



THE ROLE OF VALUE FOR MONEY AUDIT IN THE ATTAINMENT OF GOVERNMENT OBJECTIVES

Eke Robert Ike, PhD, FCA 

Department of Accounting and Finance School of Management and Social Sciences,
Wellspring University Benin City, Edo State, Nigeria
robbyeke19@yahoo.com; robert_ike@wellspringuni.edu.ng

Ogbebor Patience

Department of Accounting and Finance School of Management and Social Sciences,
Wellspring University Benin City, Edo State, Nigeria

Abstract

The study examined the role of value for money audit in in the attainment of government objectives. Government objectives such as; cost saving, the timely execution of projects and the quality of projects and programmes. The study employed the survey research design and one-hundred and fifty questionnaires were administered to accountants and auditors staff of Edo State Civil Service Commission. However, one hundred and thirty four questionnaires was returned and used for analysis. The reliability of the research instrument was tested using the Cronbach Alpha statistics and the hypotheses of the study were tested using the Pearson Chi-square statistics. The result from the Pearson chi square statistics revealed that Value for money audit has significant effect on the government cost saving objective. Secondly, it was found that value for money audit has a significant effect on government's timely execution of projects. Lastly, the study found that there is a significant impact of value for money audit on the quality of projects executed government's. The study concluded that the efficacy of value for money audit cannot be overemphasized, as it has the role in the cost saving of government resources, the timely execution of projects and the improve quality on projects executed. It recommends that value for money audit should be implemented by all tiers of government.

Keywords: Value for money, public sector, audit, efficiency, economy, effectiveness

INTRODUCTION

Audit is an art of systematic and independent review and investigation on a certain subject matter, including financial statements, management accounts, management reports, accounting records, operational reports, revenues reports, expenses reports. The result of reviewing and investigation will be reported to shareholders and other key internal stakeholders of the entity for their decision-making or other purposes. Broadly, there are different types of audit, ranging from the statutory/external audit, internal audit, forensic audit, financial audit, tax audit, information system audit, compliance audit, integrated audit, special audit, operational audit and value for money audit. The statutory/external audit is a type of audit of financial statements for the specific type of entities required by law or local authority, usually done annually. In statutory/ external audit the audit work is done by independent external auditors, while in internal audit it is done internally by staff of the company.

The concept of VFM audit in Nigeria became very prominent because of the economic depression experienced since the 1980s. Government's emphasis shifted from expenditure control towards value for money as the need for effective utilization of economic resources became imminent (Eze & Ibrahim, 2015). The value for money audit is a special type of audit in the public sector is a tool used in evaluating government optimal use of the nation's resource (Tonade & Adesanawo, 2017). In the view of Nwamgbegbu, Oketa, Agba and Nwambe (2019), value for money audit focuses on the systematic evaluation of the methodologies employed in the execution of projects , programmes and activities with the aim of confirming whether the stated objectives of the projects, programmes and activities were actually achieved and also the cost of achieving it. Researchers have recommended that value for money audit is a key to improving the public sector accountability (Elkana, 2018) and quality service delivery in the public sector (Nkwagu & Nwangbebu, 2019). Therefore, the thrust of this study is to ascertain the effect on value for money audit in the attainment of government goals and objectives in Nigeria. The goal and objectives of government changes as new government come in power. The government of Nigeria

Nkwagu and Nwangbebu (2019) sounded that the mismanagement of public funds and resource of state by the officers in-charge calls for great concern. The misstatement of public funds could be out rightly blamed on poor budget implementation. Olomola (2009) opined that the budget process has always been fraught with colossal abuses such as non-release, partial release and delay in releasing approved funds for budgeted expenditures. This may hinder the growth and development of the nation in the long run. Certainly, it will disrupt the government goals and objectives in carrying out project and programmes that would benefit the citizens and improve the nation's economy. This method of audit has evolved over time and has been found

to be the best approach to confirming whether managers of public resources are applying best practices in the use and management of resources. Value for money auditing has been found to be particularly useful in public sector where measurements of results achieved by public sector organizations are not based on profit.

