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Influence of Internal Audit Practices on Allocative Efficiency of Government Organisations inNigeria

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Abstract
The study examined the effect of internal audit practices on allocative efficiencyof government organisations in Nigeria. The population of the study consist 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 allocative 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 negative and significant effect on allocative efficiency of government organizations. This means that risk assessment as a veritable element for internal audit practices significantly affects allocative efficiency of government organisations even though negatively. Asset safeguard has a positive and insignificant effect on allocative efficiency of government organizations. Auditor independence has a positive and significant effect on allocative efficiency of government organizations. The study therefore recommends that government organizations should encourage auditor independence in order to boost allocative efficiency in public sector organizations.

Keywords: *Internal Audit Practices, Risk Assessment, Asset Safeguard, Auditors' Independence, Allocative Efficiency, Government organizations*

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I. 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.

In spite of various pronouncements on internal audit in the Nigerian public sector, the general opinion according to literature is that most of the public enterprises have failed to deliver on the purposes for which they were established. Many people accuse managers of public enterprises in Nigeria of ineffectiveness and inefficiency in terms of resource control. They argue that poor application of internal audit principles and procedures leads to blatant diversion of scarce resources with its attendant consequences on the traditional accountability of government to the public. In fact, Adedokun (2014) observes that internal control is desired to provide some assurance to stakeholders that' scarce resources are not diverted away from basic considerations inherent in financial management system design.

Effective public finance management, including the management of aid flows, is crucial to countries making progress in reducing poverty. Weaknesses in public financial management often reflect underlying interests and incentives, and the reform and strengthening of public financial management requires high-level political leadership and support as well as technical skills (Ademola *et al.*, 2015). For all these reasons, public financial management is likely to remain at the centre of dialogue between aid agencies and partner country governments. At the same time, donors have both developmental and a fiduciary interest in the quality of their partners' public financial management (Abba & Kakanda, 2017).

Despite the increase in corruption cases and misappropriation of public funds in the public organizations, studies on factors affecting internal auditor's performance in public organization remain scanty and there is no critical research that has been undertaken to explain the reasons why the internal audit functions clearly legislated for under the Public Financial Management Act of 2012 has not been effective in strengthening public financial management systems which would be a more effective way of protecting government resources. Alzeban's (2015) survey on effectiveness of internal audit committees in the public sector identified the need to conduct further research to identify the factors affecting the performance of internal auditors in the public sector. This study therefore sought to fill the existing research gap by establishing factors affecting internal auditors' performance in public sectors in Nigeria, with special focus on public organizations.

In spite of these proposals of the World Bank, a lot of leakages and anomalies exist in the public sector expenditure management. Arising from the above, an inquiry into what contributions the internal audit function would make in public expenditure management is unavoidable. What then is the extent of effect or contribution the internal audit function has on the institutionalization of acceptable public expenditure management platform. It is this gap in knowledge that needs to be filled by this study.

Objectives of the Study

The study achieved the following specific objectives:

i). To investigate the influence of risk assessment on allocative efficiency of government organisations in Nigeria

ii). To examine the influence of asset safeguard on allocative efficiency of government organisations in Nigeria.

iii) To examine the effect of internal auditor's independence on allocative efficiency of government organisations in Nigeria.

Research Questions

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

i). To what extent does risk assessment affect allocative efficiency of government organisations in Nigeria?

ii). What is the effect of asset safeguard on allocative 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 effect on allocative efficiency.

Ho_2: Asset safeguard has no significant effect on allocative efficiency.

Ho_3: Auditors' independence has no significant effect on allocative efficiency.

II. Review Of Relevant Literature

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

Conceptual Framework

This study evaluated the effect of internal audit practices on allocative 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, allocative efficiency served as the dependent or criterion variable as well as the measure in this study. The study adopted part of the classifications of allocative 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).

