AN ASSESSMENT OF THE DETERMINANTS OF INTERNAL AUDIT EFFICIENCY IN THE NIGERIAN PUBLIC SECTOR

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Abstract
The study assessed the internal audit efficiency of the public sector in Nigeria with a view of its major determinants. The data used were collected from primary sources of which two ministries were selected using a purposive sampling technique because they had almost the same structural and operational characteristics in their internal audit structures. Data gathered were proportionately stratified through random sampling technique, descriptive statistic and Z-test was used for data analysis. The results of the analysis shown that (Z-test is greater than the critical value, Compute value > critical value i.e. 13.546 >1.98) internal audit efficiency has a significant effect on the performance of the Nigerian public sector. The results from the respondents to the determinants in the area of public performance on the incidence of irregularities by the appropriate authorities, flaw of audit model and accounting system, inadequacy of the internal control system and known-implementations of routine audit report has contributed to the challenges of internal audit efficiency. Based on the findings on these determinants, internal audit in Nigerian has contributed to the challenges of inefficiency of the internal audit performance in the public sector and the internal audit functions are conducted in conformance with the International Standards for the Professional Practices in Auditing.

Introduction
Performance in the public sector has always been a challenge because monetary values are not the only measures of results especially in public enterprise settings and it is difficult to secure agreement on how best to determine the effectiveness of government organization. Yet it is important that continuous efforts to improve measures of the effectiveness of government organization be put in place or make a continual process targeted towards the achievements government budgetary allocations. Today’s public sector organizational performance management and measurement is one of the most popular terms that spread rapidly from the private sector to the public sector in the developed economies and has recently found its way in many developing economies, new initiatives and legislations continue to be issued as a sign of governments’ insistence on performance orientation. Performance management in government has received increasing interest since the last 3 decades fostered by the ‘re-inventing government’ movement (Osbourne and Gaebler, 1992). However, Carter, Rudolf, and Patricia (1992) noted that the introduction of performance measurement in the public sector reflects the interest group politics and its uses in an attempt to replace the rationality of politics with the rationality of planning and dissatisfaction. Hyland, Ferrer, Santa, and Bretherton (2009), stated that many public sector organizations have put considerable energy into measuring performance, the effectiveness of the measurement based on the accrual-based outcomes and outputs framework which was
viewed as a key component in creating a more competitive, efficient and effective public sector, and to provide a more complete picture of performance, including financial performance, for decision making and accountability since there is a need for better performance in the public sector. Under the framework, managers were to have better and more complete information on how they will manage their operations and be accountable to the government and the parliament on their performance. In designing and implementing any performance measurement system, it is vital to address the essentials of performance measurement.

The unsatisfactory performance of government organizations in Nigeria had been blamed for diverse reasons. Makoju (1991), stated that it is as a result of bureaucratic poor audit system, red-tapism, and lethargy of the civil service which is still intact in the management and operations of the government. The Federal Ministry of Finance Incorporated (2006), disclosed that high incidence of fraud, government's employment of staff based on political connections rather than on the ability to perform, parliamentary control and financial indiscipline account for the causes of poor performance. The accounting systems of government enterprises in Nigeria do not seem to guarantee proper and up-to-date financial records thus making auditing difficult, if not impossible (Dogo, 1990). Bureau of Public Enterprises (BPE) report (2003) noted that only 160 of the 590 federal government-owned public enterprises were involved in economic activities and that their rate of return was less than 0.5 percent.

Studies have shown an inconsistency relationship, Bariyima (2012) revealed that an insignificant relationship exists between internal audit function and financial performance of Government-owned companies which was supported by the study of Enofe, Mgbame, Osa-Erhabor, Ehiorobo, (2013) and Ejoh and Ejom (2014). Salawu and Agbeja, (2007) attributed ineffective internal control systems, audit procedures and accountability were due to political interference. Onatuyeh and Aniefor (2013) revealed that effective internal auditing ensures proper stewardship reporting and inadequately qualified manpower does hinder proper auditing of government accounts.

However, considering studies carried out on internal auditing, to the best of the researcher's knowledge, research on the influence of internal audit efficiency on public sector performance has not to be carried out. Therefore, this study tends to fill the gap by embarking on the determinants of internal audit on the performance of the public sector in Nigeria in the Nigerian public sector?

