PERFORMANCE AUDIT EFFECTIVENESS IN THE NIGERIA PUBLIC SECTOR: A REVIEW OF LITERATURE

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Abstract

Performance audit, which is also known as "value for money" audits, have become increasingly common in the public sector over the past few decades. This paper examines performance audit effectiveness in the Nigeria public sector. It reviewed extant literature on the subject. Specifically, the paper examines Nigeria public sector and its governance as well as the concepts of performance audit, effectiveness of performance audit and public sector. The paper adopted the library research approach. It was observed that prior literature on the effectiveness of performance audit was done in other countries. Studies from Nigeria focused on accountability, its measures, the role of Supreme Audit Institution, performance audit and public sector budgetary efficiency, as an effective tool for fighting corruption. Also, this paper found out that effective performance audit in Nigeria public sector is bedeviled by certain factors which have made its effectiveness questionable.

Keywords: *Performance audit, public sector, value for money audit, supreme audit institution, effective performance*

1. Introduction

Performance audits in the public sector are carried out by the relevant supreme audit institutions of a country together with the internal audit of the various public sector organizations. Internal auditors incorporates performance audit into their audit plans to assist in the audit evaluation of organizational performance management and accountability processes (Gheorghiu, 2012; Yan & Li, 1997). Performance audit is conventionally focused on economy, effectiveness and efficiency, referred to as the 'three Es' (Gildenhuis & Jense, 2017). Since performance audit focuses on assessing the economical acquisition, together with the effective and efficient utilization of resources, it has the potential to contribute towards providing the requisite public sector performance measurement. It provides parliament with an assessment on the performance of government 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 (Odia, 2014; Waring & Morgan, 2007).

Public sector on the other hand, is considered to be that part of the economy which is traditionally managed and controlled by the government on behalf of the citizenry (Nirmala, Karen & Alan, 2005; Shim & Seigal, 1995). Therefore, the governments make decision on the use of resources, and are responsible for the welfare, policies, consumption of the public sector resources. The role of public sector is to improve on citizens' welfare by delivery goods and services that may not be provided by the private sector at a price affordable and accessible to all (Herlok, 1989). To have a good understanding of public sector, there is the need to ensure audit effectiveness and efficiency in order to enable citizens gets optimal satisfaction. It is of interest therefore that those saddle with the responsibilities or entrusted with the confidence of the management of public sectors adheres strictly to compliance, and services are adequately distributed without any shortcoming. However, performance audit is considered to be one of the most effective means for improving performance and governance (Dalia & Irena, 2008).

In Nigeria, there have been increasing public outcries and concern on the government insensitivity over citizens' welfare, high level corruption, high recurrent expenditures, wastage of public spending, high costs of governance, capital freight by the local council, states government as well as the federal government (i.e capital transfers by government personnel abroad). The increasing ministerial scandals around public agitations of the inability of the executive arm of government to turn things around gave rise to the demand for greater public accountability and performance audit in public sector (Green & Singleton, 2009; Manaf, 2010).

Nigeria has been identified internationally for poor governance and lack of transparency and accountability in tendering public funds. It has been rated as a failed country by Fund for Peace for the consecutive time from 94.4 indexes in 2006 (out of 178 countries) to 97. 27, ranked 15 positions out of 177 Nations, growing at an average annual of -1.25% in 2006 and 0.23% in 2020 respectively based on twelve indicators of vulnerability. Four are for social, two economic and six political (Fragile States Index [FSI], 2020). Transparency International [TI], (2021) on global coalition against corruption under corruption perception index (CPI) in 2020 rated Nigeria as most corrupt Nation. In addition, Nigeria in sub-Sahara Africa in January 28th 2021was ranked 149 in 180 countries and score 25/100, score change -2 since 2012 due to poor governance, infrastructural deficit, decay institutions among other factors. The world bank group has consider corruption as a major challenges to it twin goal of ending extreme poverty by 2030 and boosting shared prosperity for the poorest forty percent of people in developing countries (World Bank Group, 2020).

It therefore follows as aforementioned that since the adoption of performance audit in Nigeria in 1960, it has been a subject of debates whether or not it has met its objectives. There have also been mixed reactions whether or not since its inception those responsible for government business, tending public policies, institutions and agencies have measure to expectations (Nkwagu & Nwamgbebu, 2019; Steward & Walsh, 1994; Udel & Nwadialor, 2016). Against this backdrop, observers have argued that performance audit has lots more shortcomings and there is much still needed to be done in ensuring its audit effectiveness (Yodit, 2016). Extant literature has blamed the failure and deficiency on weak supreme audit institution and non-existence of law backing it framework and operations, happenings and challenges overwhelming public sector and incessant pervasive cases of corruption through cohesion as well as decaying failing institutions (FSI, 2020; Odia, 2014; Ogiedu, & Izedonmi, 2013; TI, 2021), including missing trail records of financial impropriety which usually uncover aftermath of performance audit engagement and lot more.

It has also been speculated in some quarters despite the opposing views that performance audit has been effective (Agbo & Aruomoaghe, 2014; Dalia & Irena, 2008; Udeh & Elom, 2016; Etvert, 2002; Regassa, 2016), emphasizing value for money audit strength on the desire impact derived within confer of extant public service rules, efficiency and economy. Thus, ensuring that those saddled with the responsibilities of handing government business are transparent, prudent and accountable (Adzor, Clement & Mike, 2016; Dalia & Irena, 2008; Yodit, 2016). Suffice to say in viewpoint of the above assertions that performance audit effectiveness in the Nigeria public sector has both sides left for debate and dialogue in Nigeria geographical climate.

