

# **IMPEDIMENTS OF THE AUDIT FUNCTION IN THE PUBLIC SECTOR: A CRITICAL ANALYSIS OF THE CONSTRAINTS OF AUDITOR-GENERAL FOR THE FEDERATION OF NIGERIA**

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## **Abstract**

*This study examined the impediments of the Audit functions in the public sector, a critical analysis of the constraints of the Auditor – General for the Federation of Nigeria. Data were collected from primary sources using questionnaire survey approach. Sample size was determined using the Taro Yamane formula. Simple percentage distribution and Chi-square test statistic were used in data analysis. Findings of the analysis revealed that there exist strong evidence that inaction to audit queries has significant relationship with performance of the audit function; there exist strong evidence that non-functional Public Accounts Committee has significant relationship with performance of the audit function; there exist strong evidence that constitutional limitation of the Auditor-General's functions has significant relationship with performance of the audit function; there exist strong evidence that light punitive sanctions on codified offences have significant relationship with performance of the audit functions; there exist strong evidence that dependence of the Auditor-General on executive has significant relationship with performance of the audit function; there exist strong evidence that late presentation of the Auditor-General's report has significant relationship with performance of the audit function; there exist strong evidence that lack of prosecuting authority has significant relationship with performance of the audit function.*

*Keywords: Audit functions, Constitutional functions, Public accounts, Prosecuting authority*

## INTRODUCTION

The imperatives of good governance demands timely reporting of the activities of government for the attainment of accountability and transparency. Audit reports keep the citizenry informed of the financial activities of the government. The auditor assesses the financial activities of the Government. The role of auditor in an economy is assurance of transparency and accountability. An audit ensures proper and effective use of public funds and the development of sound financial management. Effective operations of the functions of the Auditor – General provide the proper execution of administrative activities.

Moreover, the pivot role of Auditor – General in promoting accountability is the provision of sound financial management and the encouragement of sound internal control mechanism. Effectiveness of the Auditor – General has a dissuasive effect on those who might otherwise engage in fraud and other financial malfeasance. Audit, Accountability and Transparency are the tripod for sustainable financial and economic development in the comity of nations. Section 85 of the 1999 constitution of the Federal Republic of Nigeria imposes financial control and responsibilities on the Auditor – General for the Federation. The Auditor – General has unlimited access to information based on the provisions of section 85 of the 1990 constitution. Auditor – General, is empowered by the 1999 constitution to ensure transparency and accountability of public finances. However, there is absolutely a dismal state of accountability for public funds in Nigeria. There is a lot of gross negligence and ineffectiveness on the part of public officers in the discharge of their duties. The officers do not discharge the responsibilities placed on them by statute and this results in inefficiency, in public finances. Nigeria has grossly misappropriated the large monies it earned from oil and has been faced with chaotic fiscal management. Moreover, it is absurd that for fifty years of Nigeria's independence, we have not managed our finances for the economic, political and social wellbeing and emancipation of our citizens. There is culture of impurity and lack of fiscal discipline in spending Nigeria's public funds. If proper and sound audit of public finances by Auditor – General was being done, cases of fraud would have been reduced. A very reliable audit report will make most of the anti-economic crime agencies redundant because they will not have much to do. Consequently, the National Dialogue on the country's self Assessment Report of the African peer review mechanism called for scrapping of the office of the Auditor – General at all levels and in its place appoint independent bodies to audit government accounts. The Auditor – General for the federation has constitutionally presented annual reports to the National Assembly but these reports are always untimely due to the late receipt of the financial statements from the Accountant General. The Auditor – General's report is the Litmus test for the performance of his audit functions.

The Auditor – General of the Federation of Nigeria is constitutionally the watchdog of the Nigerian Financial and economic system, the office of the Auditor General has audited the Federation accounts as at 31<sup>st</sup> December 2012. However, much is still required of him in the detection and prevention of fraud and financial malfeasance. On 3<sup>rd</sup> October, 2012 a bill for an Act for the establishment of the office of the Auditor General for the Federation, Auditor Service Commission, additional powers and functions and matters connected therewith scaled through second reading on the floor of the senate. Also in section 3.20 of Auditor-General's report (2008) he again emphasized that "it should also be noted that this issue has been subject of my reports from 2004 to 2007 without any response. Moreover, the Auditor General in section 4.01 of the 2008 report states "consequently, the Auditor General for the Federation was handicapped in certifying the appropriateness and completeness of the various payments made into and from the Federation Account. The office of the Auditor- General seems not to have ensured the successful execution of projects neither has it done much in ascertaining that government derived value for money spent on projects since he was handicapped as he admitted in his 2008 annual report. Thus we tend to believe that there would be some obstacles that are making it impossible for the Auditor-General to perform effectively. Therefore the study analyses the audit impediments that have hampered the effective audit of public sector organizations.

### **Objectives of the Study**

The main objective of this study is to appraise the impediments to the performance of the Audit functions by the Auditor – General of the Federal. Other specific objectives are;

1. To assess the constitutional limitations that limit functions of the Auditor-General
2. To assess the effects of sanctions on codified offences on the audit functions
3. To ascertain the functionality of the Public Accounts Committee
4. To assess the independence of the Auditor-General from the executive arm of government
5. To assess inaction to audit queries by Ministries and Extra- Ministerial Departments
6. To examine the reasons for late presentation of Auditor-General's reports
7. To investigate the prosecuting authority of the Auditor-General.