The determinant such as effective and efficient internal auditing and internal control system put in place by any organization is widely believed to be crucial to the success of such an enterprise as it acts as a powerful brake on the possible deviations from the predetermined objectives and policies. This paper is much of interest and thus serves as a valuable source of information to the researchers and provide insight as well as adding to the existing literature in relation to the assessment of the determinants of internal audit efficiency in the Nigerian public sector.
Literature Review

Internal Audit

Internal Audit is part of the internal control system put in place by management to measure, analyze, and evaluate the efficiency and effectiveness of other controls established by management in order to ensure smooth administration, cost minimization, ensure capacity utilization and maximum benefit derivation (Unegbu and Obi, 2012). Adeniyi (2011), conceptualized internal audit as part of the internal control system put in place by the management of an organization to ensure that the financial operations are correctly carried out according to the law and also in accordance with the wishes of the management. Ljubisavljevic and Jovanoyi (2011), stated that internal audit determines the reliability, reality, and integrity of financial and operational information that comes from different organizational units, on which appropriate business decisions at all levels of management are based.

Momoh (2005), conceptualized that internal auditing is used to provide assurance to the management and that the internal control system in the organization is sound in design and effective in operation and also helps to achieve value for money. Similarly, Okwoli (2004), stated that the present requirement of internal audit is not the detection and prevention of fraud and errors, but reviewing the system of internal control. This is because, in public organizations, internal audit is meant to carry out an independent appraisal of the effectiveness of internal controls and other financial controls operating in such ministry.

Internal audit is an additional safeguard for proper financial control in the public sector. Each ministry, parastatal and government agency is expected to establish an internal audit division. The internal audit is responsible for the audit of all financial transactions by carrying out a continuous examination of all accounting books and records maintained in the organization with a view to checking or detecting fraud and correcting errors. It is concerned with the examination of the system and procedure in place so as to ensure conformity with the regulations, and that the system of internal control is adequate on continuously operating in accordance with government regulations (Badara, 2013).

Internal Audit System

Attwood and Stein (1986), stated that every business has some kind of accounting system by which transactions are processed and recorded. Millichamp (2002), further stipulates that management established an internal audit system, either directly or by means of external consultants. It follows that management is responsible for designing controls in order to carry on the business of the enterprise in an orderly and efficient manner, ensures adherence to management policies, safeguard its assets and secure as far as possible the completeness and accuracy of the records. The above responsibility stems from the fiduciary responsibility of management.

Internal audit systems are designed to suit the purpose of management. It must be noted, that even though the establishment of an internal audits system is purely a managerial function and the internal audit department contributes significantly to the design of the systems. Since Internal Auditors are professionals who possess the necessary skill to appraise the potential impact of any control system to be instituted, their input is vital in establishing an effective internal auditing system.
Components of Effective Internal Audit System

According to Rezaee (1995); Konrath (1996); Yang and Guan (2004); The Committee of Sponsoring Organisations of the Treadway Commission (COSO, 1992; 1994) state the components of an internal auditing system comprises of Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring. These internal audit components and their linkage are depicted in a model presented below as an Effective Internal Audit model.

Figure 1.1

Effective Internal Audit Model

Taiwo, (2016).

Control Environment

Adeniyi (2016), stated that the control environment is the component of internal controls. It includes factors such as integrity, ethical values, the competence of the workers and the management's philosophy in the organization. It is the component that provides the foundation needed for the components to build on in the internal audit system. Although many factors go into a controlled environment, this component is significantly influenced by the effectiveness of the board of directors or the audit committee if any. However, the effectiveness of these factors largely depends on their interaction with the internal and external auditor. This means internal auditors are essential to an effective control environment.

Risk Assessment

This is the careful assessment of factors that affect the possibility that the organization’s objective will not be achieved. As we saw in the definitions of internal control, management always designs internal controls in order to ensure effectiveness and efficiency, reliability of financial reporting and compliance with applicable laws and regulations. As part of the internal auditor's function to ensure that these objectives are achieved, the internal auditors conduct a performance review and appraise the adequacy and effectiveness of the controls designed.