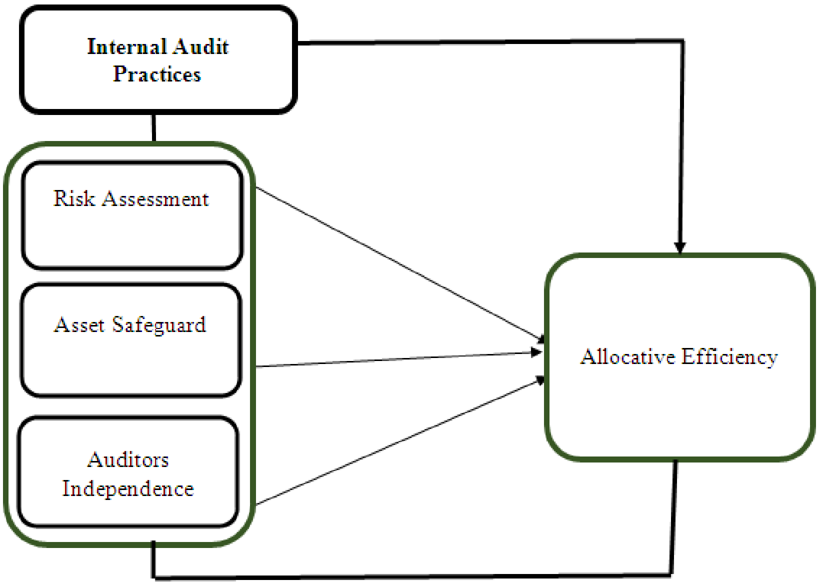

Figure 1: Conceptual Framework of Internal Audit Practices and Allocative Efficiency of Government Organisationsin Nigeria.

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. According to Unegbu and Obi (2012), internal audit is part of the internal control system put in place by management of an organization to ensure adherence to stipulated work procedure andas an aid to management. They believe that internal audit measures, analyses and evaluates the efficiency and effectiveness of other controls established by management in order to ensure smooth administration, control cost minimization, capacity utilization and maximum benefit derivation. This implies that internal audit is an integral part of a complex system designed by the management of any organization to ensure orderly conduct of its business and prevent abuse of assets.

Deepak (2010), sees internal audit as an independent and objective assurance and consulting function designed tohelp an organization to achieve its objectives. He identifies the objectives to include: Effectiveness and efficiency of operations (programmes and projects), reliability of financial and operational information, safeguarding of assets, compliance with rules and regulations and prevention and detection of fraud.

World Bank (2017), states that the internal auditor's main objective is to evaluate effectiveness offinancial and operating control, confirm compliance withcompany policies, procedure, protectassets, verify theaccuracy andconsistency oforganization's external and internal reports. While Erlina and Muda (2018), believe that the objective of internalaudit 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 internalauditing. Little wonder Gorzen-Mitka (2015) state that internal auditor's job is not done until defects are correctedand 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. At the same time, as the institutions are taking on greater responsibility due to the fast rate of expansion, the level of its financial support from the government is reducing in real terms (Abbott *et al.*, 2013). It is therefore imperative that it makes very bold steps towards enhancing its governance structure, including increasing the capacity and effectiveness of the Internal Audit Function.

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: An independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance process (The Institute of Internal Auditors (IIA, 2010).

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 internalaudit 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 objectiveby 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 effectivenessas the number and scope of deficiencies corrected following the audited process.

Alberta (2005) as cited in Mu'azu and Siti (2013) states thateffective internalaudit 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 characteristicsare essentialand 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 internalcontrol 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).

Allocative Efficiency of Public Expenditure

Assuming aggregate fiscal discipline can be instilled, there is a second major challenge which confronts any government. How should the constrained budget be allocated? Technically this involves making calculations at the margin so that the last sum spent on each program yields the same net benefit to society." More simply, it means the government spends the money on the "right" things. But what is "right" depends on (a) the priorities of society and (b) the cost of programs and activities needed to meet those priorities. A program may be relatively inexpensive but does not fall in any priority area. Or, a program may be in a priority area but cost a lot more than another program in some other priority area. In either case, the program is "not right." To establish priorities, one needs to know the preferences of the citizenry. But this we know is a difficult task (Jubb, 2008). Economists refer to this as the problem of preference revelation. Some mechanism to get citizens to reveal their true preferences has to be developed. Even though in practice, such a mechanism will never be perfect and in all likelihood will be highly imperfect. Obtaining the cost of programs is an equally difficult task. In practice, line agencies and in some cases local governments are in the best position to know what the real cost of programs are since they are the ones who formulate and implement them. But line agencies have very strong incentives to withhold this information from the budget agency. For instance, it is common practice for a line agency to use the "toehold" approach for large programs/activities. In order to get easy approval from the Budget agency, a line agency will first submit a low cost estimate for the program. Not knowing any better, the Budget agency approves it since it is relatively low. Having gotten a "line item" in the budget, the line agency then seeks additional funding the next year and the next etc (IIA (2010).