### **Research Questions**

1. What are the constitutional constraints on the Auditor-General?
2. What are the effects of light punitive sanctions on codified offences on the audit functions?
3. How functional is the public Accounts Committee?

4. How promptly do ministries and extra-ministerial departments reply audit queries?
5. What is responsible for late presentation of Auditor-General, reports?
6. To what extent is the Auditor- General independent of the executive arm of government?
7. To what extent is the Auditor-General empowered to prosecute offenders?

## Hypotheses

For prompt, concise and clear analysis of this study, the following null hypotheses are hereby formulated:

1. (H<sub>01</sub>): Inaction to audit queries has no significant relationship with performance of the audit function.
2. (H<sub>02</sub>) Non functional Public Accounts committee has no significant relationship with performance of the audit function.
3. (H<sub>03</sub>) Constitutional limitations has no significant relationship with performance of the audit function
4. (H<sub>04</sub>) Light punitive sanctions on codified offences have no significant relationship with performance of the audit function.
5. (H<sub>05</sub>): Dependence of the Auditor General on executive has no significant relationship with performance of the audit function
6. (H<sub>06</sub>): Late presentation of the Auditor-General's report has no significant relationship with performance of the audit function.
7. (H<sub>07</sub>): Lack of prosecuting authority has no significant relationship with performance of the audit function.

## LITERATURE REVIEW

Government activities, programmes functions and policies are implemented and executed in accordance with laid down rules and regulations. Thus Oshisami (1994) posits that the management and control of the public purse is the heart of governmental administration. Also Izedonmi (2009) asserts that an audit in itself is an indispensable part of a regulatory system whose primary aim is to reveal deviations from accepted standards and violations of "the principle of legality, efficiency, effectiveness and economy of financial management as far as auditing is concerned". Financial control ensures that financial resources optimally obtained are applied efficiently and effectively in the economic system. Government audit asserts that all monies appropriated are rationally used. Consequently Oshisami (1994) opines that auditing attempts to assure discipline in the entire financial management process by confirming the accuracy and reliability of the financial information while also attesting to the probity or

otherwise of the various custodians and users of public resources. Also Institute of Internal Auditors (2006) affirms that "Government auditing is a cornerstone of good public sector governance." Auditing promotes integrity and accountability in the financial system of a nation. Moreover leadership must continue to be for service and not for the pillage of the commonwealth of the national. Nigeria with hundreds of billions of dollars from oil, has no infrastructure to show, no heavy industry on which to build the scaffolding of a modern economy. Thus Salawu and Agbeja (2007) highlight that effective public service audit requires competent, highly qualified, skilled and well motivated manpower. The functions of the Auditor – General of the Federation are very important one with regards to upholding accountability in the management of the resources of the government and the commonwealth of the citizens. Audit is one of the pillars upon which rests the strength of a country's integrity. Weakening the effectiveness of the Auditor-General places a strain on the operation of government spending and growth. Thus Dowdall (2008) expressed that public sector audit has experienced considerable expansion throughout the world. The reason for this is closely related to changes in the structure of government and concern for more accountable and transparent governance, which has resulted in a large increase in the number of accounts and sophistication of financial reporting. The expansion has brought with it an added demand for accountability. Consequently Osisioma (2010) emphasizes "the need for these times is for pro-active auditing. Auditors that are merely content with the conduct of financial, operational, compliance and even value for money audits may find themselves out of sync with the corporate realities of the 21<sup>st</sup> century. Thus Oshisami (1994) affirmed that the large scale malfeasance recorded during the second republic can be attributed to the failure of the financial control system in general and to the failure of auditing in particular. Millichamp (1996) emphasizes that the primary aim of an audit is to enable the auditor to say that these accounts show a true and fair view or of course to say that they do not. Moreover, an effective Auditor – General promotes better governance across all aspects of society and helps to fight financial malfeasance whereas an ineffective Auditor – General allows financial frauds and misappropriation to thrive which in turn undermine the rule of law, quality of life and sustainable development. The Auditor – General uses data available from its routine audit work to review the threat of fraud specifically by indentifying government sectors and stresses areas of activities prone to frauds. Daniel (1999) asserts that the role of Auditor – General is to ensure towards the accountability of the government (executive) to the National Assembly for the proper administration of public programmes, functions of agencies, activities or operations. Also Millichamp (1996) insists that an audit prevents errors and fraud by the deterrent and moral effect of the audit.

## **Powers of the Auditor – General of the Nigerian Federation**

The office of the Auditor – General for the federation is a separate and independent entity whose existence, powers, duties and responsibilities are provided for under section 85 of the constitution of the Federal Republic of Nigeria, 1999. Section 85(2) provides that the public accounts of the Federation and of all offices and courts of the Federation shall be audited and reported on by the Auditor – General who shall submit his reports to the National Assembly and for that purpose, the Auditor – General or any person authorized by him in that behalf shall have access to all the books, records, returns and other documents relating to those accounts. Also section 85(4) of the 1990 constitution stipulates that the Auditor – General shall conduct periodic checks on all Government statutory corporations, commissions, authorities, agencies including all persons and bodies established by an act of National Assembly. Moreover section 85(6) of the 1990 constitution provides that in the exercise of his functions under the constitution, the Auditor – General shall not be subject to the direction or control of any other authority or person. Also section 301 of the 1990 constitution vests the Auditor – General with the powers to audit the accounts of the Area councils in the Federal Capital Territory. The Auditor – General is also empowered through section 13(1) and 14(1) of the Audit act (Cap 17 of the Laws of Nigeria 1958 and section 24 of the finance Control and Management) Act (Cap 144 laws of the Federation of Nigeria (2004) and Financial Instruction sections 108 to 110, of the Federal Republic of Nigeria Financial Regulations 2009 edition. The Auditor – General shall carry out the following statutory functions:

- (a) Financial Audit in accordance with extant laws in order to determine whether government accounts have been satisfactorily and faithfully kept.
- (b) Appropriation audit: to ensure that funds are expended as appropriated by the National Assembly.
- (c) Financial control audit: To ensure that laid down procedures are being observed in tendering, contracts and store keeping with a view to preventing waste, pilferage and extravagance.
- (d) Value-for-money (performance) Audit: to ascertain the level of economy, efficiency and effectiveness derived from government projects and programmes.

## **Scope of Work of Auditor – General**

The scope of work of Auditor – General is as follows:

- (a) Audit of books, accounts and records of federal ministries, extra ministerial offices and other arms of government.

- (b) Vetting, commenting and certifying audited accounts of all parastatals and government statutory corporations in accordance with the constitution of the Federation.
- (c) Audit of the accounts of Federal Government establishments located in all states of the Federation including all Area Councils in the Federal Capital Territory Abuja.
- (d) Audit of the Accountant – General’s Annual Financial statements.
- (e) Auditing and certifying the Federation account.
- (f) Deliberation, verification and reporting on reported cases of loss of funds, stores, plants and equipment.
- (g) Pre and post auditing of the payment of pensions and gratuities of the retired military and civilian personnel.
- (h) Periodic checks of all government statutory corporations, commissions, authorities, agencies, including all persons and bodies established by an act of the National Assembly and
- (i) Revenue audit of all government institutions.

### **Free Access to Books, Accounts and Information**

In the course of audit, the Auditor – General or his representative shall at all reasonable times, have access to books of accounts, files, safes, security documents and information relating to the accounts of all the Federal Ministries/extra ministerial offices and other arms of government or units. They shall also be entitled to require and receive from members of the public service such information, reports and explanations as they may deem necessary for the proper performance of their functions.

### **Structure of the Office of the Auditor General**

The office of the Auditor – General for the Federation in carrying out its functions is divided into five departments namely;

1. Ministerial Audit Department
2. Extra – Ministerial Audit Department
3. Project monitoring and Evaluation Department
4. Revenue and States Operation Department
5. Finance and Administration Department

### **Ministerial Audit Department**

This is responsible for the audit of the accounts of all the ministries and self Accounting officers.

### **Extra – Ministerial Department**

The main function of this Department is to vet and comment on the Audited accounts of all Federal Government. Parastatals, agencies, commissions and other bodies established by law, as well as audit the financial statements of the Accountant – General of the Federation.

### **Project Monitoring and Evaluation Department**

This department examines, monitor, evaluate and audit the execution of projects by the Federal Ministries, and Extra – Ministerial Departments. The department applies the application of the value for money audit technique in the auditing of projects and programmes.

### **Revenue and States Operations Department**

This is responsible for auditing all Federal Government Revenue and other receipts. It also oversees all state branch operations.

### **Finance and Administrative Department**

This Department is responsible for financial and administrative matters namely:

1. Personnel management division
2. Training and supplies division
3. Training and staff welfare

### **Constitutional Limitations**

The 1990 constitution that empowered and created the Auditor – General did not empower him to enforce sanctions or prosecute government officials. The Auditor – General's reports are required by law to be submitted to the National Assembly who refers it to the Public Accounts Committee. This is tantamount to leaving the implementation of audit reports to the whims and caprices of politicians. This usually spins off the moral and social deterrent effects of the audit.

Auditor – General (2002) asserts that the Audit Reports on the accounts of the Federation for the years 1997 – 2000 are currently being considered by the public accounts committee of the House of Representatives. This is clear three years after the submission of the accounts. Thus the reports do not receive prompt execution. The Auditor – General do not have constitutional powers to prosecute financial misappropriation and offenders. The Auditor – General lacks the power to publicize his audit reports and findings like Economic and Financial Crimes Commission. The report is usually sent to the National Assembly who in turns adopt it as it's document. Thus Ndibe and Okoye (1998) observe that the Public Accounts Committee of

the parliament has also been insisting that the Auditor –General should report on the efficiency aspect of public expenditure.

### **Questionable Independence of the Auditor –General**

The 1999 constitution of the Federal Republic of Nigeria provided for the independence of the Auditor- General. However his independence is impaired indirectly as follows;

- (a) He lacks the power to execute and enforce compliance and sanctions on the reports presented to the Public Accounts Committee of the National Assembly. He is required constitutionally to present his report to the Public accounts committee.
- (b) The 1999 constitutional also denies the Auditor General the rights and responsibilities in hiring and firing of his staff. The Federal Civil Service is charged with this responsibility of hiring, discipline, promotion and dismissal of audit staff.
- (c) The Auditor-General is not empowered to appoint external auditors for public sector corporations and agencies. He is only required to recommend list of qualified external auditors.
- (d) The remuneration of staff of Auditor-General is not charged to the consolidated revenue fund as a first charge.