Statement of the Problem

In this present dispensation, the role of value for money audit in the public sector cannot be over emphasized. The management of government resource have been the major problem affecting the nations since time in memorial. Despite the increase in human population, there is no proportionate increase in infrastructural development. Sadly, the government have persistently failed to address this issue, and has unfortunately created avenue for widespread intra-community conflicts, destruction of lives and properties as well as the breeding of an army of restive youths (Idada & Ihunmwangbo 2012). Nkwagu and Nwangbebu (2019) recounted that the mis-management of public funds and resource of state by the officers in-charge calls for great concern. Thus, the reiteration for a more sound value for money audit is highly sought out for. As regards budget implementation, Olomola (2009) opined that the budget process has always been fraught with colossal abuses such as non-release, partial release and delay in releasing approved funds for budgeted expenditures. This may hinder the growth and development of the nation in the long run.

Researcher have recommended value for money audit as a key to improving the public sector accountability (Elkana, 2018); service delivery in the public sector (Nkwagu & Nwamgbebu 2019); funding from donor agencies and fund utilization (Ogungbade, Adebiji, Kolawole & Lubo 2021). While some researcher claim forensic investigation (Adeosun, 2022); litigation services (Okoye, Ugochukwu, & Ukwuoma, 2020) would improve budget implementation in the public sector. Notably, to the best of the researcher knowledge, no study has investigated the role of value for money audit in the attainment of government objectives. Therefore, this gap identify was the motivation for the study.

Objective of the study

The broad objective of this study is to examine the role of value for money in the attainment of government objectives in Nigeria. The specific objectives are to:

1. ascertain the effect of value for money audit in the government cost saving objective,
2. examine the impact of effect of value for money audit on government's timely execution of projects; and
3. Investigate the impact of value for money audit on the quality of projects executed government's.

LITERATURE REVIEW

Value for Money Audit

The term value for money audit (VFM) could also be referred to as performance audit or management audit. According to Eze and Ibrahim (2015), value for money audit is the degree to which funds are expended economically and efficiently and the extent to which the related programmes are effective in meeting their objectives. In the words of Tonade and Adesanawo (2017), VFM audit is a terminology used for the evaluation of the extent to which optimal use is made of an organization "resources. Owolabi and Ogunode (2020) defined VFM as a mechanism for assessing how governments" uses finance in its custody to judiciously implement programs, policies and projects for the betterment of the citizenry at a cost that is economical and efficient. In line with this study, the definition of Owolabi and Ogunode (2020) would be adopted.

This importance of value for money audit in the public cannot be overemphasized. It provide needed assurance that public funds have been judiciously, economically and efficiently used for the original purpose intended as set out in a government's program, policy or budget (Owolabi & Ogunode, 2020). Ogungbade, et al (2021) asserted that VFM audit is not limited to the public sector; it is immensely relevant in the private and quasi sector because it can help position internal auditors to exceed stakeholders' expectations. Value for money audit is guided by three principles, name economy, efficiency and effectiveness. These principles or components are very vital to attaining the goal of value for money audit.

Component of Economy

Nwangbebu et al (2019) echoed that the economy principle or component of value for money audit shows the nexus that exists between costs and input resources. it simply refers to the acquisition of inputs of a given standard and quality at the lowest possible costs. This therefore implies spending less per time. Doing this will demand the prudent use of resources in such a way that time, efforts and money is saved.

Component of Efficiency

The concept of efficiency simply means doing the right things right. To be deemed efficient will imply accomplishing certain milestones with less time, effort or expense. It is thus a measure of productivity (Nwangbebu et al 2019). In order words, it implies spending well per time (Owolabi & Ogunode, 2020). When a government is efficient, they tend to spend less resource to achieved greater output. However, in the present dispensation, it is far from it. Government spend even sometimes run into deficit.

Component of Effectiveness

Owolabi and Ogunode (2020) termed effectiveness to be as the extent to which organizational activities achieves intended results which can be quantitative or quality in nature. Effectiveness entails ensuring that organizational outputs are as closely aligned as possible to its stated objectives. Here, when a government set out a program to achieve, it does. The principle of effectiveness simply means the manner and way in which set programs, goal or project are duly achieved.

Benefits of Value for Money Audit

The benefits of value for money audit are enormous. Chezue (2013) stated that VFMA improves accountability and good Governance in the Public Sector. Prior to the advent of VFMA, public sector accountability had been a mirage (Nwamgbebu, et al., 2019). Another prominent benefit of VFMA is that it examines examines management, practices and control and reporting system. VFMA provides a robust framework in ascertaining how the government or firms have achieved economy, efficiency and effectiveness in its operations and further identifies the major deficiencies in management and control practices would be identified (Chezue, 2013).

