



CHALLENGES OF PERFORMANCE AUDITING IN PUBLIC SECTOR ACCOUNTABILITY IN NIGERIA: A STUDY OF THE OFFICE OF AUDITOR GENERAL

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Abstract

This paper examined the challenges of performance auditing in public sector accountability with emphasis on the Office of Auditor-General in Nigeria. Specifically, the study looked at auditor's independence threat and the unsatisfactory performance of Public Accounts Committee (PAC) and challenges faced by the Office of Auditor-General while carrying out performance auditing in the Nigerian public sector. The study adopted documentary and content analysis approach. The observations indicated that the Constitution of Nigeria and other Financial/Audit Acts do not give Office of Auditor-General any sanctioning powers to compel Ministries, Departments and Agencies (MDAs) to comply and enforce the reports of performance audit. The implication is that performance auditing has the chance of enhancing public sector accountability in Nigeria if the legislative framework gaps are corrected such that Office of Auditor-General could have sanctioning powers to compel MDAs to comply and implement performance audit reports. The paper concludes that the adequacy or otherwise of the traditional accountability mechanisms especially as it affects Auditor-Generals are being debated in line with public financial management theory. The study, therefore recommended that, for the challenges to be ameliorated or eliminated, the Lima Declaration of 1977 in Peru on International Standards for the Supreme Audit Institutions (SAIs) such as supportive environment, independence, adequate funding, sharing of knowledge and experience should be adopted and strictly adhered to in Nigeria, while performance audit report should be made public so that the public could be able to evaluate public officers in line with their performance vis-a-viz the resources entrusted in their care.

Keywords: Performance auditing, public sector accountability, challenges, supreme audit institutions, auditor-general.

1.0 Introduction

The examination of economy, efficiency and effectiveness to bring to light, examples of wasteful, extravagant or unrewarding expenditures, failure to maximize financial arrangements or receipts detrimental to the exchequer and weakness leading to them has raised issues on public sector accountability in the global economy, especially within the developing ones. As public/citizens became more conscious of the need to ascertain the actual utilization of resources, the concept of performance auditing started to emerge. Thus, public sector executives respond by enforcing internal accountability measures and by reporting to the citizens on how public money is spent and on the success and/or failure of public programmes.

Public sector typically creates and sustains independent public institutions of accountability that are empowered to oversee government actions/ activities and demand explanations (Oladupupo, 2005).

One of such public institutions that monitors and manages public sector accountability is the supreme audit institution (SAI) which is known and called Office of Auditor-Generals (OAG) in Nigeria and National Audit

Office (NAO) in United Kingdom (UK) and Comptroller-General in the United States of America (USA). One of the functions of Office of Auditor-Generals is to conduct and carry out audit services which range from financial audit, regulatory audit, management audit, performance audit or value for money audit.

The Office of the Auditor-Generals can be described and seen as a tool of the parliament for use in exercising control over the public sector administration through performance auditing, while Performance auditing is an independent, objective and reliable examination of whether government undertakings, systems, operations, programmes, activities or organizations are operating in accordance with the principles of efficiency, effectiveness and economy and whether there is room for improvement (International Organization of Supreme Audit Institutions, 2014). The aim of performance auditing is to evaluate a public entity's performance by assessing its dispositions and results it has achieved. Performance auditing is an examination rather made on a *non-recurring basis that controls selected issues at a given point in time*. It resembles evaluation, but is placed in an institutional context of accountability (Hood, 1995, Nordby, 2004, Roness and Rubecken, 2006).

Public accountability mechanisms are needed to prevent misuse of power; hence the role of external control institutions is rarely questioned. Some scholars such as Nigrini (2004), Jacobs (2011), Power (2013) etc nevertheless accuse such institutions of providing assessments that are too detailed and narrow. At the same time, others such as Morin (2003), Rafiu and Oyedokun (2009), Adebayo (2012) describe how Auditor-General is at risk of becoming political and running into conflicts with the executives. Thus, in several countries, especially in Africa which Nigeria is part of, there have been disputes over the mandate of performance auditing; hence a lot of challenges are faced by Auditor-General in carrying out such audit (INTOSAI, 2014).

It is against this background that this study therefore has set to explore the challenges of performance auditing on public sector accountability in Nigeria with a view to looking at the Office of Auditor-General in Nigeria as a case.