Risk assessment is the component which is used for identifying risk in the system. For risk assessment to be effective, preventative measures are put in place by establishing clear objectives. This component identifies and analyses possible risks internally and externally. This component manages risk by developing precise procedures to achieve consistent
objectives within the organization. Risk assessment always takes change into consideration within the objectives set forth by enterprise risk management-integrated framework (ERMIF) 2004)

Control Activities
These are policies and procedures that help ensure management directives are carried out. Control activities occur throughout the organization, at all levels, and in all functions. They include a range of activities as diverse as approval, authorizations, verifications, reconciliations, and reviews of operating performance, the security of assets and segregation of duties. Most of these activities are made possible through the help of the internal audit function.

The organization develops control activities to assist in monitoring. Control activities include policies, procedures, and practices developed to increase risk management strategies. Specific control activities include separation of duties, reconciliations and physical security of assets. These policies are designed to ensure that management directives are fulfilled.

COSO internal audit control-integrated framework, (1992) due to the wide range of control activities and the volume and nature of the evaluation procedures, evaluation of the third component of the internal control system, namely control activities, is limited only to the qualitative appraisal.

Information and Communication System
Pertinent information must be identified, captured and communicated in a form and time frame that enable people to carry out their responsibilities. Information systems produce reports containing operational, financial and compliance-related information that make it possible to run and control the business.

The information must be identified, captured and communicated timely and effectively and is achieved through this internal control component. This component is designed to allow employees the ability to carry out their responsibilities in the best manner possible. The information must be communicated externally as well to all parties involved in the organization. Information that is communicated in this fashion allows control activities and employee responsibilities to be more effectively (The Committee of Sponsoring Organisations of the Tread way Commission (COSO) on internal Control-Integrated Framework, 1992).

Monitoring
Monitoring includes assessing the performance of internal audit components, ensuring they are operating effectively. This component includes allowing managers clear responsibilities guidelines so that they are able to effectively do their jobs. It also includes performance evaluations through audits and other independent parties, ensuring that the company is handling the operations of the business correctly by COSO internal control-integrated Framework (1992).

This process assesses the quality of the internal control structure over time. This is because internal controls are processes; and thus may need modifications over time. This could be achieved through regular supervision and management activities such as monitoring of customer complaints as well as periodic audits by internal auditors investigate and appraise
internal control structure and the efficiency with which the various functions are performing their assigned duties.

According to the Institute of Internal Auditors (IIA), internal auditors bring a systematic and disciplined approach to the evaluation and improvement of risk management activities and governance process through examination of internal controls and evaluation of how adequate and effective the controls are. From the above, we can say that internal controls are as effective as its components and these components are as effective as that of internal auditors.

**Empirical Review**

The related empirical studies that have been carried out on this study include: Pendlebury and Shreim (1990), undertook an empirical study in the UK to test the attitudes of external auditors on the conduct of the effectiveness of auditing in the public sector services. The study examined external auditors from three different organizations namely, National Audit Office (NAO), Audit Commission committee and firms of accountants. The study discovered that ‘there was little evidence of concern over the involvement of auditors with policy decisions or the need to influence policy decisions’. It could be perceived in the study that the NAO auditors regard themselves as the most important group in evaluating effectiveness while auditors from the Audit Commission and public firms viewed that managers and service specialists were more important than they were in evaluating effectiveness.

Pendlebury and Shreim (1991), extend their previous study by examining the attitudes of those subjected to the audit namely public sector managers and finance officers of local authorities in England and Wales in two sectors: the environmental health sector and the finance sector. The results of the study were then compared with the results of the Audit Commissions of 23 groups in the earlier study. The study found that there were audit expectations gaps for three propositions although they were less obvious. The assertions were regarding whether: Value for Money (VFM) auditing primarily concerned with economy and efficiency rather than on effectiveness; an effectiveness audit team should include people trained in other disciplines other than auditing (between public sector managers and auditors only); and VFM auditing should be restricted to economy and efficiency and should not cover the effectiveness. They found that the attitudes of auditors and managers differed significantly (large audit expectation gap) in assertion regarding the appropriateness of auditors in making personal judgments on effectiveness auditing. The majority of the managers perceived that the auditor is not the most appropriate person to make such judgments required in an effectiveness audit. This view is different from the earlier study on internal performance which suggested that the auditor is the most appropriate person to make such a judgment.