Empirical Review

In Ghana, a survey study was done by Elkana, (2018) to examine effect of value for money auditing in public accountability. The researcher employed the purposive sampling technique of thirty-two (32) internal auditors in Ghana's national treasury. They found that the economy value, efficiency value and effectiveness value have positive impact on public sector accountability.

In a similar study in Nigeria, Ebonyi State to be precise, Nkwagu and Nwamgbebu (2019), they aimed to ascertain the effects of value for money auditing on Local Government Service Delivery. The researchers adopted a survey research design to sample the opinions of one hundred and thirty-six staff of account and audit departments. They employed multiple regression as inferential statistics of the study and found that economic and effectiveness principle has no significant effect on Ebonyi state local government service delivery. However, efficiency principle has a positive relationship with Ebonyi state local government service delivery.

In Imo State, Nigeria, Okoye, Ugochukwu, and Ukwuoma (2020) examined the impact of litigation services on budget implementation. The population of the study consisted of 53 (21 staff of Economic and Financial Crimes Commission (EFCC) and Independent Corrupt Practices and other Related Offences Commission (ICPC) and 32 accounting officers in Public

Complaints Commission, Corporate Affairs Commission, Federal Character Commission, Consumer Protection Council and National Human Rights Commission in Imo State) were selected for the study. The researcher employed the Pearson Product Moment correlation analysis to test the degree of impact/relationship at 0.05 level of significance, and found that business valuation, revenue analysis and documentary evidence have an impact on budget implementation in Imo State. They further found that business valuation has no significant impact on budget implementation, while revenue analysis and documentary evidence has significant impact on budget implementation in Imo State.

In the Quasi-sector, Ogungbade, Adebisi, Kolawolw and Lubo (2021) examined the effect of value for money audit on funding from donor agencies and fund utilization among selected four international Non-Governmental Organisations. The researchers adopted the survey research design and administered one hundred and sixty (160) copies of questionnaire were administered to the staff of the organisations. They employed the multiple regression technique to test the hypothesis of the study, and found that value for money audit has a significant effect on funding from donor agencies and fund utilisation

A recent study by Adeosun (2022) investigated the impact of forensic investigation and budget implementation in Ekiti State ministry of budget and planning. Survey research design was adopted and a total of seventy-three (73) copies of the questionnaire was randomly selected and used as sample and simple linear regression technique was used to empirically ascertain the impact of forensic investigation on budget implementation. The researcher found that forensic accounting has positive significant impact on budget implementation in Ekiti state ministry of budget and planning. The researcher further found that forensic investigation improves budget implementation, reduced falsification of document on budget implementation, forensic investigation promote transparency and checkmates embezzlement of money allocated for budget implementation.

Evidence from empirical literature revealed that there is dearth in literature on the role of value for money audit in the attainment of government objectives in Edo state. Government objectives in terms of cost savings, the timely execution of projects and the quality of project executed. Therefore, this is a pioneer study in this area.

Theoretical Framework

This study is hinged on the Public Interest Theory. The rationale for adopted the theory as the theoretical framework for this study was to provide a better understanding on the role of value for money audit in the attainment of government objective. Also, prior studies have used the theory to explain the role of value for money audit on public sector performance and

accountability (Nwamgbebu, et al., 2019). The public interest theory has its roots from the seminal work of Albert Pigou in 1932. The theory states that the existence of government is solely for the benefits of the society or citizens in provide welfare services, unlike the private sector that the sole purpose is to make profit. In applying this theory to our study, it is perceived that the main goal of value for money audit is to ensure that the government objectives, policies and programmes are carried out. This would consequently lead to better welfare creation for the citizens of the country. Some scholars like, Hantke-Domas (2003) and Hertog (2010) have supported the use of this theory as it viewed to address the issue of public sector welfare. However, Smyth and Söderberg (2010) criticized the theory that there may be situations where there some individuals who have power to influence their self-interest at the disadvantage of a larger group. There is dire need for value for money audit to ensure that budget is implemented and the welfare of the citizens are taken care of.

RESEARCH METHODS

This study employed the survey research design. Survey design was chosen as the best method for a research of this nature. The researcher developed questionnaire for data collection. One hundred and fifty (150) questionnaires were purposively administered to accounting and auditing staff of Edo State Civil service commission. The rationale for purposively selecting the respondents is due to the fact that they have robust knowledge of the subject matter. The Pearson Chi-square was used to test the hypotheses of the study. The reliability of the instrument was tested by the Cronbach alpha statistic and the test result is 0.808 (Table 2). The Statistical Packages for Social Sciences was used to run the analysis of the study.

