.9658**	**1.416**

Source: Survey Data, 2021, and IBM SPSS Statistics 22 Window Output
Keys: VLGE = very large extent, LGE = large extent, MDE= moderate extent, LWE = low extent, VLWE: very low extent, S.D: standard deviation.

Table 6 shows that the mean and standard deviation scores of 2.903±1.385 as indicated by the respondents imply that to a low extent auditor independence directly influence the performance in government organizations. Also, the mean and standard deviation scores of 2.658±1.152 imply that the respondents were in disagreement to the fact that public organization auditor independence contribute to aggregate fiscal discipline. The data revealed that the mean and standard deviation scores of 3.026±1.811 as indicated by the respondents show that to a moderate extent there are opportunities to develop the staff to allow for the auditor independence in government organizations. The mean and standard deviation scores of 3.158±1.216 depict moderate agreement by the respondents regarding the extent to which government organizations provide for auditor independence that encourage efficient auditing activities. The respondents were inclined to the moderate extent option as revealed in the mean and standard deviation scores of 3.084±1.146 indicating that to a moderate extent public organizations usually allow for the auditor independence.

Operational efficiency of government organizations

Operational efficiency of government organizations was examined and empirically expressed in table 7.

Table 7: Operational efficiency of government organizations

S/N	Question Items on Operational Efficiency	N	$\bar{X}$	SD
1	To what extent does your organization value giving satisfactory and accurate information to the audit department in order to achieve operational efficiency?	310	3.281	1.278
2	To what extent is operational efficiency often used as a key performance index (KPI) to review the effectiveness and efficiency of your organization?	310	3.555	1.194
3	To what extent does your organization allow for auditing staff to engage other staff in robust and critical issues pertaining to the performance of your organization?	310	2.958	1.649
4	To what extent does your organization allow staff to make variety of suggestions for the growth of internal audit department?	310	3.648	1.291
5	To what extent does your audit staff have the prerequisite to engage in thorough auditing practices that elicit operational efficiency?	310	2.700	1.582
	Grand mean and standard deviation =		**3.228**	**1.426**

Source: Survey Data, 2021, and IBM SPSS Statistics 22 Window Output

Keys: VLGE = very large extent, LGE = large extent, MDE= moderate extent, LWE = low extent, VLWE: very low extent, S.D: standard deviation.

Table 7 shows that the respondents through their responses aggregated on the mean and standard deviation scores of 3.281±1.278 proving that to a large extent, government organizations value giving satisfactory and accurate information to the audit department in order to achieve operational efficiency. Also, the mean and standard deviation scores of 3.555±1.194 indicate that to a large extent operational efficiency is often used as a key performance index (KPI) to review the effectiveness and efficiency in government organizations. The mean and standard deviation scores of 2.958±1.649 indicate the respondents' disagreement that to a large extent government organizations allow for auditing staff to engage other staff in robust and critical issues pertaining to the performance. The mean and standard deviation scores of 3.648±1.291 indicate that to a large extent government organizations allow staff to make variety of suggestions for the growth of internal audit department. Table 7 shows that the mean and standard deviation scores of 2.700±1.582 imply disagreement by the respondents that to a large extent government organizations' audit staff have the prerequisite to engage in thorough auditing practices that elicit operational efficiency.

Test of Hypotheses

This subsection was used to critically examine the effect of internal audit practices on operational efficiency of government organizations. To achieve this, the following hypotheses were formulated:

Ho_1: Risk assessment has no significant impact on operational efficiency.

Ho_2: Asset safeguard has no significant impact on operational efficiency.

Ho_3: Auditor independence has no significant impact on operational efficiency.

Table 8: Test Results of Internal Audit Practices and Operational Efficiency of government organizations.