Ugwu (1995), carried out a study on the efficacy of the internal audit system in community banks in Enugu state. The study found that; the scope of internal audit works in Community banks was sufficiently comprehensive for the detection of irregularities; that internal control assisted in detecting errors, omission and commission; most of the respondents affirmed that employees and management do not overlook audit procedures. The present study is related to Ugwu’s study because both studies handled internal audit issues in
the Nigeria economy. However, the two studies differed in that Ugwu studied the assessment of the efficacy of the internal audit system in Community banks, while the present study concentrated on the internal audit efficiency on public sector performance in compliance with established financial control frameworks. Udofia (2002), conducted a study on how to identify and access the internal audit measures for preventing financial fraud in government parastatals in Akwa Ibom state. The major purpose of the study was to identify and access the internal audit measures for preventing financial fraud in government parastatals in Akwa Ibom state. The results of the study had shown that internal audit measures of government parastatals are not effective to prevent financial frauds in the state as a result of cases of financial frauds in government parastatals in Akwa Ibom state which includes loopholes in internal control measures, collusion among dishonest staff, and non-compliance by employees with internal audit measures.

Kanu (2004) carried out a study on fraud and its management in Nigerian banks, a case study of Union Bank of Nigeria plc. The major purpose of the study was to find out practical ways of minimizing the incidence of fraud in Nigerian banks. The study was conducted at a period when most Nigerian banks were distressed and insolvent because of fraudulent practices. It was found that there was an upward trend in the frequency of fraud occurrences in Nigerian banks. It was also found that strong internal audit assists in minimizing frauds in Nigerian banks. Ovia, (2007), conducted a study on the assessment of internal audit systems in Community banks in Anambra and Enugu states. The major purpose of the study was to assess the internal audit systems in Community banks in Anambra and Enugu states. The results from this study were as follows: internal audit unit was always independent of other units in most of the Community banks; it was found that periodic comparison of actual assets and liability values with those shown on control records most often complied within Community banks; it was revealed that proper credit documentation and perfection of collateral security was most often done before loan is executed in most of the Community banks; it was also revealed that staff handling cash, securities and cheques were most often bonded or required to provide credible guarantors; it showed that transactions were always duly authorized before execution in most of the Community banks. The present study is related to Eze’s study because both studies are focused on the assessment of the internal audit system.

Appah and Oyadonghan (2011), studied the role theory and audit expectation gap and the performance of internal auditors in the prevention of financial misappropriation of funds in the public sector, using Spearman rank-order correlation coefficient, Mann-Whitney U-test, and descriptive statistics. The study revealed that there is a significant relationship between audit expectation gap and internal auditors in the prevention financial misappropriation funds in the public sector and there is a significant difference between the perceptions of auditors and users whether the intervention of management hinders the effective performance of internal auditors.

Goodwin-Steward and Kent (2006), examined the use of internal audit in Australian companies. The intent of this study was to explore the voluntary use of internal audits by public listing companies and to identify factors that lead to listing companies to have an
internal control function. The study hypothesized that "internal audit use is associated with factors related to risk management, strong internal control, and strong corporate governance". The study used a combination of survey data and corporate annual reports and used descriptive statistics. This study indicated that there was a strong association between internal audit and the level of commitment to risk management.

Danescu (2010), showed an internal audit aims at providing an independent opinion about whether the objectives of one institution are achieved, and if not to define the circumstance that hinders from accomplishing them. In the context of value addition to the organization, there is increasing pressure for addressing exposure to risks, regulatory requirements for risk assessment and quantification play in these sense a great role. The shift from a traditional approach to internal audit is required by current trends of corporate governance and risk management. They proposed a procedural guidance framework on how to address problems regarding operational risk internal auditing by stressing particularities of banking organization working on Romanian territory. They concluded draw attention to the fact that acknowledging the regulation efforts undertaken by supervision authority for efficient risk management, a risk-based internal audit can be implemented having in mind the advantages that this form of audit involves.

The gap in the Study: These previous studies had been carried out on internal auditing but did little research on the determinants influencing internal audit efficiency on the public sector performance. Therefore, this study tends to assess the determinants of internal audit efficiency in the Nigerian public sector

Research Method

The study adopts a cross-sectional survey design as its research strategy. Primary data used were collected through the administration of a well-structured questionnaire in Ekiti State, Ondo State, Osun State, and Oyo State. The data were collected from the staff of the internal audit department and account department of two distinct ministries Ministry of Finance and the Ministry of Works in each of these states. Thus, a sample size of 249 respondents returned there completed questionnaire out of the 430 administered questionnaires using a simple random sampling technique.