Statement of the Problem

Owing hugely to the wide spread of public demand for transparency in governance and the global outcry against wasteful, extravagant expenditures without regard to economy, efficiency and effectiveness in the utilization of public resources coupled with corruption, accountability is now of serious concern in many countries' public sector management including Nigeria (Kinander, 2012). One of the critical issues dominating public sector management in Nigeria as Addison (2008) rightly observed is lack of transparency and accountability. Lack of accountability in the public institutions creates opportunities for corruption and wastages with its attendant negative consequences to the nation's economy. In Nigeria, budgets now run into trillions of naira with little or absolutely nothing to show for it terms of value added. Again, with increasing democratization and concern about corruption, people are demanding to be informed about what their government intends to achieve and what it has actually accomplished. Thus, Boven, (2005) observed that democracy remains a project on paper if those in power cannot be held accountable. Therefore, the need to enhance public sector performance has become more urgent as governments face mounting demand on public expenditures, calls for higher quality service delivery and in some countries; the public increasingly unwilling to pay taxes.

In other words, the public is seriously demanding for performance auditing report in order to assess the performance of those entrusted with public resources (Power, 2013). Performance auditing is similar to evaluation, but is conducted within the context of institutional control; hence carrying out performance auditing faces many constraints in public sector ranging from auditor's independence threat, legislative framework

loopholes, unsatisfactory Public Accounts Committee (PAC) performance, what actual constitute true measure of economy, effectiveness and efficiency in public sector services/goods delivery, corrupt accounting government/environment, to mention but a few.

To this end, not all Auditor-Generals are allowed to assess operations. In several countries; especially in Africa, there have been disputes over the mandates of performance auditing with particular references to the 3Es (i.e. Effectiveness, Efficiency and Economy). This has led to clashes between the Auditor-Generals and national, states and local governments in Nigeria where public accountability has serious question mark (Jacobs, 2011). Thus, when the Auditor-General evaluates effectiveness, he is at risk of being accused of interpreting the will of parliament in a way that may suit someone or group politically (Sejersted, 2012). The Office of Auditor-General is at risk of becoming political and running into conflicts with the executives hence, its independence is under threat and has no sanctioning powers to enforce even the implementation of audit reports as PAC is more of political "rubber stamps" in the hands of executives.

This study therefore seeks to explore and confirm the veracity or otherwise, the performance auditing challenges as faced by Auditor-General in public sector accountability in Nigeria.

Objectives of the Study

The broad objective of this study is to examine the challenges of performance auditing as faced by Auditor-General in public sector accountability in Nigeria. However, the achievement of the broad objective shall be guided by the following specific objectives;

1. To examine the extent to which independence threat has posed challenge to performance auditing in public sector accountability in Nigerian.
2. To examine the extent to which unsatisfactory PAC performance has posed challenge to performance auditing in public sector accountability in Nigeria.

2.0 Review of Related Literature.

This section reviews related literature under conceptual framework, theoretical framework, empirical studies and summary of literature review.

Conceptual Review

The concept and establishment of audit in government is inherent in public financial management. Hence, the 1999 Constitution of Nigeria as amended and the Audit Act of 1958 empowers the auditors, among others to report on the adequacy of the accounting system and management control system, including those designed to ensure Economy, Efficiency and Effectiveness. In practice, the approach must go beyond just the mere or mechanical audit exercise. The audit exercise must include and examine thoroughly the management structure and even regulatory administration. This largely calls for the prudent management of public funds. At some levels in the government, financial recklessness may be going on without being noticed.

The Concept of Performance Auditing

As public/citizens became more conscious of the need to ascertain the actual utilization of resources, the concept of performance auditing started to emerge. In Nigeria, the concept became very pronounced because of the economic depression experienced since the 1980s (Aguolu, 2002). Thus, performance auditing has been viewed and defined variously by different academics and scholars world wide. Van and Williams (2002) viewed