Preference revelation is a very difficult problem to address. Many economists have written treatises on this and the results have been nothing short of complex (and sometimes confusing). Yet, the problem has to be addressed if the budget is to be allocated efficiently across sectors and, within sectors, across programs and activities. One way this is handled, albeit very imperfectly, is through a bottom up process of preparing a medium term development plan (Scott, 2018).

In a number of countries, the national government begins the planning process with extensive consultations with different stakeholders – the regions and districts within those regions, sectoral interest groups, business associations, labor unions, etc (Karadag, 2015). The resulting development plan incorporates to the extent possible the broad priorities enunciated by stakeholders (which reflects their preferences). For example, it could include improving the standard of living of the poor through population planning where the latter encourages the use of contraception but not abortion. This process tends to be time consuming but it results in priorities that majority of the people will accept and support – it becomes their plan. As a consequence, it gives the government a barometer of what programs and activities are "right" (Güneş & Atılgan, 2016). The problem of cost revelation is just about as complex. This is not surprising because, like preference revelation, it reflects a situation where one party needs important information to make a decision but that information resides in someone else's head. In the case of budgeting, the budget agency needs to know how much each program costs. However, not having firsthand experience with the programs, it has to rely on line agencies for this information. But, as mentioned earlier, a line agency has very strong incentives not to give the Budget agency this information – of course, it wants to get as much from the budget. A Medium Term Expenditure Framework (MTEF) helps alleviate this problem. In the next issue, the MTEF will be discussed in detail. For the moment, suffice it to say that it embodies arrangements that require line agencies to cost out more accurately their programs over the medium term, normally over three to four years. This arrangement forces line agencies to reveal more of the true costs of their programmes (Abba & Kakanda, 2017).

This metamorphosed in the early 1980s by the World Bank and the approach has been improved so far to a large extent. The economic programs of member states by World Bank and IMF for public expenditure management approach have begun as public investment reviews (PIRs) and investment projects have taken priorities. PERs (Public expenditure reviews) replaced PIRs (Public investment reviews) due to high expanding budgets in 1980s. West Africa accounted for 27 PIR/PERs over the first half of the 1980s (Al-Twaijry *et al.* 2003). During this period, they observed that public expenditure reviews were heavily focused on budget allocation.

Empirical Review

Mihret and Yismaw (2007) did a study entitled Internal Audit Effectiveness: An Ethiopian Public Sector Case Study. The study used structured questionnaire, interview and observations as instruments of data collection The study also utilized regression of ordinary least square estimation and found that certain factors such as internal audit quality, support from management, etc. strongly affect effectiveness of internal audit while organizational structure and internal auditor's attributes have less impact on the same variable.

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.

Kiridaran *et al.* (2010) studied the effect of auditor's independence on the banking industry in United State of America. They employed an observational study research design and a sample of 63. They used regression and found positive effect of the limited internal auditors' independence on small listed banks in the U.S and the presence of greater earnings management in relation to under-provisioning of loan loss provisions (LLP). They also, established that assurance activities of internal auditors resulted to poor share value performance of these listed banks and consequently their profitability.

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 internalaudit 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 auditeffectiveness' 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 significantlyfrom 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.

Ge et al. (2017) did a study on the benefits and costs of Sarbanes-Oxley Section 404 (b) exemption: Evidence from small firms' internal control disclosures. The main objective of the study was to determine the relationship between internal audit process and budget variance in NGOs in Nigeria. The primary data was collected using questionnaire and data analyses were done using descriptive methods. The population of this study comprised of 6,075 NGOs in Nigeria over the last five years 2007-2011. Convenient sampling was used to select 20 NGOs for this study. The researcher used a questionnaire to collect primary data and the data was analyzed by descriptive data analysis using SPSS version 17. The research found that a unit change in budget preparation will lead to a 0.722% change in budget variance; a unit change in budgetary control will lead to a 0.661% change in budget variance; a unit change in internal auditing will lead to a 0.682% change in budget variance. The study concluded that budget preparation, budgetary control and internal auditing significantly influence budget variance. The study recommends that NGOs should maintain a good internal audit process as the process contributes a lot to their budget variance.