The independence of the Auditor-General should be the backbone for effective control accountability and monitoring of the public financial system. An Auditor must exhibit a high level of integrity and accountability for his independence not to be compromised. Thus Ndibe and Okoye (1988) assert that he should also divert himself of any self interest which might warp his judgment even sub-consciously in reporting. Also Owoyemi (2005) affirm that “while the processes for the appointment and removal of the Auditor are provided for in the constitution,.... His absolute independence is not guaranteed particularly because the funding of his office is still the responsibility of the executive arm... Moreover, Fielder (1998) surmised that “the chief aim of the Lima declaration is to call for independent government auditing....

This independence is also required to be anchored in the legislation. For this, however, well-functioning institutions of legal security must exist, and these are only to be found in a democracy based on the rule of law. Rule of law and democracy are therefore essential premises of really independent government auditing and are the pillars on which the Declaration of Lima is founded”

### **Late Submission of Accounts for Audit by the Accountant General**

The Accountant – General do not submit his accounts to the Auditor – General on time for audit and this resulted in late presentation of Audit Report by Auditor – General. This is evidenced on table two. The report is required to be submitted to National Assembly ninety days after receipt.

### **Weak Audit Alarm System**

The audit alarms which are supposed to be raised by internal auditors are not usually done. This is because of the fact that the internal auditors report to the Accountant – General. Oshisami (1994) affirms that once a signal is received or an indication of the likelihood of fraud is detected, the office is under obligation to investigate same.

### **Inadequate Funding and Lack of Physical Infrastructure**

The Auditor – General's office is not well funded. The office does not have enough money for conducting audit inspections and investigations. It also lacks fund for training and re-training staff of the office. The office does not have state of the art information technology system due to lack of funds. The office lacks operational vehicles and equipment. These have adverse effects on the motivation and morale of staff.

### **Non-Passage of the Audit Bill by the National Assembly and Insider Abuse/Corruption**

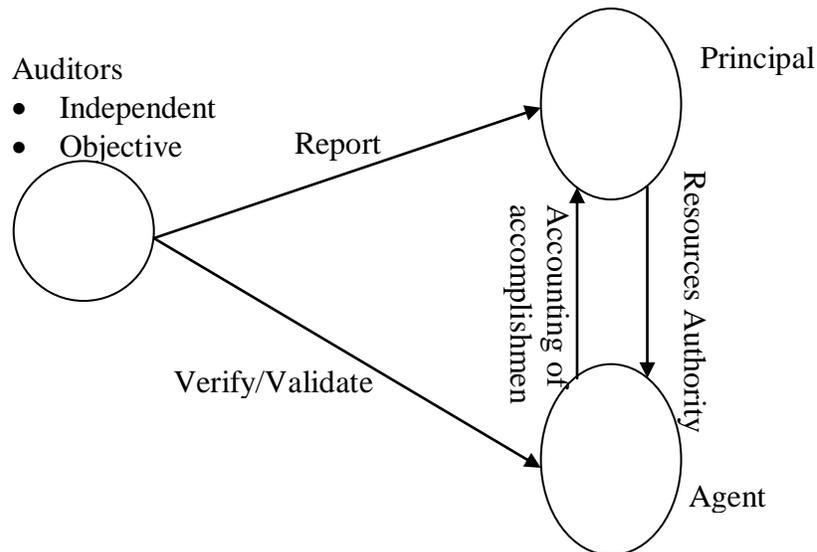
The National Assembly has not passed the Audit bill which is projected to fortify and enhance the performance of audit functions under the constitution. Most of the financial frauds and misappropriations of public funds are perpetrated and abetted by senior management of the ministries and extra-ministerial departments. This is attested by their lukewarm attitude to extant laws, regulations and audit queries. Most times they collude and deny the auditors access to documents. Also, the sanctions on codified offences and financial scams are very lenient. Most of the sanctions focus on recovery of funds, warning, removal from schedule and interdiction. The sanctions need to be tightened and harsh, if need be let there be a jail term without option of fine. This will boost the deterrent effects of the audit functions.

## **THEORETICAL FRAMEWORK**

The theoretical framework is based on the Agency theory and the theory of Fraud. This suggests that as a result of information asymmetries and self interest, principals lack reasons to trust their agents and will seek to resolve these concerns by putting in place mechanisms to align the interests of agents with principals and to reduce the scope for information asymmetries and opportunistic behaviour. Auditors act as agents to principals when performing an audit and

this relationship therefore brings with it similar concerns with regard to trust and confidence as the director – shareholder relationship, prompting questions about who is auditing the auditor (ICAEN 2005).

Figure 1: Party relationship



The public sector represents a principal-agent relationship. The officials acting as the principal's agent must periodically account to the principal for their use and stewardship of resources and the extent to which the public's objectives have been accomplished.

### The psychology of Fraud

According to many criminologists, crime will hardly be divorced from the society within which it flourishes. Therefore sociological factors such as upbringing and interpersonal relationships are primarily some of the causes of crimes. To some others, crime is solely the motivation of individuals which is the relevant factor individuals act alone and that is what determines if an individual will be tempted into committing crime or not. There exists, nevertheless, numerous illustrations of attempts to distinguish people who will commit fraud (or who are predisposed to commit fraud given the right situation) from those who will not. These attempts include "honesty" or "integrity" testing aimed at measuring the trustworthiness of potential employees (Sackett & Harris 1984).