ANALYSIS

Table 1: Response Rate of the Questionnaires

Response	Frequency	Percentage (%)
No. of Questionnaires	150	100
Questionnaires returned	134	89.3

The table above shows that about 89.3% of the administered questionnaire was returned. Thus, the total questionnaire administered was not retrieved successfully for analysis. However, the number of questionnaire retrieved was suitable for the analysis.

Reliability Statistics

Cronbach's alpha is a consistency test that reveals whether all items within the instrument measure the same thing. It is a measure of reliability of the questionnaire items.

Table 2: Reliability Statistics

Cronbach's Alpha	N of Items
.808	21

Table 2 reveals the Cronbach's for the variables stood at 0.808. This is an acceptable value to justify the reliability of the study's research instrument. Hence, the instrument had excellent reliability as far as internal consistency is concerned.

Table 3: Demographics of Respondents

Frequency	n	Frequency
Age		
20-30 years	39	29.1
31-40 years	50	37.3
41-50 years	42	31.3
51- and above	3	2.2
Educational Qualification		
O'Level	0	0
First Degree	59	44.0
Second degree	50	37.3
Third degree	25	18.7
Number of years of work experience		
Less than 1 year	12	8.9
2-3 years	56	41.8
4 – 5 years	45	33.6
6-10 years	21	15.7
Professional Qualifications		
ACA/FCA	75	56
CNA/ FCNA	40	29.9
ACTI	19	14.2
Others	0	0

Note. N = 134 (n = for each condition),

The result in table 3 shows the descriptive statistics for the study. From the survey, the age bracket of respondents, were as follows, 39 (29.1%) are between 20-30 years, 50 (37.3%) are 31-40 years, 42 (31.3%) are within 41-50 years, while 3 (2.2%) are within 51 years and above.

The educational level of the respondent are as follows, 0 (0%) had o'level, 59 (44%) had first degrees, 50 (37.3%) had second degree, while 25 (18.7%) had third degree. On the number of years of experience, 12 (8.9%) had experience of less than one year, 56 (41.8%) experience of 2-3 years, 45 (33.6%) had experience of 4-5 years, while 21 (15.7%) had experience of 6-10 years. The respondents had the following professional qualifications, 75 (56%) had ACA/FCA, 40 (29.9%) had CAN/FCNA, 19 (14.2%) had ACTI.

Research Questions

Table 4: The role of value for money audit on government cost savings objectives

Government Cost Savings Objectives	SA 5	A 4	D 2	SD 1
There is budget surplus on projects and programmes	67 (50%)	34 (25.4%)	10 (7.5%)	23 (17.2%)
The surplus are remitted back to the governments account	53 (39.6%)	47 (35.1%)	20 (14.9%)	14 (10.4%)
Resources are never allocated to ghost or non-existing projects	41 (30.6%)	59 (44%)	16 (11.9%)	18 (13.4%)
Public officers are working to cut cost of the government	51 (38.1%)	55 (41%)	9 (6.7%)	19 (14.2%)
The recurrent expenditure is more than the capital expenditure	69 (51.5%)	40 (29.9%)	14 (10.4%)	11 (8.2%)

From the result in table 4, it shows that value for money audit have a significant impact on government cost savings objectives. This is evidenced in the responses from the respondents of the study. Most of them opined positive view on the role of value for money audit on government cost savings objectives.

Table 5: The role of value for money audit on Timely execution of project

Timely execution of project	SA 5	A 4	D 2	SD 1
Projects and programmes are executed without delay	75 (56%)	33 (24.6%)	13 (9%)	13 (9.7%)
Projects are awarded to competent persons and contractors	58 (43.3%)	44 (32.8%)	12 (9%)	20 (14.9%)
The timeframe of the completion of the project is usually fixed	53 (39.6%)	47 (35.1%)	20 (14.9%)	14 (10.4%)
There are some public officers that's slow down the project's completion	41 (30.6%)	59 (44%)	16 (11.9%)	18 (13.4%)

From the result in table 5, it shows that value for money audit have a significant impact on government timely execution of project. This is evidenced in the responses from the respondents of the study. Most of them opined positive view on the role of value for money audit on the timely execution of projects

Table 5: The role of value for money audit on Quality of Project and Programmes executed