Internal audit practices (Independent Variables)	Unstandardized Coefficients		Standardized Coefficients	t - value	Significant/ Probability Value	Decision
	B	Std. Error	Beta			
(Constant)	1.041	0.118		8.839	0.000	
Risk Assessment	0.318	0.061	0.386	5.227	0.000	Significant
Asset Safeguard	0.400	0.066	0.501	6.097	0.000	Significant
Auditors' Independence	0.067	0.073	0.071	0.910	0.364	Insignificant

Source: Survey Data, 2021, and IBM SPSS Statistics 22 Window Output (Appendix I)

a. Dependent Variable: Public expenditure management.
b. Predictors: (Constant), Professional competence, Auditor independence, Risk assessment, Asset safeguard

$Y = b_o+b_7x_7+b_8x_8+b_9x_9+e$ ---------(3) {for testing H_1, H_2, H_3}

$Y (OE) =1.041+0.318RA+0.400AS + 0.067AI +e$

$t = (5.227) \quad (6.097) \quad (0.910)$

Table 8 shows the inferential statistical test results of the effects of internal audit practices on operational efficiency of government organizations. The result of the hypothesis 1 tested, shows positive and significant impact of risk assessment on operational efficiency of government organizations with t- value outcome of 5.227 @ p0.000<0.05, meaning that a positive and significant impact exist between risk assessment and operational efficiency of government organizations, indicating that the null hypothesis 7(H_7) has been rejected and alternate hypothesis 1(H_{i1}) accepted hence – "Risk assessment has a significant impact on operational efficiency of government organizations". The result of hypothesis 2(H_2) revealed that asset safeguard has strong positive and significant impact on operational efficiency of government organizations with t-value outcome of 6.097@ p0.000<0.05. By this result the null hypothesis 2(H_{O2}) has been rejected and alternate hypothesis 2(Hi_2) accepted hence – "Asset safeguard has a significant impact on operational efficiency of government organizations". With respect to hypothesis 3(Ho_3), the result in Table 4. 18 revealed that audit or independence has positive and insignificant impact on operational efficiency with t-value outcome of 0.910@ p0.364>0.05, therefore, the null hypothesis 9 (H_{O3}) has been accepted and alternate hypothesis 3(Hi_3) rejected hence – "auditor independence has no significant impact on operational efficiency of government organizations".

From the inferential results, it can be stated as follows:

1. Risk assessment as a dimension of internal audit practices has a positive and significant impact on operational efficiency as a measure of public expenditure management of government organizations. This simply means that risk assessment as a channel for internal audit practices significantly affects operational efficiency as a measure of public expenditure management of government organizations.
2. Asset safeguard as a dimension of internal audit practices has a positive and significant impact on operational efficiency as a measure of public expenditure management of government organizations. This also means that Asset safeguard contributes favourably to operational efficiency which is a measure of public expenditure management of government organizations.
3. Auditor independence as a dimension of internal audit practices has a positive and insignificant impact on operational efficiency as a measure of public expenditure management of government organizations. The outcome here is indicative that auditor independence positively and insignificantly affects operational efficiency as a measure of public expenditure management of government organizations.

Table 9: Summary of the Results on Test of the Research Hypotheses

Research Hypotheses	t-value	Significant/ Probability Value	Result	Decision
Ho_1:Risk assessment has significant impact on operational efficiency	5.227	0.000	Positive and Significant Effect	Reject
Ho_2: Asset safeguard has significant effect on operational efficiency	6.097	0.000	Positive and Significant Effect	Reject
Ho_3: Auditor independence has no significant impact on operational efficiency	0.910	0.364	Positive and Insignificant	Accept

Survey Data, 2021, and IBM SPSS Statistics 22 Window Output

Table 9 has revealed in summary that the study rejected hypotheses: Ho_1 - Risk assessment has significant impact on aggregate fiscal discipline of government organizations; Ho_2 - Asset safeguard has significant impact on aggregate fiscal discipline of government organizations; Ho_4 - Risk assessment has significant impact on operational efficiency of government organizations; Ho_6: Auditor independence has significant impact on operational efficiency, Ho_7 - Auditor independence has significant impact on operational efficiency of government organizations; Ho_8: Asset safeguard has significant impact on operational efficiency and Ho_{10}: Information and communication technology has significant impact on internal audit practices and public expenditure management of government organizations. Table 4.22 also revealed that the study accepted hypotheses: Ho_3 - Auditor independence has no significant impact on aggregate fiscal discipline of government organizations; Ho_5 - Asset safeguard has no significant impact on operational efficiency of government organizations and Ho_9: Auditor independence has no significant impact on operational efficiency of government organizations.