performance auditing as those procedures designed to assist management establish necessary controls to ensure that the desired objectives are met at the desired level of efficiency and effectiveness. Though, this emphasizes cost saving, but that may not be the overriding objectives. It is a term used to assess whether or not an organisation has obtained the maximum benefit from the goods and services it both acquires and provides, within the resources available to it. Some elements may be subjective, difficult to measure, intangible and misunderstood. Judgement is therefore, required when considering whether Value for Money has been satisfactorily achieved or not. It not only measures the cost of goods and services, but also takes account of the mix of quality, cost and resource use, fitness for purpose, timeliness, and convenience to judge whether or not, together, they constitute good value. Meanwhile, Adeniji (2004) gave the following as the objectives of performance audit or value for money audit: Investigate a system or activity in the organization, judge whether the objectives of the system are being achieved, and if not, why not, judge whether the resources of the organization are being efficiently utilized in achieving the objectives and judge whether the system is being operated economically, or whether there is over spending. Hence, government's emphasis shifted from expenditure control towards value for money as the need for effective utilization of economic resources became imminent. However, Okwoli (2004:80) stated that the concept of value for money audit has not gained the required level of recognition in Nigeria, though it lies within the jurisdiction of internal control, which is a management device for effective operation of the organization.

Performance auditing in the opinion Warring and Morgan (2007) is a systematic, organized and objective examination of government activities. They further asserted that it provides parliament or legislature with an assessment on the performance of these activities with information, observations and recommendations designed to promote accountability in government and ensure an ethical and effective public service, good governance and sustainable development. For instance, Glynn (2003) argued and at the same time corroborated that the introduction of performance auditing in Canada, Australia, India and South Africa was accompanied by a number of institutional innovations and improvements, all of which were designed to increase and enhance the accountability of public sector organizations.

Ahmed (2008) in his own view, defined performance auditing as an assessment of the activities of an organization to see if the resources are being managed with due regard for economy, efficiency and effectiveness and accountability requirements are being met reasonably. While the Institute of Chartered Accountants of Nigeria (ICAN) Professional Examination 1 (Study Pack, 2009) is of the opinion that performance auditing is a concept that seeks the examination of the use of scarce resources for the welfare of the public by ensuring that activities and programmes are carried out at low cost and high standard. The study pack goes further to assert that in order to achieve this phenomenon, performance auditing is anchored on three pillars referred to as the 3Es; Economy, Efficiency and Effectiveness.

The South African Institute of Chartered Accountants (2013) operationalized it as “ an independent auditing process aimed at evaluating the measures instituted by the management or the lack of measures to ensure that resources have been acquired economically and utilized effectively and efficiently”. Measures generally fall under categories namely; policy-making, planning, organizing, coordinating and monitoring. It is all about evaluating management functions.

Performance auditing according to International Organization of Supreme Audit Institution, INTOSAI (2014), is an independent examination of the efficiency and effectiveness of government undertakings with due regard to economy and the aim of leading to improvement.

From the foregoing reviews, it is observed that performance auditing in public sector takes place in an environment where it is the responsibility of the management of a given government MDAs to institute measures to;

- Acquire resources of the right quality in the right quantity at the right time and place at the lowest possible cost (**economy**),
- Achieve the optimal relationship between output of services or other results and the resources used to produce them (**efficiency**) and
- Achieve policy objectives, operational goals and other intended effects (**effectiveness**).

Thus, in public sector, performance auditing provides the government with an avenue to demonstrate to the public whether it has fulfilled its responsibility with regard to accountability of resources or not. It therefore, assists in holding the implementers of government programmes accountable for the economic, efficient and effective discharge of budgeted programmes.

Performance auditing may be applied to both private and public enterprise, but it is particularly more relevant in the public sector (Oladupupo, 2005). However, its applications and importance have generally been overlooked, but it is gaining increasingly acceptance due to emphasis on performance improvement accountability in the public sector. It then implies that performance audit undertaken by the office provides an independent assurance to the parliament and the communities that funds appropriated for particular activities are spent wisely in accordance with the parliament expectations. Performance auditing therefore, reinforces the accountability of ministers and public sector managers for their performance as well as recognizing and advising parliament of management initiatives and achievements.

It is an advanced management tool that is becoming more and more sophisticated in order to accommodate needs of different communities and levels of government over services ranging from public safety and public works to economic development (Auditing Standards Committee, INTOSAI, 1997).