There has been several services research work that have made attempt to shed light on the inner workings of the fraudsters mind. Edwin Sutherland is credited with inventing the term

"white-collar crime" and also starting the criminological ball rolling in the direction of crime committed by so - called respectable people (Sutherland, 1983).

### **Edwin Sutherland Theory of Fraud**

Edwin Sutherland began to reshape the landscape of criminologies in 1949 when he published a seminar work called white collar crime. Before then it was commonly accepted in America that middle and upper classes do not commit crime. They were believed to be above such sordid behaviour. Crime were considered to be with the so called "lower orders" mostly working class individuals made criminals by want and deprivation or through poverty and ignorance. Sutherland took a different perspective to the prevailing wisdom that crime was poverty based and very much a lower or working-class activity or associated to gender, or race. Before then there exists the biological theories, one by Cesare Lambroso who postulated that you could detect a criminal by the shape of his head and this took a long period to fade. Earlier theories held that criminal behaviours was inherent which connotes that some people were genetically predisposed to criminality (Sutherland, 1940; 1947). As late as 1939, anthropologist Ernest Hooten in the USA was measuring criminals in an attempt to identify anthropomorphic indicators of potential criminality.

Sutherland started looking at the interaction and pattern of meaning between individuals in a group and established a theory called "differential association". This theory postulated that (a) Within intimate personal groups that behaviours could be learned through a process of communication.

(b) This group teach what he referred to as definitions which includes skills, motivations, attitude and rationalization.

(c) These definitions could either be favourable or unfavourable to the violation of the law.

(d) If an individual scales tilts to the favourable definitions to the violation of the law, that is, being exposed to excess of favourable definitions to violate laws over unfavourable ones, then criminal behaviours would occur. This connotes that where they are exposed to more favourable definitions to break laws, then there is higher possibility for group to break laws.

Sutherland examined four types of crime committed by large corporations which comprise of;

(a) False advertising (b) restraint of trade (c) Unfair labour practice (d) Patent, copyright and trademark infringements

Having examined these crimes to businesses he uncovered 980 violation of these laws among them. Sutherland relied on differential association theory which concluded that young executives learn definitions favourable to the violation of the law through the routine of business practice. In other words, they were socialized into crime. He viewed this type of crime more

dangerous to the society than street crime as it promotes distrust of basic social institution and has an acidic effect on the attitudes of managers of corporations to society as a whole, to customers and employees and to the business environment. Sutherland called it "white collar crime" and defined it as a crime committed by a person of respectability and high social status in the course of his occupation (Sutherland, 1983). With this definition, at that time he directly contradicted the notion that crime was a working-class activity as these crimes were committed by middle-class businessmen. He had the credit for drawing attention to activities not normally included.

### **Derek Cornish and Ronald Clarke Theory of the "Reasoning Criminal"**

The later part of the twentieth century witnessed a move from the deterministic theories of Sutherland and Cressey to the concept of crime as a choice. Cressy's work of fraud triangle is though universally accepted but his theory of motivation being centered on "trust violators" with "unsherable problem" are not now universally accepted (Ronald & Derek, 1985).

## **METHODOLOGY**

### **Sources of data**

The study used primary sources of data. Primary data were collected through questionnaire. The questionnaire survey method was used, the questions were premised on a structured likert scale of strongly agree, agree, disagree, strongly disagree and undecided.

### **Population and sample**

The population comprises all Auditors in the office of the Auditor-General for the Federation of Nigeria as at 31<sup>st</sup> December 2012 which was 716 Auditors. A sample size of 257 was adequately determined using the Taro Yamen formula. Copies of questionnaire were administered using a simple random sampling technique on the sample size of 257 and a total of 200 were duly completed and returned.

### **Statistical tools for data analysis**

Tables and the simple percentage point were used in questionnaire analysis while Chi-square analysis was used in testing hypotheses. The Cronbach's alpha coefficient was used in testing the reliability of the research instrument.

*Decision Rule:* The decision rule for the Chi-square analysis was reject the null hypothesis when the p-value is less than  $\alpha=0.05$ . Also for Cronbach's Alpha coefficient range of 0.65 to 0.90 is acceptable.

## ANALYSIS AND RESULTS

The responses obtained to the questions in the questionnaire were used as basis for deductive enquiry. The responses obtained from the respondents were presented on the tables 1-9.

Table 1: Inaction to Audit Queries

Responses	Frequency	%
Strongly Agree	60	30
Agree	34	17
Disagree	36	18
Strongly disagree	40	20
Undecided	30	15
Total	200	100%

### *Interpretation*

It was found that 30 % of respondents strongly agree, 17% agree, 18% disagree, 20% strongly disagree and 15% were undecided with regards to inaction of Audit queries.

Table 2: Non Functional Public Accounts Committee

Responses	Frequency	%
Strongly Agree	63	32
Agree	32	16
Disagree	40	20
Strongly disagree	34	17
Undecided	31	15
Total	200	100

### *Interpretation*

It was found that 32% of respondents strongly agree, 16% agree, 20% disagree, 17 % strongly agree and 15% were undecided non functional public accounts committee.

Table 3: Constitutional Limitation

Responses	Frequency	%
Strongly Agree	64	32
Agree	28	14
Disagree	34	17
Strongly disagree	38	19
Undecided	36	18
Total	200	100

**Interpretation**

It was found that 32% of respondents strongly agree, 14% agree, 17% disagree, 19% strongly disagree and 18% were undecided with regards to constitutional limitation.