DISCUSSION OF FINDINGS

Impact of Internal Audit Practices On Operational Efficiency of Government Organizationsin Nigeria

The result with regard to the effect of internal audit practices on operational efficiency of government organizations, points to the fact that, internal auditing provides prospects and getting of veritable information about the operational efficiency of government organisations. A critical evaluation of the finding reveals that the effect of internal audit practices on operational efficiency discipline is positive and significant. An analytical examination of the findings reveals that the effect of risk assessment on operational efficiency was positive and significant indicating t-value of 5.227; the effect of asset safeguard as a dimension of internal audit practices on operational efficiency was positive and significant i.e. t-value of 6.097. The effect of auditor independence on operational efficiency was found to be positive and statistically insignificant with a t-value of 0.910.

These findings are in line with Shoommuangpak and Ussahawanitchakit's (2009) position that there is a very strong and significant relationship between internal auditing and operational efficiency of government organizations that submit to the tenets public expenditure management.

This finding is also in consonant with Mizrahi and Ness-Weisman (2007) who say that internal audit practices by the government organisations' staff help in driving productivity and improving public expenditure management, lowering operating costs, improving quality of service and increase speed of response, maintaining tight regulatory compliance, improvement of service delivery by government organisations. This finding supports Arnold and Gillenkirch's (2015) position that internal auditing enables the right work to the right person with the right supporting content and it delivers improved efficiency, streamlined communication, better operational decisions, quicker work response and organizational productivity.

Also, the study found that government organizations' audit staff have the prerequisite environment to engage in thorough auditing practices that elicit operational efficiency. These results agree with the finding by Whittington (2001), who note that control environment factors such as integrity and ethical values; the commitment to competence; leadership philosophy and operating style; and the way management assigns authority and responsibility, and organizes and develops its people constitute a strong internal control system which government ministries, departments and agencies need to incorporate into their day to day operations. The study also agrees with Davila, Foster and Jia (2014) who posit hat control environment factors which includes integrity, ethical values and competence of the entity's people; management's philosophy and operating style; the way management assigns authority and responsibility, and organizes and develops its people; and the attention and direction provided by the board of directors are key in ensuring effective internal control systems in an organization.

Effective internal auditing by government organisations enables "work" to be managed through one or more methods, appropriating and reallocating funds as required. Staff are presented with internal audit communications choice of auditor independence and or cases though a set of prioritized work queues. Sharma (2012) further contend that as government organizations select auditing options with all the necessary information available to them so that they can complete the presentation of the government organisation's internal auditing and controlling systems conducive for achievement of organizational policies and projects. Procedures involved in internal audit internal auditing are highly configurable and can be strictly defined or made more flexible depending on transmitting of internal audit information of government organisations.

This finding confirms the position of World Bank (2017) that a very strong and significant relationship exist between internal audit and operational efficiency of government organizations. World Bank (2017) contends that organizations Internal auditors play the role of undertaking an independent examinations and giving assurance on various operations of institutions aimed at enhancing organizational performance every day. This enables an organization to meet its operational objectives through well thought-out and dedicated approaches to evaluate and improve on how best to manage risk, institute effective controls and enhance governance.

This study submits that internal audit practices enable public sector organizations to achieve efficiency and effectiveness in their public expenditure management. The study therefore, concludes that:

1. As government organizations engage in risk assessment it brings about positive and significant impact on operational efficiency as a measure of public expenditure management of government organizations. This simply means that risk assessment as a channel for internal audit practices significantly affects operational efficiency as a measure of public expenditure management of government organizations.
2. As government organizations insist on asset safeguard it results to positive and significant impact on operational efficiency as a measure of public expenditure management of government organizations. This also means that Asset safeguard contributes favourably to operational

efficiency which is a measure of public expenditure management of government organizations.

3. As government organizations maintain auditor independence it culminates to positive and insignificant impact on operational efficiency as a measure of public expenditure management of government organizations. The outcome here is indicative that auditor independence positively and insignificantly affects operational efficiency as a measure of public expenditure management of government organisations.