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.

Theoretical Framework

This study reviewed control theory and adapted it to anchor internal audit and public allocative efficiency in government organisations. Control theory has been described as "an inter-disciplinary branch of engineering and mathematics that deals with the behavior of dynamical systems within puts. The external input of a system is called the reference. When one or more output variables of a system need to follow a certain reference over time, a controller manipulates the inputs to a system to obtain the desired effect on the output of the system. The objective of a control theory is to calculate solutions for the proper corrective action from the controller that result in system stability, that is, the system will hold the set point and not oscillate around it. Sanger's (2013) investigation reveals that systems have inputs and outputs to bring a product after processing and so inputs and outputs of a control system are generally related by differential equations.

Theory of Control

Control theory dates from the 19th century, when the theoretical basis for the operation of governors was first described by James Clerk Maxwell.[2] Control theory was further advanced by Edward Routh in 1874, Charles Sturm and in 1895, Adolf Hurwitz, who all contributed to the establishment of control stability criteria; and from 1922 onwards, the development of PID control theory by Minorsky (1922). Although a major application of mathematical control theory is in control systems engineering, which deals with the design of process control systems for industry, other applications range far beyond this

Adequate control is very essential to every organization be it individual or government owned all over the world. This is because if there is no adequate control of resources in the organization, it will be practically impossible to monitor budgets. The theory of control specifies the obligations of government/ industries in providing social and basic amenities to the citizens. It indicates that government owned industries is a basic principle of control on those scarce resources they are meant to manage (Robinson, 2009). Shields and Young (1993) contend that government industries ought to provide both resources and employment to the citizens for meeting the laid down objectives. This implies that the government, board members and staff have joint responsibility to ensure proper accounting practices and timely budgetary implementation and appropriations by building effective management controls and directions. This study is built up in control because, state corporations are expected to live to its responsibility of establishing standards, adequate controlling mechanism and acceptable accounting practices. Government enterprises need not to have unethical persons acting outside controls as ineffective control system in every organization can negatively affect organizational profitability and sustainability as well as companies' resources and performance.

III. 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. The choice of the five government owned organizations was based on their nationalistic posture and practices. Considering that the population of the study is not large (only 350 Managers/Officers). There is no need to involve the study in random sampling. Rather the researcher conducted a census study. Using judgmental sampling technique, respondents were drawn from each of the government organizations into a sample size of 350 staff. The sample elements of the study were drawn from the Directors, Operations Managers, Supervisory Officers, Managers/Accountants, Internal Auditors and senior officers. The procedure for sample selection first involved the objective selection of the workers actively participating in controlling and management of the selected organizations.

The primary data was sourced through the use of the questionnaire. A questionnaire was used to elicit data from respondents on whom they were administered to. The method of gathering the data under this method involved e-mailing to the management and employees of the banks selected for the study, administering letters and questionnaire on them online, and requesting for their returning the filled copies of the questionnaire to the designated e-mail address.

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)

AE = f (RA, AS, AI)

Where;

AE = Allocative 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 = Allocative 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: $\beta_0>0$; $\beta_1>0$; $\beta_2>0$; $\beta_3>0$

IV. 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
Allocative 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 Table1, 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.