Quality of Project and Programmes executed	SA 5	A 4	D 2	SD 1
The project executed are durable	51 (38.1%)	55 (41%)	9 (6.7%)	19 (14.2%)
The materials used in carrying out the project are top notch	69 (51.5%)	40 (29.9%)	14 (10.4%)	11 (8.2%)
There is quality control verification on materials used for projects	75 (56%)	33 (24.6%)	13 (9.7 %)	13 (9.7%)
There is quality control check before and after the execution of the projects	58 (43.3%)	44 (32.8%)	12 (9%)	20 (14.9%)

From the result in table 6, it shows that value for money audit have a significant impact on quality of project and programmes executed. This is evidenced in the responses from the respondents of the study. Most of them opined positive view on the role of value for money audit on the quality of project and programmes executed

Testing Hypotheses

The study employed the Pearson Chi square statistics to hypotheses of the study. The hypotheses in this study were tested at 5% level of significance.

H_{01} : Value for money audit has no significant effect on the government cost saving objective

Table 6: Pearson Chi Square Summary table for hypothesis one

	Value	Df	Asymp. Sig (2 –tailed)	Exact Sig (2 –tailed)
Pearson Chi Square	12.0124	16	0.00081	0.00081**
Likelihood Ratio	2.584	16	0.00322	
Linear-by-Linear Association	2.094	16	0.01123	
N of Valid Cases	134			

a. 0 cells (0.0%) have expected count less than 5. The Maximum expected count is 18,00
b. Computed only for 2x2 table

From the result in tables 6 revealed that Value for money audit has significant effect on the government cost saving objective, *Chi Square* = 12.0124; $p = 0.00081 < 0.05$. Therefore, this

study failed to accept the null hypothesis stated on the study, that value for money audit has no significant effect on the government cost saving objective

H₀₂: Value for money audit has no impact on government's timely execution of projects

Table 7: Pearson Chi Square Summary table for hypothesis two

	Value	Df	Asymp. Sig (2 –tailed)	Exact Sig (2 – tailed)
Pearson Chi Square	20.1156	16	0.00823	0.00823**
Likelihood Ratio	3.3241	16	0.00001	
Linear-by-Linear Association	3.0098	16	0.00001	
N of Valid Cases	134			

c. 0 cells (0.0%) have expected count less than 5. The Maximum expected count is 20,00
d. Computed only for 2x2 table

From the result in tables 7, it was revealed that value for money audit has a significant impact on government's timely execution of projects, *Chi Square* = 20.1156; $p = 0.00823 < 0.05$. Therefore, this study failed to accept the null hypothesis stated on the study, that Value for money audit has no impact on government's timely execution of projects.

H₀₃: There is no significant impact of value for money audit on the quality of projects executed government's.

Table 8: Pearson Chi Square Summary table for hypothesis three

	Value	Df	Asymp. Sig (2 –tailed)	Exact Sig (2 – tailed)
Pearson Chi Square	24.5675	16	0.00102	0.00102**
Likelihood Ratio	2.0981	16	0.00001	
Linear-by-Linear Association	2.0034	16	0.00001	
N of Valid Cases	134			

e. 0 cells (0.0%) have expected count less than 5. The Maximum expected count is 18,00
f. Computed only for 2x2 table

From the result in tables 8, it was revealed that there is a significant impact of value for money audit on the quality of projects executed government's, *Chi Square* = 24.5675; $p = 0.00102 < 0.05$. Therefore, this study failed to accept the null hypothesis stated on the study, there is no significant impact of value for money audit on the quality of projects executed government's.

CONCLUSION AND RECOMMENDATIONS

The thrust of this study is to examine the role of value for money audit in the Attainment of Government Objectives. In this study government objectives were proxied through cost saving, timely execution of projects and the quality of project executed. Result from the inferential statistics employed revealed that value for money audit has significant impact in the attainment of government objectives. The study, therefore concluded that the efficacy of value for money audit cannot be overemphasized, as it has the role in the cost saving of government resources, the timely execution of projects and the improve quality on projects executed. The study further recommended that government should ensure that value for money audit is carried out in all her ministries, departments, agencies and parastatals to improve quality of service delivery through the attainment of her objectives.

SCOPE FOR FURTHER STUDIES

This research focused on the role of value for money audit with special focus on government capital expenditure project execution and completion for achievement of government objectives. Future research should be extended to the role value for money audit plays government recurrent expenditure where huge amount is usually spent on personnel and other costs. It will likely expose areas of wastages in government recurrent expenditure profile.

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