Table 4: Light punitive sanctions on codified financial offences

<b>Responses</b>	<b>frequency</b>	<b>%</b>
Strongly Agree	65	33
Agree	35	17
Disagree	45	22
Strongly disagree	40	20
Undecided	15	8
Total	200	100

**Interpretation**

It was revealed that 33% of respondents strongly agree, 17% agree, 22% disagree, 20% strongly disagree and 80 were undecided with respect to light punitive sanctions on codified financial offences.

Table 5: Dependence of Auditor-General on Executive

<b>Responses</b>	<b>frequency</b>	<b>%</b>
Strongly Agree	70	35
Agree	50	25
Disagree	40	20
Strongly disagree	30	15
Undecided	10	5
Total	200	100

**Interpretation**

The result obtained in Table 5 revealed that 35% of the respondents strongly agree that dependence of Auditor-General on executive is an impediment to the audit function.

Table 6: Late Presentation of Auditor-General's Report

<b>Responses</b>	<b>frequency</b>	<b>%</b>
Strongly Agree	60	30
Agree	40	20
Disagree	45	23
Strongly disagree	35	17
Undecided	20	10
Total	200	100

**Interpretation**

Table 6 showed that 30% of the respondents strongly agree that late presentation of Auditor-General's report is an impediment to the audit functions by the Auditor-General while 10% are undecided.

Table 7: Lack of Prosecuting Authority

<b>Responses</b>	<b>frequency</b>	<b>%</b>
Strongly Agree	70	35
Agree	40	20
Disagree	30	15
Strongly disagree	40	20
Undecided	20	10
Total	200	100

**Interpretation**

It was found in Table 7 that, 35% of the respondents strongly agree that lack of prosecuting authority is an impediment to the audit function while 10% are undecided.

Table 8: Late submission of annual accounts by Accountant-General of the Federation

<b>Responses</b>	<b>frequency</b>	<b>%</b>
Strongly Agree	80	40
Agree	30	15
Disagree	40	20
Strongly disagree	45	23
Undecided	15	3
Total	200	100

**Interpretation**

The result obtained in Table 8 showed that, 40% of the respondents strongly agree that late submission of Annual accounts by Accountant-General of the Federation is an impediment to the audit function by the Auditor-General of the Federation while 3% are undecided.

Table 9: Insufficient alert system by internal auditors

<b>Responses</b>	<b>frequency</b>	<b>%</b>
Strongly Agree	60	30
Agree	30	15
Disagree	40	20
Strongly disagree	30	15
Undecided	40	20
Total	200	100

**Interpretation**

Table 9 found that, 30% of the respondents strongly agree that insufficient alert system by internal auditors is an impediment to audit functions by the Auditor-General while 20% are undecided.

**Chi-Square Analysis on Inaction to Audit Queries**

H01: Inaction to audit queries has no significant relationship with performance of the audit function.

H11: Inaction to audit queries has significant relationship with performance of the audit function.

A Chi-square table (see Table 10) was generated using the GraphPad InStat Software for statistical computation:

Table 10: Summary of Chi-square analysis for responses on Inaction to Audit Queries

Row #	Category	Observed	Expected #	Expected %
1	Strongly agree	60	40	20.000%
2	Agree	34	40	20.000%
3	Disagree	36	40	20.000%
4	Strongly disagree	40	40	20.000%
5	Undecided	30	40	20.000%

Chi-squared test for given probabilities

X-squared = 13.8, df = 4, p-value = 0.007962

**Interpretation**

From the result of the Chi-square analysis it was found that the Chi squared measure equals 13.800 with 4 degrees of freedom and the two-tailed P-value equals 0.0080. By conventional criteria, this difference is considered to be very statistically significant since p-value =0.01 is less than  $\alpha=0.05$  assuming a 95% confidence level. Therefore inaction to audit queries has significant relationship with performance of the audit function.

**Chi-Square Analysis on Non Functional Public Accounts Committee**

H02: Non functional Public Accounts Committee has no significant relationship with performance of the audit function.

H12: Non functional Public Accounts Committee has significant relationship with performance of the audit function.

A Chi-square table (see Table 11) was generated using the GraphPad InStat Software for statistical computation:

Table 11: Summary of Chi-square analysis for responses on Non Functional Public Accounts Committee

Row #	Category	Observed	Expected #	Expected %
1	Strongly agree	63	40	20.000%
2	Agree	32	40	20.000%
3	Disagree	40	40	20.000%
4	Strongly disagree	34	40	20.000%
5	Undecided	31	40	20.000%

Chi-squared test for given probabilities: X-squared = 17.750, df = 4, p-value = 0.0014

### ***Interpretation***

The result of the Chi-square analysis obtained a Chi squared measure which equals 17.750 with 4 degrees of freedom and the two-tailed P value equals 0.0014. By conventional criteria, this difference is considered to be very statistically significant leading to the rejection of the null hypothesis since p-value =0.00 is less than  $\alpha=0.05$  assuming a 95% confidence level. Therefore non-functional Public Accounts Committee has significant relationship with performance of the audit function.

### **Chi-Square Analysis on Constitutional Limitation**

H03: Constitutional limitation of the Auditor-General's functions has no significant relationship with performance of the audit functions.