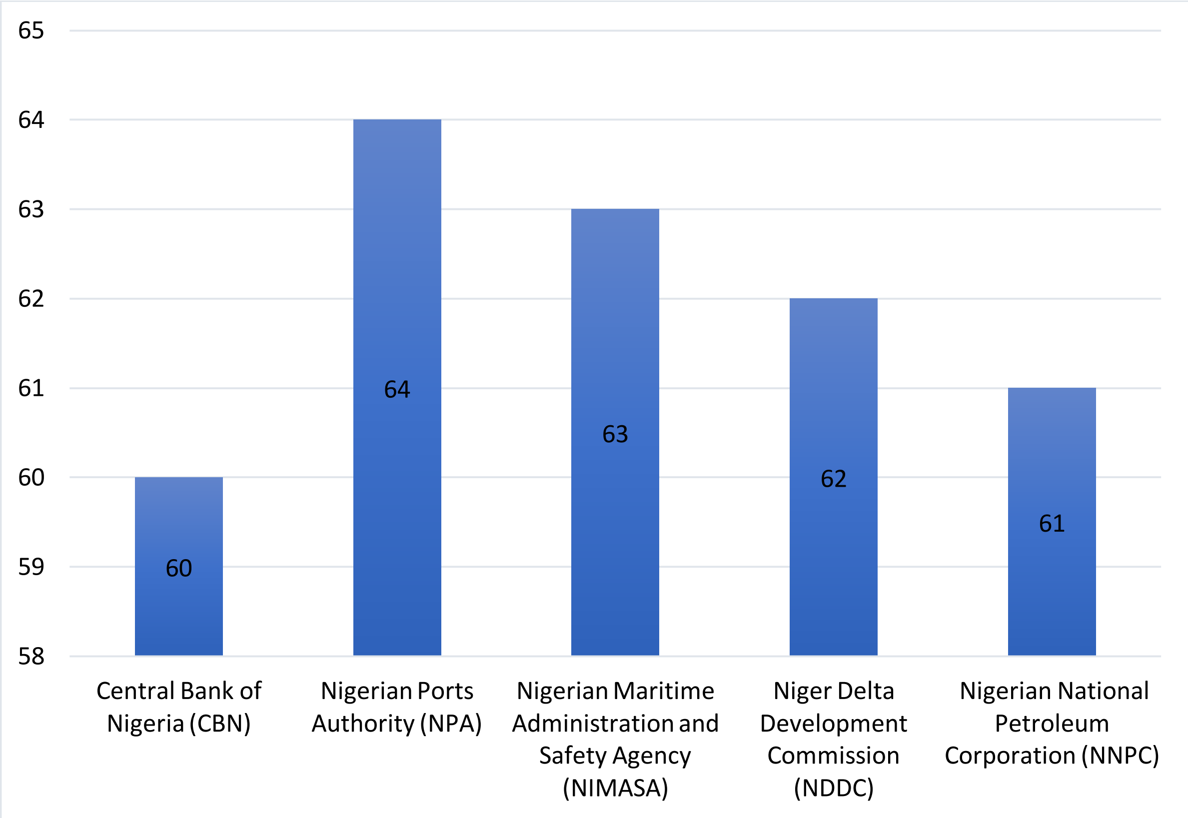

Figure 1: Bar Chart Showing the Administration and Retrieval of Questionnaire
Source: Survey Data, 2021, and IBM SPSS Statistics 22 Window Output

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.