Presentation of Data

Table 1: Analysis of the Questionnaire Administered to the Respondents

<table>
<thead>
<tr>
<th>States</th>
<th>Ministries</th>
<th>Questionnaire Distributed</th>
<th>Questionnaire Returned</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ekiti</td>
<td>Finance</td>
<td>45</td>
<td>40</td>
<td>16.1</td>
</tr>
<tr>
<td></td>
<td>Works</td>
<td>53</td>
<td>25</td>
<td>10</td>
</tr>
<tr>
<td>Osun</td>
<td>Finance</td>
<td>54</td>
<td>38</td>
<td>15.3</td>
</tr>
<tr>
<td></td>
<td>Works</td>
<td>58</td>
<td>31</td>
<td>12.4</td>
</tr>
<tr>
<td>Ondo</td>
<td>Finance</td>
<td>48</td>
<td>33</td>
<td>13.3</td>
</tr>
<tr>
<td></td>
<td>Works</td>
<td>56</td>
<td>28</td>
<td>11.2</td>
</tr>
<tr>
<td>Oyo</td>
<td>Finance</td>
<td>56</td>
<td>24</td>
<td>9.6</td>
</tr>
<tr>
<td></td>
<td>Works</td>
<td>60</td>
<td>30</td>
<td>12.1</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>430</td>
<td>249</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field Work (March 2019)
Table 2: Gender composition of the respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>164</td>
<td>65.9</td>
</tr>
<tr>
<td>Female</td>
<td>85</td>
<td>34.1</td>
</tr>
<tr>
<td>Total</td>
<td>249</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field Work (March 2019)

From table 2 above, majority of the respondents are male.

Table 3: Age Composition of the Respondents

<table>
<thead>
<tr>
<th>Age range</th>
<th>Male</th>
<th>Female</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 30</td>
<td>44</td>
<td>24</td>
<td>68</td>
<td>27.3</td>
</tr>
<tr>
<td>31 – 40</td>
<td>69</td>
<td>36</td>
<td>105</td>
<td>42.2</td>
</tr>
<tr>
<td>41 – 50</td>
<td>36</td>
<td>15</td>
<td>51</td>
<td>20.5</td>
</tr>
<tr>
<td>51 and above</td>
<td>15</td>
<td>10</td>
<td>25</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>164</td>
<td>85</td>
<td>249</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field Work (March 2019)

Table 4: Level of Education of the Respondents

<table>
<thead>
<tr>
<th>Level of education</th>
<th>Male</th>
<th>Female</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Secondary</td>
<td>41</td>
<td>26</td>
<td>67</td>
<td>26.9</td>
</tr>
<tr>
<td>University 1st degree</td>
<td>103</td>
<td>47</td>
<td>150</td>
<td>60.2</td>
</tr>
<tr>
<td>Master</td>
<td>20</td>
<td>12</td>
<td>32</td>
<td>12.9</td>
</tr>
<tr>
<td>Ph.D</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>164</td>
<td>85</td>
<td>249</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field Work (March 2019)

From table 4 above, most of the respondents are educated with a higher number of graduates.

Table 5: Staff Length of Service

<table>
<thead>
<tr>
<th>Years</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – 5 years</td>
<td>25</td>
<td>10</td>
</tr>
<tr>
<td>6- 10 years</td>
<td>75</td>
<td>30</td>
</tr>
<tr>
<td>11 – 20 years</td>
<td>84</td>
<td>34</td>
</tr>
<tr>
<td>21 years and above</td>
<td>65</td>
<td>26</td>
</tr>
<tr>
<td>Total</td>
<td>249</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field Work (March 2019)
Hypotheses Testing

Table 6: To Determine the Mean for the Two Groups responses (i.e. $X_1$ and $X_2$)