H13: Constitutional limitation of the Auditor-General's functions has significant relationship with performance of the audit functions.

A Chi-square table (see Table 12) was generated using the GraphPad InStat Software for statistical computation:

Table 12: Summary of Chi-square analysis for responses on Constitutional Limitation

Row #	Category	Observed	Expected #	Expected %
1	Strongly agree	64	40	20.000%
2	Agree	28	40	20.000%
3	Disagree	34	40	20.000%
4	Strongly disagree	38	40	20.000%
5	Undecided	36	40	20.000%

Chi-squared test for given probabilities

X-squared = 19.400, df = 4, p-value = 0.0007

### ***Interpretation***

From the result of the Chi-square analysis the Chi-squared measure equals 19.400 with 4 degrees of freedom and the two-tailed P value equals 0.0007. By conventional criteria, this difference is considered to be very statistically significant leading to the rejection of the null hypothesis since p-value =0.00 is less than  $\alpha=0.05$  assuming a 95% confidence level. Therefore, constitutional limitation of the Auditor-General's functions has significant relationship with performance of the audit function.

### **Chi-Square Analysis on Light punitive sanctions**

H04: Light punitive sanctions on codified offences has no significant relationship with performance of the audit function.

H14: Light punitive sanctions on codified offences has no significant relationship with performance of the audit function.

A Chi-square table (see Table 13) was generated using the GraphPad InStat Software for statistical computation:

Table 13: Summary of Chi-square analysis for responses on Light punitive sanctions

Row #	Category	Observed	Expected #	Expected %
1	Strongly agree	65	40	20.000%
2	Agree	35	40	20.000%
3	Disagree	45	40	20.000%
4	Strongly disagree	40	40	20.000%
5	Undecided	15	40	20.000%

Chi-squared test for given probabilities

X-squared = 32.500, df = 4, p-value = 0.0001

### ***Interpretation***

From the result of the Chi-square analysis obtained in Table 13, the Chi squared measure equals 32.500 with 4 degrees of freedom and the two-tailed P value equals 0.0001. By conventional criteria, this difference is considered to be very statistically significant leading to

the rejection of the null hypothesis since  $p\text{-value} = 0.00$  is less than  $\alpha = 0.05$  assuming a 95% confidence level. Therefore light punitive sanctions on codified offences have significant relationship with performance of the audit functions.

### **Chi-Square Analysis on dependence of Auditor-General on Executive**

H05: Dependence of the Auditor-General on Executive has no significant relationship with performance of the audit function.

H15: Dependence of the Auditor-General on Executive has significant relationship with performance of the audit function.

A Chi-square table (see Table 14) was generated using the GraphPad InStat Software for statistical computation:

Table 14: Summary of Chi-square analysis for responses on dependence of Auditor-General on Executive

Row #	Category	Observed	Expected #	Expected %
1	Strongly agree	70	40	20.000%
2	Agree	50	40	20.000%
3	Disagree	40	40	20.000%
4	Strongly disagree	30	40	20.000%
5	Undecided	10	40	20.000%

Chi-squared test for given probabilities:

X-squared = 50.000, df = 4, p-value = 0.0001

### **Interpretation**

From the result of the Chi-square analysis the Chi squared measure equals 50.000 with 4 degrees of freedom and the two-tailed P value equals 0.0001. By conventional criteria, this difference is considered to be very statistically significant leading to the rejection of the null hypothesis since  $p\text{-value} = 0.00$  is less than  $\alpha = 0.05$  assuming a 95% confidence level. Therefore dependence of the Auditor-General on executive has significant relationship with performance of the audit function.

### **Chi-Square Analysis on late presentation of the Auditor-General's report**

H06: Late presentation of the Auditor-General's report has no significant relationship with performance of the audit function

H16: Late presentation of the Auditor-General's report has significant relationship with performance of the audit function

A Chi-square table (see Table 15) was generated using the GraphPad InStat Software for statistical computation:

Table 15: Summary of Chi-square analysis for responses on late presentation of the Auditor-General's report

Row #	Category	Observed	Expected #	Expected %
1	Strongly agree	60	40	20.000%
2	Agree	40	40	20.000%
3	Disagree	45	40	20.000%
4	Strongly disagree	35	40	20.000%
5	Undecided	20	40	20.000%

Chi-squared test for given probabilities

X-squared = 21.250, df = 4, p-value = 0.0003

### ***Interpretation***

From the result of the Chi-square analysis the Chi squared measure equals 21.250 with 4 degrees of freedom and the two-tailed P value equals 0.0003. By conventional criteria, this difference is considered to be very statistically significant leading to the rejection of the null hypothesis since p-value =0.00 is less than  $\alpha=0.05$  assuming a 95% confidence level. Therefore late presentation of the Auditor-General's report has significant relationship with performance of the audit function.

### **Chi-Square Analysis on lack of prosecuting authority**

H07: Lack of prosecuting authority has no significant relationship with performance of the audit function.

H17: Lack of prosecuting authority has significant relationship with performance of the audit function.