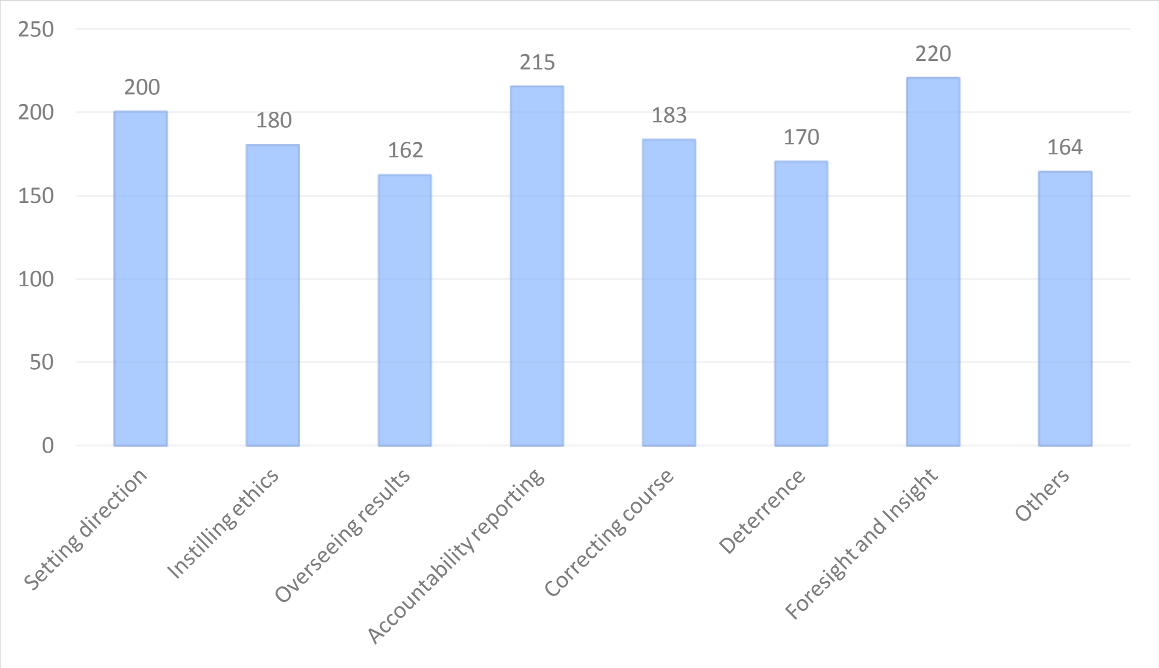

Figure 2: Bar Chart Showing the Respondent's views on the Main Objectives for internal audit practices in government organizations.

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

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.

Allocative efficiency as a Measure of Public expenditure management of government organizations

Table 7 shows how allocative efficiency as a measure of public expenditure management of government organizations was examined and empirically expressed through the raising descriptive statistical analysis of 5 question items.

Table 7: Allocative efficiency as a Measure and Dependent Variable of government organizations

S/N	Questions Items on Allocative Efficiency	N	$\bar{X}$	SD
1	To what extent are you staff involved in open and robust discussions with the audit department in order to achieve strategic allocative efficiency for the organization?	310	4.510	1.235
2	To what extent is your organization's internal audit practices affected by allocative efficiency?	310	2.868	1.243
3	To what extent is allocative efficiency very relevant for your organization's growth?	310	2.774	1.746
4	To what extent does your organization ensure that allocative efficiency is achieved through regular auditing?	310	3.171	1.312
5	To what extent does your organization always recognize successful allocative efficiency produced through internal audit control?	310	2.623	1.338
	Grand mean and standard deviation =		**3.189**	**1.637**

Source: Survey Data, 2019, 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 7 above, the responses of the respondents have indicated the mean and standard deviation scores of 4.510±1.235 showing that to a large extent staff involved in open and robust discussions with the audit department in order to achieve strategic allocative efficiency in government organizations. Also, the mean and standard deviation scores of 2.868±1.243 imply that the respondents disagreed that to a large extent government organization's internal audit practices affected by allocative efficiency. With the mean and standard deviation scores of 2.774±1.746, the respondents have indicated that to a low extent allocative efficiency is very relevant for your organization's growth. Table 7 shows the mean and standard deviation scores of 3.171±1.312 proving that the respondents indicated that to a large extent government organizations ensure that allocative efficiency is achieved through regular auditing. Finally, the data revealed the mean and standard deviation scores of 2.623±1.338 indicating that to a low extent, government organizations always recognize successful allocative efficiency produced through internal audit control.

Test of Hypotheses

To test the effect of internal audit practices on allocative efficiency, the study formulated the following hypotheses:

Ho_1: Risk assessment has no significant effect on allocative efficiency

Ho_2: Asset safeguard has no significant effect on allocative efficiency

Ho_3: Auditor independence has no significant effect on allocative efficiency

Table 8: Results of Internal Audit Practices (IAP) and Allocative Efficiency (AE)

Internal audit practices (Independent Variables)	Unstandardized Coefficients		Standardized Coefficients	t - value	Significant/ Probability Value	Decision
	B	Std. Error	Beta			
(Constant)	1.958	0.099		19.813	0.000	
Risk assessment (H_1)	-0.194	0.051	-0.293	-3.799	0.000	Significant
Asset safeguard (H_2)	0.077	0.055	0.121	1.407	0.160	Insignificant
Auditor independence (H_3)	0.229	0.061	0.304	3.734	0.000	Significant

Source: Survey Data, 2021, and IBM SPSS Statistics 22 Window Output (Appendix I)
a. Dependent Variable: Allocative efficiency
b. Predictors: (Constant), Professional competence, Auditor independence, Risk assessment, Asset safeguard

$Y = b_o + b_4x_4 + b_5x_5 + b_6x_6 + e$ -------------(2) {for testing H_4, H_5, H_6}
Y(Allocative efficiency) = 1.958 - 0.194RA + 0.077AS + 0.229AI +e
t (-3.799) (1.407) (3.734)