<table>
<thead>
<tr>
<th>States</th>
<th>Ministries</th>
<th>No. of Respondents</th>
<th>The group that Strongly Agreed and Agreed</th>
<th>The group that Disagreed and Strongly Disagreed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ekiti</td>
<td>Finance</td>
<td>40</td>
<td>36</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Works</td>
<td>25</td>
<td>22</td>
<td>3</td>
</tr>
<tr>
<td>Osun</td>
<td>Finance</td>
<td>38</td>
<td>34</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Works</td>
<td>31</td>
<td>28</td>
<td>3</td>
</tr>
<tr>
<td>Ondo</td>
<td>Finance</td>
<td>33</td>
<td>30</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Works</td>
<td>28</td>
<td>25</td>
<td>3</td>
</tr>
<tr>
<td>Oyo</td>
<td>Finance</td>
<td>24</td>
<td>22</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Works</td>
<td>30</td>
<td>27</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>249</td>
<td>224</td>
<td>25</td>
</tr>
</tbody>
</table>

Source: Field Work (March 2019)

Mean for $X_1 = \frac{\sum X_1}{n_1} = \frac{224}{8} = 28$

for $X_2 = \frac{\sum X_2}{n_2} = \frac{25}{8} = 3.13$

Table 7: To Determine the Standard Deviation of the Group that Answered Strongly Agreed and Agreed and Disagreed and Strongly Disagreed ($X_1$ and $X_2$)

<table>
<thead>
<tr>
<th></th>
<th>$X_1$</th>
<th>$X_1 - X_{\bar{1}}$</th>
<th>$(X_1 - X_{\bar{1}})^2$</th>
<th>$X_2$</th>
<th>$X_2 - X_{\bar{2}}$</th>
<th>$(X_2 - X_{\bar{2}})^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>36</td>
<td>8</td>
<td>64</td>
<td>4</td>
<td>0.87</td>
<td>0.76</td>
<td>0.02</td>
</tr>
<tr>
<td>22</td>
<td>-6</td>
<td>36</td>
<td>3</td>
<td>-0.13</td>
<td>0.02</td>
<td>0.02</td>
</tr>
<tr>
<td>34</td>
<td>6</td>
<td>36</td>
<td>4</td>
<td>0.87</td>
<td>0.76</td>
<td>0.02</td>
</tr>
<tr>
<td>28</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>-0.13</td>
<td>0.02</td>
<td>0.02</td>
</tr>
<tr>
<td>30</td>
<td>2</td>
<td>4</td>
<td>3</td>
<td>-0.13</td>
<td>0.02</td>
<td>0.02</td>
</tr>
<tr>
<td>25</td>
<td>-3</td>
<td>9</td>
<td>3</td>
<td>-0.13</td>
<td>0.02</td>
<td>0.02</td>
</tr>
<tr>
<td>22</td>
<td>-6</td>
<td>36</td>
<td>2</td>
<td>-1.13</td>
<td>1.28</td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>-1</td>
<td>1</td>
<td>3</td>
<td>-0.13</td>
<td>0.02</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>186</td>
<td>2.90</td>
<td></td>
</tr>
</tbody>
</table>

Source: Field Work (March 2019)
Now the Z-test formula will be applied:

\[ Z = \frac{X_1 - X_2}{\sqrt{\frac{(SD_1)^2}{n_1} + \frac{(SD_2)^2}{n_2}}} \]

Where:
- \( X_1 = 28 \)
- \( X_2 = 3.13 \)
- \( SD_1 = 5.155 \)
- \( SD_2 = 0.640 \)
- \( N_1 = 8 \)
- \( N_2 = 8 \)

Now Substitute:

\[ Z = \frac{28 - 3.13}{\sqrt{\frac{(5.155)^2}{8} + \frac{(0.640)^2}{8}}} \]
\[ Z = \frac{24.87}{26.57 + 0.41} \]
\[ Z = \frac{24.87}{27.98} \]
\[ Z = 0.886 \]
\[ Z = 13.546 \]
To Compute the Critical Value and the Computed Value:
Critical value = (±1.98)
Computed value = 13.546
Compute value > critical value
13.546 > 1.98

Findings
From the above computation on the respondent’s analysis, since the calculated value of the Z-test is greater than the critical value (Compute value > critical value i.e. 13.546 > 1.98), the study will reject the null hypothesis and uphold the alternative hypothesis. The result implies that internal audit efficiency has a significant effect on the performance of the Nigerian public sector.