A Chi-square table (see Table 16) was generated using the GraphPad InStat Software for statistical computation:

Table 16: Summary of Chi-square analysis for responses on lack of prosecuting authority

Row #	Category	Observed	Expected #	Expected %
1	Strongly agree	70	40	20.000%
2	Agree	40	40	20.000%
3	Disagree	30	40	20.000%
4	Strongly disagree	40	40	20.000%
5	Undecided	20	40	20.000%

Chi-squared test for given probabilities

X-squared = 21.250, df = 4, p-value = 0.0003

### **Interpretation**

From the result of the Chi-square analysis the Chi squared measure equals 35.000 with 4 degrees of freedom and the two-tailed P value equals 0.0001. By conventional criteria, this difference is considered to be very statistically significant leading to the rejection of the null hypothesis since p-value =0.00 is less than  $\alpha=0.05$  assuming a 95% confidence level. Therefore lack of prosecuting authority has significant relationship with performance of the audit function.

### **Reliability Test analysis on the responses obtained from Questionnaire**

Table 17: Case Processing Summary

		N	%
Cases	Valid	5	100.0
	Excluded <sup>a</sup>	0	.0
	Total	5	100.0

a. Listwise deletion based on all variables in the procedure.

Table 18: Reliability Statistics

Cronbach's Alpha	N of Items
.835	9

The result of the reliability analysis of the responses from the questionnaire (see Table 17 and Table 18) revealed a Cronbach's Alpha measure of 0.835 (83.5%) for the instrument. This result connotes that the responses from the research instrument (Questionnaire) were 83.5% consistent, reliable and a very good instrument.

## **SUMMARY OF THE FINDINGS**

The findings of the analysis revealed the following

1. there exist strong evidence that inaction to audit queries has significant relationship with performance of the audit function.
2. there exist strong evidence that non-functional Public Accounts Committee has significant relationship with performance of the audit function.
3. there exist strong evidence that constitutional limitation of the Auditor-General's functions has significant relationship with performance of the audit function.
4. there exist strong evidence that light punitive sanctions on codified offences have significant relationship with performance of the audit functions.
5. there exist strong evidence that dependence of the Auditor-General on executive has significant relationship with performance of the audit function.
6. there exist strong evidence that late presentation of the Auditor-General's report has significant relationship with performance of the audit function.
7. there exist strong evidence that lack of prosecuting authority has significant relationship with performance of the audit function.
8. It was found that the responses from the research instrument (Questionnaire) were 83.5% consistent, reliable and a very good instrument.

## **CONCLUSION**

This study examined the impediments of the Audit functions in the public sector, a critical analysis of the constraints of the Auditor – General for the Federation of Nigeria. It was found that inaction and indifference to audit queries, late submission of accounts by Accountant General and inadequate funding are some of the impediments that saddle the Auditor – General in the course of presenting his Audit reports. Also dependence of Accountant General on Executive, light punitive sanctions and submission of Account to Public accounts committee. The Executive, National Assembly and Accountant – General should work in tandem with the Auditor – General for due performance of his functions.

## **RECOMMENDATIONS**

The Auditor – General of the Federation despite the impediments to the audit functions have audited the public accounts for the year ended 31<sup>st</sup> December 2012. However for improved performance of the audit function and the way forward for accountability and transparency in the public sector, the following recommendations are hereby proffered;

- a. It is pertinent that audit queries should be replied promptly, offenders to this should be punished to act as deterrent to others. Recovery of the misappropriated fund is not enough, dismissal and imprisonment will ensure strict compliance and fiscal discipline.
- b. The Auditor – General should be empowered to prosecute offenders instead of politicization of the audit queries and reports by the public Account Committee members who are mostly politicians. The Economic and Financial Crime Commissions and the Independent Corrupt and other Practices Commission presently prosecute their offenders. For instance, the Hungarian state Audit office has launched criminal proceedings in over fifty cases relating to alleged criminal activity.
- c. The audit reports should be timely for it to be relevant. To ensure this, the Accountant – General should always endeavour to present his Account promptly to the Auditor – General.
- d. The Auditor – General should be adequately funded, this will facilitate his audit work, provide infrastructure, training and re-training of his officers. The office of Auditor-General should be placed on the first line charge of the Federation Account
- e. The Auditor – General should be given the power and authority to appoint external auditors for the public corporations and not the corporation itself. This will ensure economic and audit independence of the external auditors. The external Auditors should also be rotated every two years and they should not render Accounting and tax services to the public sector organizations. The external auditors' fees should also be paid by the Auditor – General.
- f. The sanctions for offences for the accounting officers should also be taken against the Internal Auditors, this will compel them to raise audit alarm as and when due.
- g. The National Assembly should pass the Audit bill, this will facilitate effectiveness of the Auditor – General.
- h. For effective performance of the audit functions, the Auditor – General should publicize their audit findings in internet and other mass media. This will serve as deterrent to potential offenders.
- i. The auditing system should be computerized. There is need for database for all offenders.
- j. The Auditor – General should co-operate and work in tandem with police, EFCC and ICPC for effective performance of his audit functions.
- k. The Auditor – General should also be given the power to hire, promote and fire his staff. Special salary scale should also be approved and implemented for Auditor – General and his staff. This will motivate the Auditors and thus improve their productivity.
- l. The various Accounting Professional bodies should ensure that their members in both private and public sectors of the economy exhibit high standard of integrity and

accountability and sanctions should be imposed on erring members. This will facilitate effective performance of the Auditor – General.

m .The office of the Auditor-General should be independent like the Judiciary. There should be an audit service commission. The Federal government should also establish a supreme bench of auditors which should be responsible for sanctioning, prosecuting and executing all finances offenders.

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