Table 8 above shows the results of the test of hypothesized statements – H_1, H_2 andH_3. The result of the hypothesis 1 tested, show negative and significant effect of risk assessment on allocative efficiency with t- value outcome of -3.799 @ p0.000 < 0.05, meaning that a negative effect which is significant exists between risk assessment and allocative efficiency, indicating that the alternate hypothesis 1(Hi_1) has been accepted and null hypothesis 1 (H_{O1}) rejected hence – "risk assessment has negative and significant effect on allocative efficiency of government organizations". The result of hypothesis 2 (H_2) revealed that asset safeguard has positive and insignificant effect on allocative efficiency with t-value outcome of 1.407 @ p0.160>0.05. By this result the null hypothesis 2(H_{O2}) has been accepted and alternate hypothesis 2(Hi_2) rejected hence – "Asset safeguard has no significant effect on allocative efficiency of government organizations". With respect to hypothesis 3(H_3) the result in Table 8 revealed that auditor independence has strong positive and significant effect on allocative efficiency with t-value outcome of 3.734@ p0.000<0.05, therefore, the null hypothesis 3 (H_{O3}) has been rejected and alternate hypothesis 3(Hi_3) accepted hence – "auditor independence has a significant effect on allocative 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 negative and significant effect on allocative efficiency of government organizations. This simply means that risk assessment as a veritable element for internal audit practices significantly affects allocative efficiencyof government organisations even though negatively.
2. Asset safeguard as a dimension of internal audit practices has a positive and insignificant effect on allocative efficiency of government organizations.
3. Auditor independence as a dimension of internal audit practices has a positive and significant effect on allocative efficiency of government organizations. The outcome here is indicative of the fact that auditor independence positively affects allocative efficiency 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 effect on allocative efficiency	-3.799	0.000	Negative and Significant	Reject
Ho_2: Asset safeguard has no significant effect on allocative efficiency	1.407	0.160	Positive and Insignificant Effect	Accept
Ho_3: Auditor independence has significant effect on allocative efficiency	3.734	0.000	Positive and Significant Effect	Reject

Source: Research 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 negative and significant effect on allocative efficiency of government organizations; Ho_3: Auditor independence has significant effect on allocative efficiency, Ho_2 - Asset safeguard has no significant effect on allocative efficiency of government organizations

V. Discussion of Findings

The findings of this study were drawn from the analyses of the results in the previous section. In this section, the study discusses the findings in order to draw the conclusions appropriately.

Influence of Internal Audit Practices on Allocative Efficiency of Government Organizations in Nigeria

The study found a positive and significant effect of risk assessment on allocative efficiency of government organizations and this points to the fact that, risk assessment is one of the key investigative instruments under the internal audit practices that impact on allocative efficiency of government organizations. A diagnostic examination of the findings reveals that the effect of asset safeguard on aggregate fiscal discipline was positive and significant; the effect of risk assessment on allocative efficiency was negative and significant indicating t-value of -3.799; the effect of asset safeguard as a dimension of internal audit practices on allocative efficiency was positive and insignificant i.e. t-value of 1.407. The effect of auditor independence on allocative efficiency was found to be positive and statistically significant with a t-value of 3.734. This meant that the ministries and departments had not fully embraced the asset safeguard which according to Monday and Aladeraji(2015)are policies and procedures that help ensure that organisations' assets and properties are well secured and maintained for further use. The results of this study agree with the works of Vijayakumar and Nagaraja (2012) and Arnold and Artz (2015) who note that organizations need to set rules, policies, and procedures and implements them to provide reasonable assurance that: (a) its financial reports are reliable, (b) its operations are effective and efficient, and (c) its activities comply with applicable laws and regulations. There is need for the ministries, departments and agencies to ensures that risk assessment which entails coming up with policy establishing what should be done and procedures to objectify the policy and that all developed policies must be implemented thoughtfully, conscientiously and consistently to achieve the desired objectives results (Arnold & Gillenkirch, 2015).