Result and Discussion
The data collected for this study was analyzed empirically with simple percentage using standard deviation analysis to measure the degree of relationship among variables under consideration and a parametric statistical testing tool (Z-test) to show it’s statistically significant on the acceptance/rejection of (H0) null hypothesis and (H1) alternate hypothesis. This allows dependent outcomes from a set of independent variables such as gender (GED), level of education (LOE), age (AGE), and length of service (LOS). However, decision on the acceptance/rejection, the level of significance is 0.05, decision rule stated that the H0 (i.e. Null hypothesis) should be accepted if the Z calculated value is less than the Z critical value of (±1.98), the alternative hypothesis H1 should be accepted if the Z calculated value is greater than the critical value and the [±1.98] is the critical value of Z for a 2 tailed test at 0.05 level of significance. This study is related to Udofia’s study (2002) because both studies dwelled on the assessment of the internal audit measures in the public sector. The two studies differ in that Udofia’s study concentrated on how to identify and assess internal audit measures in government parastatals while this study is based on assessing the determinants of internal audit efficiency in the Nigerian public sector for better performance and in compliance with established financial control frameworks.

The implication of the Findings, Conclusion, and recommendation
There has been an outcry for improved public sector performance and as well internal audit efficiency determinants both in the developed and developing nations; and this has received attention by professional and academia that has made effort to expose the importance of its consciousness to the management of the public sector. Despite the giant stride, the success rate recorded has not been remarkable which is evident in the increased rate of decadence in the internal audit efficiency and effectiveness and the public sector performance in Nigeria. The argument of this study is that except for the management behavior, other employees attitude and independence of internal auditor are critically evaluated to determine the existence and efficient internal audit system to the performance of the public sector it would be difficult to expect such public sector to have a good internal control system.

According to the study objective accessing the determinants of internal audit efficiency in Nigerian public sector, the results were revealed that there is negligence on the
incidence of irregularities by the appropriate authorities responsible for the implementation of routine audit report in the public sector, the internal audit function enhances the efficiency of Nigerian public sectors, there is no flaw of audit model and accounting system in the public sector, the audit performance on quality assurance proved to be moderate, inadequacy of the internal control system has a significant effect on the internal audit function in the Nigeria public sector, the known implementations of routine audit report by appropriate authorities contribute to the challenges of inefficiency of the internal audit in public sector performance and the internal audit functions are conducted in conformance with the International Standards for the Professional Practice of Internal Auditing.

The inadequacy of staff, poor funding and lack of segregation of duties in the internal audit department is also a hindrance to the effectiveness of the internal audit in the Nigeria public sector. There is also negligence from the government and appropriate authorities in implementing routine audit reports. There is need to demonstrate accountability in the use of public money and efficiency in the delivery of services, for this to be achieved the government must look into the challenges hindering the efficiency of the internal audit and give proper attention to this for better and efficient public sector performance in Southwest Nigeria.

Therefore, the study concluded that the assessing the determinants of internal audit system in the Nigerian public sector efficient performance is not adequate/ enough to fore still the incidence of irregularities among public officers and this has a negative effect on the efficiency of the internal audit department. The inadequacy of staff, poor funding and lack of segregation of duties in the internal audit department is also a hindrance to the effectiveness of the internal audit in the Nigeria public sector. There is also negligence from the government and appropriate authorities in implementing routine audit reports. There is a need to demonstrate accountability in the use of public money and efficiency in the delivery of services, for this to be achieved government must look into the challenges hindering the efficiency of the internal audit and give proper attention to these determinants for better and efficient public sector performance.

**Recommendations**

It is recommended that the following measures should be adopted as a means of assessing the internal audit efficiency of the public sector in Nigeria with a view of its major determinants. The future audit reports should include benchmarking analysis, a statement about the auditor's evaluation on performance, auditors should be trained and promote towards acquiring the necessary skills and experience to commission the performance audit. This plays a role in addressing the expectations gap in relation to an unreasonable/misunderstanding of the gap, which was found in this study. The public sector should offer programs or publicities to generate greater awareness on the performance auditing. This study recommends that improvement should occur on two levels; management needs to know what the internal auditing determinants can firmly contribute and internal auditors’ needs to become more professionally competent and focused on the organization’s objective. Finally, it is recommended that the Nigerian public sector should establish formal communication mechanisms such as organizing forums and dialogue to obtain feedback from the staff on the conduct of performance audit. This formal communication channels would allow auditors to identify users’ information needs which would enable them to fulfill their reporting responsibilities more effectively.
References


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