Public Sector Accountability

In ordinary sense, accountability presupposes that an official who has been assigned duties should be held responsible for his/her actions and the consequences emanating from them. Takaya (1989) took this point further with references to organizational contest and defined accountability as an official personal obligation to carry out assigned duties or activities and be responsible for results and/or outcomes. Adegbite (2009) conceptualized accountability as the obligation to demonstrate that work has been conducted in accordance with agreed rules and standards and the officer reports fairly and accurately on performance results. Implied in the above definition are the indispensable roles of due process, transparency and feedback in achieving accountability.

Some scholars believe that transparency is a corollary of accountability and both are essential planks upon which democratic governance and development anchor. (Olowu, 2002), (Idemudia, 2008), (Ujah, 2010) posited that accountability refers to answerability for one's actions or behaviour. They corroborated that it has three crucial components, namely; a clear definition of responsibility, reporting mechanism and a system of review, rewards and sanctions. From the foregoing, it is deductible that responsibility, feedback and transparency underline accountability.

What then is public accountability?

Ujah (2010) operationalized it as a system whereby public officers are made to give account of their stewardship to members of the public. He progressed to explain the term 'public' as referring to the generality of the populace, the people or segment of the society particularly touched by the subject matter on which an account is demanded. It is important to note that public interest is supposed to be crucial to public accountability. If this is so, why do public office-holders and civil/public servants work against interest?

In other words, public bureaucracy and policy making are expected to reinforce public administration and then galvanize service delivery but this rarely happens in Nigeria due to the character of the actors and leading elite in the public bureaucracy process.

In an attempt to exonerate the bureaucratic class, Adebayo (2002) argued that officials are constantly conscious of public accountability and are therefore, anxious not to make mistakes that would expose them, and the system they operate to public criticism. This paper contend that the above assertion does not reflect the correct and current situation and practice in the Nigerian public bureaucracy, hence the inefficiency and general rot as exemplified by various media reports of corruption, nepotism and sundry malfeasance in the public service.

The notion of public accountability therefore, is premised on the fact that public servants and political office-holders hold their positions and everything connected thereto as trust for the people; (the true and general public) who are expectedly their masters and they must render proper, accurate and timely accounts for successes and/or failures to the public. Public sector accountability is imperative to make public officers answerable for their behaviour and responsive to the entities or establishments from which they derive their authority (Termini, 2010). Accountability in public sector is about establishing criteria to measure the performance of public officers as well as oversight mechanisms to ensure that standards are met (AGAG, 2010). It is necessitated by stewardship.

A steward is expected to be accountable. Therefore, the executive and all the staff of MDAs and parastatals are actually stewards. Consequently, it is expected that the stewards should be accountable for the resources that have been committed to their use for public interest. To be accountable is therefore, to be able to furnish satisfactory explanations of one's actions in the process of discharging one's responsibility.

Public accountability places two obligations upon the steward; the steward must render an account of his dealings with the resources committed to his use and then must submit such account for examination (usually known as audit) to whom he/she is accountable. He/she must not only allow the audit to take place but must provide evidence from which the auditor can independently verify the accounts rendered and express his/her professional opinion on this financial statement.

Therefore, accountability necessitates auditing and control in public sector. Thus, we can impliedly aver that without audit, there can be no effective accountability, and without accountability, there can be no control. Public accountability also takes the form of parliamentary accountability where the parliament wants to make MDAs and parastatals accountable to the public more than what is provided by auditing and accounting standards. Performance auditing in relation to accountability wants assurance concerning compliance, performance and probity in public resources management. The parliament hence is the centre of accountability of public sector as championed by Auditor-Generals using performance audit and it is through its accountability to the parliament that public establishments are ultimately made accountable to the people (Green & Singleton,

2009). Thus, Olowu (2009) argued that sound principle of accountability demands that government at all levels must ensure that public funds and resources are judiciously utilized and be backed with adequate and appropriate records.

Challenges of Performance Auditing As Public Accountability Mechanism

We have shown that performance auditing is an essential element of the accountability process in all public jurisdictions. Carrying out performance auditing in Nigeria faces a significant number of challenges which if not addressed would constitute hurdles on the path of effective accountability in the public sector. Nevertheless, performance auditing has met some resistance in some countries just as in Nigeria where government wastages in public spending has led to several abandoned projects here and there, corruption, ambiguous recurrent expenditure, high cost of governance and poor budget performance are visible (Termini, 2010). Sejersted (2002) succinctly posit that when the Office Auditor-Generals evaluate effectiveness, it is at the risk of being accused of interpreting the will of the parliament in a way that may suite someone or some group politically. Thus, Canada and United States America (USA) are reluctant to evaluate the effectiveness of government administration (Morin, 2003 & US Government Accountability Office, 2011).