To support this assertion Bedford (2015) contends that risk assessment as a dimension of internal audit is one of the best tools to evaluate the financial input/contribution of the stakeholders in government organizations. Barasa (2015) found that the role of internal audit in promoting public expenditure management in public institutions in Kenya was significantly excellent. 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 study found that risk assessment, asset safeguard, auditor independence and professional competence offer veritable opportunities to optimize internal audit efficiency in government organizations by helping to monitor and supervise the activities of the staff of government organizations in financial matters. The reality of this finding is that these instruments have become potent forces in the internal audit used by government organizations to manage their expenditures. These findings agree with the views of Unegbu and Kida (2011), that internal audit contributes positively to public expenditure management in the public sector by effectively checking fraud and fraudulent activities.

The study also revealed that the quality of interaction between government organizations' staff and stakeholders relates to risk assessment and asset safeguard that directly influence the decisions in public expenditure management of government organizations. On this, Pietrzak (2014) submits that risk assessment and asset safeguard are best deployed as integral to a broader accounting and auditing strategy that elicits the effective management of public expenditures in government organizations.

The study found that government organizations value giving satisfactory and accurate information to the audit department in order to achieve operational efficiency. Agreeing this, Lee, Johnson and Joyce (2004) observe that internal control is desired to provide some assurance to stakeholders that scarce resources are not diverted awayfrom basicconsiderations inherent in financial management system design through accurate information. The study also found that government organization ensure that allocative efficiency is achieved through regular auditing. This finding is in consonance with Vijayakumar and Nagaraja (2012) appear to be concerned more with the outcome of effective internalaudit system which they argue helps in achieving performance, allocative efficiency, profitability and prevents loss of revenues particularly in public sectors. The findings of this study and the above discussions authenticate the fact that influence of internal audit practices on allocative efficiency of government. The study therefore concludes that:

1. As government organizations conduct risk assessment it results to negative and significant effect on allocative efficiency as a measure of public expenditure management of government organizations. This simply means that risk assessment as a veritable element for internal audit practices significantly affects allocative efficiency as a measure of public expenditure management of government organizations even though negatively.
2. As government organizations apply asset safeguard it translates to positive and insignificant effect on allocative efficiency as a measure of public expenditure management of government organizations.
3. As auditor independence is instituted by government organizations it results to positive and significant effect on allocative efficiency as a measure of public expenditure management of government organizations. The outcome here is indicative of the fact that auditor independence auditor independence positively affects allocative efficiency as a measure of public expenditure management of government organizations.

VI. Summary of Findings

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 negative and significant effect on allocative efficiency as a measure of public expenditure management of government organizations. This means that risk assessment as a veritable element for internal audit practices significantly affects allocative efficiency as a measure of public expenditure management of government organisations even though negatively.
2. Asset safeguard has a positive and insignificant effect on allocative efficiency as a measure of public expenditure management of government organizations.
3. Auditor independence has a positive and significant effect on allocative efficiency as a measure of public expenditure management of government organizations. The outcome here is indicative of the fact that auditor independence positively affects allocative efficiency as a measure of public expenditure management of government organizations.

VII. Conclusion

The findings of this study - the influence of internal audit practices on allocative efficiency of government organizations in Nigeria have shown significant effect on diverse ways to transform many government organizations in achieving the objectives for their existence. The result revealed that internal audit units are performing despite many challenges they encounter with regard to freedom to operate well, financial constraints, 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. Based on the findings of the study, the following conclusions have been made:

As government organizations conduct risk assessment it results to negative and significant effect on allocative efficiency of government organizations. This simply means that risk assessment as a veritable element for internal audit practices significantly affects allocative efficiency of government organizations even though negatively.

As government organizations apply asset safeguard it translates to positive and insignificant effect on allocative efficiency of government organizations.

As auditor independence is instituted by government organizations it results in positive and significant effect on allocative efficiency of government organizations. The outcome here is indicative of the fact that auditor independencepositively affects allocative efficiency of government organizations.

VIII. Recommendations

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

1. Government organizations' staff should update their knowledge with respect to risk assessment and allocative 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 allocative 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 allocative efficiency in public sector organizations.

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Regression

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.661	.437	.430	.440358

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

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	45.979	4	11.495	59.277	.000
	Residual	59.144	305	.194		
	Total	105.123	309			

a. Dependent Variable: Allocative 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)	1.958	.099		19.813	.000
	Risk Assessment	-.194	.051	-.293	-3.799	.000

Asset Safeguard	.077	.055	.121	1.407	.160
Auditors' Independence	.229	.061	.304	3.734	.000

a. Dependent Variable: Allocative Efficiency

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