Summary of Finding

This study investigated the effect of internal audit practices on public expenditure management of government organizations in Nigeria. Internal audit helps an organization to accomplish its objective by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management control and governance processes. An effective internal audit activity is a valuable resource for management. Public expenditure management mechanism is made stronger by the institutionalization of an effective internal audit mechanism.

The study covered five government organizations (Central Bank of Nigeria, Nigerian Ports Authority, Nigeria Maritime Administration & safety Agency, Niger Delta Development Commission and Nigerian National Petroleum Corporation) with a study population of 350. Questionnaire was used to gather data after which regression analysis was applied to test the effect of a variable over the other via the statistical package of social sciences.

Arising from the test and analysis the study findings include:

1. Risk assessment has a positive and significant impact on operational efficiency of government organizations. This means that risk assessment as a channel for internal audit practices significantly affects operational of government organizations.
2. Asset safeguard has a positive and significant impact on operational efficiency of government organizations. This also means that Asset safeguard contributes favourably to operational efficiency of government organizations.
3. Auditor independence has a positive and insignificant impact on operational efficiency of government organizations. The

outcome here is indicative that auditor independence positively and insignificantly affects operational efficiency of government organizations.

CONCLUSION

The result suggested that internal audit units are performing despite many challenges they encounter with regard to freedom to operate well, financial constrain, inadequate resources and other logistics. Internal audit unit play vital roles in organizations, it is considered to be the eye of public organizations from all angles.

The results from the study gave a clear indication that the low performance of government organizations cannot be attributed to inefficiencies of internal auditors but lack of requisite human resource requirements, poor remunerations coupled with lack of resources for the service. Based on the findings of the study, the following conclusions have been made:

Risk assessment has a positive and significant impact on operational efficiency of government organizations. Asset safeguard has a positive and significant impact on operational efficiency of government organizations. Auditor independence has a positive and insignificant impact on operational efficiency of government organizations.

Recommendations

This study empirically examined the impact of internal audit practices on operational efficiency of government organizations in Nigeria. Based on the findings and the conclusions on the study, the following recommendations have been made:

1.Government organizations' staff should update their knowledge with respect to risk assessment and operational efficiency through the opportunities provided by information and communication technology solutions so as to be able to benefit from the strategic values of effective and efficient public expenditure management.

2. Asset safe guard is a critical issue which the internal auditor must maintain stringently in order to enhance operational efficiency. In this respect, the internal auditor should have the clout and pedigree to query any staff whose track record is questionable when it comes to asset safe guard in government organizations.

3.Government organizations should encourage auditor independence in order to boost operational efficiency in public sector organizations.
4.The internal audit practice must be reviewed, monitored and supervised regularly by management and competent internal auditors to ensure effectiveness and efficiency in risk assessment. This will help to enhance operational efficiency in public sector organizations.
5.Auditors independence should be non-negotiable and sacrosanct in government organizations if operational efficiency is to be achieved. On no account should auditors' independence be jettisoned in public sector organization that seeks to sustain operational efficiency.

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**Appendix 1: Appendix C: SPSS Outputs of Internal Audit Practices and Public
Expenditure Management of Government Organizations in Nigeria (see attached)**

Regression

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Risk Assessment, Auditors' Independence, Asset Safeguard[b]	.	Enter

a. Dependent Variable: Operational Efficiency
b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.696[a]	.485	.478	.524696

a. Predictors: (Constant), Risk Assessment, Auditors' Independence, Asset Safeguard

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	79.062	4	19.765	71.795	.000[b]
	Residual	83.968	305	.275		
	Total	163.030	309			

a. Dependent Variable: Operational Efficiency
b. Predictors: (Constant), Risk Assessment, Auditors' Independence, Asset Safeguard

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.041	.118		8.839	.000
	Risk Assessment	.318	.061	.386	5.227	.000
	Asset Safeguard	.400	.066	.501	6.097	.000
	Auditors' Independence	.067	.073	.071	.910	.364

a. Dependent Variable: Operational Efficiency