Performance auditing in the public sector has generally come with a number of challenges, given that this type of auditing is relatively new in Nigeria. While not attempting to present an exhaustive list, we will try to encapsulate the major ones in a synoptic form in this paper.

The major challenges of Auditor- Generals vis-à-vis performance auditing in Nigeria include but not limited to the following salient issues;

1. The issue of loopholes in the legislative framework,
2. The issue of auditors independence threat,
3. Unsatisfactory performance of Public Account Committee (PAC)
4. The issue of difficulty to identify and measure outputs and outcomes.

The legislative framework has numerous loopholes such that the constitution of Nigeria and Public Finance Management Act, (2004) as repealed, do not give the office of the Auditor-General of the Federation any sanction powers to compel ministries, departments and public agencies to observe and comply with the Treasury Instructions. Meanwhile, there is lack of political will of the executive and the legislature to implement the reports of performance audit as carried out by the various Offices of Auditor- General's units in the country.

On the issue of auditors' independence threat, the following factors influence the independence of Auditor-Generals; appointment and removal procedures, nature of tenure, financial autonomy, lack of ability to employ staff, when to conduct audit in-house and / or on contract policies and procedures etc.

It is difficult to identify and measure the extent to which public welfare is maximized especially when national plans may not be linked to strategic plans from MDAs. Consequently, outputs and outcomes are hard to identify and measure especially in the short-run.

Theoretical Framework

This study is anchored on the credibility theory as postulated by Regnar Norberg in the year 1918 (Jewell, 1975) cited in Mashayeki (2002). The credibility theory addresses that the primary objective function of

auditing is to add credibility to the financial statements. Audited financial statements are used by management (agent) in order to enhance the principal's faith in the agent's stewardship and reduce the information asymmetry.

However, auditing as a utilitarian discipline emanated as a response to offer credibility to the stewardship and accountability functions of financial accounting and in consequence, financial reporting.

The issue of auditing becomes important principally as a result of the separation of ownership from management whether in public or private sector. In the private sector, the separation is between the shareholders on one hand and the Board/Management on the other hand. Shareholders own the resources and the Board/management utilizes these resources to achieve some agreed predetermined objectives. Whereas, in the public sector it is the separation between the electorates (citizens) of the nation and those elected into various offices either as president, governor or chairman of local government. This arrangement however introduces and emphasizes the issue of agency position of either the board/management or the executive arm of government. Since every agency requires stewardship, management is obliged to periodically give report on how resources entrusted to them have been utilized.

The theory is therefore suitable for this study because public accountability places two obligations upon the management; the management/stewards must render an account of their dealings with the resources committed to their use and then must submit such account for examination (usually known as audit) to whom they are accountable; hence it's the duty of an auditor to give credibility report or otherwise on the accounts examined.

Empirical Studies

Many researches on achieving effective accountability in the public sector through performance auditing have surfaced in the recent years such as Nigrini (2004), Njanike and Dube (2009), Ejere (2009), Albrecht (2012) etc, but without much emphasis on the challenges faced by Supreme Audit Institutions (SAIs). Notwithstanding the extensive researches by many scholars/ academics, each of these studies have been distinguished by research settings, definitions of the explanatory variables, differences in methodologies and the statistical analytical tools used.

However, it is obvious that studies on performance auditing and public sector accountability are more prevalent in developed countries than in the developing ones.

Nigrini (2004), Hassibi (2007) and Albrecht (2012) carried out separate researches on the topic "An assessment of audit performance in public sector institutions and accountability" in South Africa, Zambia and Australia respectively. The study investigated the degree of effectiveness with which Supreme Audit Institutions assess public institutions in relation to accountability mandate. Using descriptive survey instrument and analysis of secondary data, the studies traced the principal challenges to effective performance of Auditor-Generals to include but not limited to; corruption and the parliament's or legislature's inability to implement the Auditor-General's report especially as regards performance auditing report.

They finally proffered that public spending need some degree of strict fiscal discipline, favourable or balanced institutional relationships, a stable negotiation framework, management cooperation, transparent reporting and cooperative control structures across various levels of government so as to enhance accountability in the public sector institutions.

In the same vein, Njanike and Dube (2009) carried out study on the 'impact of performance audit in public sector using descriptive and content analysis research approach in Mozambique and Ghana. In the study, both univariate and multivariate tests were performed using statistical mean, standard deviation, t-test and spearman rank order correlation. The study shows that government auditors pay much attention on the internal control systems put in place in the government MDAs rather than the outcome of the government policies and programmes on the citizens which is the basic yardstick for measuring the value of policies and programmes. Similarly, Rafiu and Oyedokun (2009) conducted a research on 'auditing and accountability mechanism in Nigeria public sector'. The study sought to ascertain the relevance of auditing especially performance auditing in enhancing accountability in Nigeria. The study used survey design, questionnaires and other statistical tools, while Chi-square was used to analyse the gathered data. Findings show that internal control systems in the three tiers of government are weak; audit procedures and accountability are as well ineffective, due to political interference and non-adherence to statutory and professional standards by auditing staff.

Based on the revelations, an effective internal control system free from executive interference was proffered as solution, while auditors are advised to adhere strictly to statutory and their professional standards so as to enhance the quality of their reports without compromise.

Ejere (2012) looked at promoting accountability in public sector management in today's democratic Nigeria through performance auditing. The paper dug into the essence of performance auditing in enhancing public sector accountability in Nigeria. The study was anchored on stewardship/ agency theory and employed quantitative and qualitative research approach to develop the study, hence descriptive/ content analysis was applied. Findings unveiled that accountability in the public sector can only occur when the public officers and the public at large are assured that the public funds are spent efficiently and economically on programmes that are effective. It therefore, recommended that performance audit reports should be made public and stringent punishment should be melted on convicted corrupt public officers to serve as deterrent to others.

Summary of Literature Review

From the literatures reviewed, it was observed that most of the studies reviewed were on public sector accountability challenges in different countries of the world. The overall findings of the studies suggest that effective internal control system free from executive interference would bring solution to public sector accountability challenge; while Auditor-Generals are advised to adhere strictly to statutory and their professional standards so as to boost the quality of their reports without compromise. For instance, the study carried out by Ejere, (2009) reveals that accountability in the public sector can only occur when the public officers and the public at large are assured that public funds are spent efficiently and economically and on programmes/ projects that are effective. Results also unveil that public spending needs some degree of strict fiscal discipline, stable negotiation framework, management cooperation, transparent reporting, across various level of governments so as to enhance public sector accountability in its MDAs, (Nigrini,2004, Hassibi, 2007, Albrecht, 2012).

Be that as it may, there is no known study that has specifically examined performance auditing and public sector accountability with a view to reviewing the challenges faced by SAIs in Nigeria. This therefore makes this study very imperative and timely especially now that Nigeria has fully implemented treasury single account (TSA) system in its Public Financial Management (PFM). Hence, this study x-rays performance auditing and public sector accountability in Nigeria; the challenges of Supreme Auditing Institutions.

3.0 Methodology

This study adopted a documentary and content analysis approach. It specifically looked at extant provisions relating to supreme Audit institutions, relevant literatures, conference and seminar papers as well as various working paper in the field.

4.0 Discussion

Independence threat and its challenges to Performance Auditing in Auditor-General-s Office in Nigeria

In achieving this objective, the study is anchored on the agency theory and in addition reviewed a number of literatures both theoretical and empirical and subsequently adopted some of their designs and methodologies. From the literatures reviewed, findings indicate that there are no cooperative control structures across various levels of government so as to enhance accountability in public sector institutions. This was collaborated by studies of Nigrini (2004) and Albrecht (2012) which maintained that there is no independence relationship between the Auditor-Generals Office and executive or political office holders. Hence, the Office of Auditor-Generals lacks independence in practice. This therefore indicates that the platform with which Auditor- generals in Nigeria use to determine how well the resources are being managed with due regard to 3Es is weak owing to the enormous undue control challenges. This impliedly makes weak the out come of reports of Auditor-General since they are under the control of the politician or executive that appointed them.

Discussion on the Level legislative framework loopholes Challenged Performance Auditing in Office of Auditor-General in Nigeria

For effective and fair assessment/attainment of this objective, some literatures were reviewed and content analysis of existing loopholes in the legislative framework faced by Auditor-General in Nigeria when involved in performance auditing examined. Sejersted (2009) avers succinctly that sometimes, dilemmas exist of which SAIs are being accused of interpreting the will of executive or parliament in a way that may suit someone or some group politically. Again, observations also reveal that the 1999 Constitution of Nigeria (as amended) and Public Financial Management Act, 2004 do not give the Office of Auditor-General of the Federation any sanctioning powers to compel MDAs to comply with auditors' reports as issued from time to time. Thus, it is difficult to identify and measure the extent to which public welfare is maximized especially when the national plans may not be linked to strategic plans of the MDAs.

PAC performance and its challenges to performance auditing in Auditor-General's in Nigeria.

At the end, the studies generally unveiled that performance auditing is an essential element of accountability process in all public jurisdiction. Similarly, Green and Singleton (2009) in collaborating the above finding, aver that the parliament or the legislature, as the case may be, is the centre of accountability in public sector as championed by Auditor-General' office using performance auditing. Thus, PAC should wake up for their responsibilities as the public are earnestly relying on them to hold public officers accountable by complying and enforcing the implementation of performance auditing reports. Observations also indicate that sound principle of accountability in public sector demands that government at all levels must ensure that public funds and resources are judiciously utilized using performance auditing backed with appropriate record as indices.

5.0 Conclusion

Managing the public sector in today's environment of constant change has become a demanding challenge for policy makers, service delivery managers and civil servants; a challenge that is especially daunting for those in developing countries and countries with economies in transition.

Therefore, the ability of the traditional accountability mechanisms to effect change on the functioning, performing and transparency of government are increasingly being openly debated. International efforts are focusing on issues of governance and accountability and interventions dealing with government reform range from administrative to the redesign of judicial and audit institution.

With the changes brought on the globalization and liberalization access to information and indeed the rising expectations of societies and countries, impetus for change in all aspects of life including the public sector management systems have become imminent, if not already a matter of reality. In this reform, audit is not lagging behind. Already, audit as an art of study has started to go beyond the examination of expenditure and beginning to look into the processes and procedures that influence the decision on expenditure. For quite some time now, auditors have started to look at management processes and system to determine the cost-effectiveness of public expenditure.

Therefore, using documentary and content analysis approach and agency theory as a theoretical framework, the study examined performance auditing and public sector accountability in Nigeria; the challenges of Supreme Audit Institutions. It was revealed that institutional control by the executive / political arm of the government constitutes a serious threat to Auditor-Generals in carrying out performance auditing; hence public sector accountability in Nigeria is weak.

Again, it was observed that in most cases, performance auditors are not welcomed by auditees, thus the auditors are faced with the risk of not getting or being provided with relevant information and support to carry out their engagements.

The study therefore, concludes that the ability of the of the traditional accountability mechanisms especially as it involves Auditor-Generals to effect change on the functioning, public service delivery and transparency of government are seriously being openly debated in line with PFM theory using performance auditing as an index.

6.0 Recommendations

Based on the conclusion drawn from this study, the following recommendations are made;

4. That Lima Declaration in Peru, 1977 International Standard for the Supreme Audit Institutions (SAIs) such as supportive environment, independence, adequate funding, sharing of knowledge and experience should be strictly adhered to in Nigeria, hence the issue of institutional control would be reduced if not eliminated.
- That public accounts committee (PAC) should wake up and be serious with their oversight functions that would enhance the confidence and credibility citizens bestowed on them in relation to the executives' accountability.
- That there is the need to enhance capacity and awareness of performance auditing in MDAs and parastatals in Nigeria. Thus, there may be need to establish and fund Public Sector Audit Training Centre (PSATC) where public sector auditors, especially performance auditors, could be trained to boost their skills and become enlightened in line with the global best practices/standards.
- That performance audit reports should be made public in Nigeria so that the citizens could be able to measure or assess their public officers performance vis-à-vis the resources entrusted to them to manage.

7.0 Suggestions for Further Studies

The following suggestions are made for further studies:

1. A similar study should be conducted to compare what obtains in Nigeria with affairs in other countries of the world.
2. Performance auditing could also be studied from other perspectives including its role in promoting public accountability

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