Hence, informs the believe that these challenges may have emanates from noncompliance, which may have led to weak and failing institutions as well as encourages cohesion and corruption among public servants, government, and government official alike. However, this paper reviewed literature on performance audit effectiveness in the Nigeria public sector to decipher these claims. The remaining sections have been divided into three. The first section deals with the concepts of public sector and performance audit, while the second section examines the challenges of effective performance audit in the Nigeria public sector; the third section is the conclusion.

2. Overview of Nigeria Public Sector its Reforms and Governance

Public sector is that portion of the economy whose activities are under the control and direction of either the federal or state or local government council. Public sector typically creates and sustains independent public institutions of accountability that are empowered to oversee government actions, activities and demand explanations (Oladipupo, 2005). Public sector is the government sector whose affairs or services are made known to the public (People in General) in aggregate and in detail reflecting all transactions involving the receipts, transfer and disposition of its fund and properties (Kayode, 2010). The sector varies in terms of compositions, demographic, economic welfare, programmes and projections. Anyafo (2002) refers to public sector as that sector of the economy, established and operated by the government or its agencies, distinguishable from the private sector, and organized on behalf of the whole citizens. Public sector in Nigeria comprises of an expanding ring or organizations with core government at the center, followed by agencies and public enterprises. However, public sector organizations comprises of organizations which control lies in the hand of the public and whose objective and services are not for profit making.

Accordingly, the public sector of any economy is the biggest spender and it is the sector that set the tone of activities for the private sector. Udeh and Nwadialor (2016) stated that in developing countries like Nigeria, public sector represents the most dominant economic force due to the fact that government constitutes the largest single business entity and her pattern of expenditure through its various ministries, agencies, and departments stimulate a lot of economic activities. However, public sector set the economic agenda for the nation. It is a widely held opinion by financial experts that the public sector in Nigeria controls about sixty percent (60%) of the asset base of the country. On the other hand, public sector entities are organizations which are owned and financed by the government. They provide services such that non-tax payers cannot be excluded from their benefits. Adams (2006) noted public sector as all organizations which are not privately owned and operated but established, run and funded by the government on behalf of the public. The primary aim of government is to ensure that the publicly owned enterprises are adequately secured, welfare equitably distributed, services adequately rendered and protection of Government Corporation for the interest of the public.

Public sector entities includes: the government business enterprises, ministries, department and agencies (MDAs), parastatals, commissions etc. Their services comprises the military, police, public transits, rails, roads, airports, healthcare, schools, free education, bridges, rail tracks, other social amenities such as pipe bone water, telephone, provision of markets, public toilets, public schools, skill acquisition centre, clearing of drainages etc. These enterprises are managed by government through representatives or selected workforce with laydown processes and procedures amongst the citizens, except where the services of expatriate is required and is not in the first instance available. Consequently, in order for government to perform these businesses on behalf of the citizens, government ensures that there is no loophole, leakages are blocked, laws and orders are maintained, absolute absence of corruption, equitable distribution of income, transparency, probity and accountability (Dimant & Guglielmo, 2017).

The Nigerian public sector was the result of the colonial masters, and its formation dated to the late 19^{th} Century where the colonial masters were in charge of governance in the country. In 1898, the system of state enterprise first begun in then black coast, present day Nigeria, when the British colonial masters administration undertook major public sector interventions. Amongst the first venture by the colonial administration was the railway transport project, which was provided at *Dido* to other axis. The project took off from *Dido*, Lagos capital centre city area to the hinterland as franked by the British colonial masters (Esu & Ingang, 2009). Udeh and Nwadialor (2016) noted that one of the inherited legacies of Nigeria from the British colonial masters was an extensive public sector. Hence, Mr Fitzgerald contracts into the colliery business lay the foundation for the establishment of public corporation in Nigeria.

The colonial master administration in its inception provided several other public corporations to commensurate development and ameliorates the sufferings of lots of people of the then slave coasts. As a result of these, Nigeria gained electricity corporations, railway coal corporations, ports authority, water board, telecommunication, local mill and post office to mention but few. People were engaged from time to time to work in these corporations (public sector) who in present day are called public or civil servant. All these enterprises were established primarily as administrative organs and were to facilitate trade and commercial activities of the country as well as the colonial government (Babatude, 2013). Moreso, the corporations provided essential services that met government aspirations at different levels. The corporations applied internal checks on the utilization of funds in such a way that public assurance were maintained through the instrumentality of the constitution, and hence, through the Finance Control Management Act of 1958, and Audit Act of 1956.

Udeh and Nwadialor (2016) have noted that as years rolled by, the effectiveness of these corporations dwindled in terms of services rendered. Many people then saw them as mere conduit pipe for siphoning scarce public funds and consequently clamored for their privatization. This later led to some corporations being privatized, commercialized while others collapse and fizzled away. The public sector in Nigeria now consist of government MDAs with public service rules, financial regulations, procurement Act and other aiding services, extant laws, rules and regulation guiding the public servants. Despite this, corruption and high level of highhandedness, nepotism, tribalism, religious related mysteries and mediocrity now characterized the present day public sector system.

Against this backdrop, government in order to have an enhanced welfare for her citizens and eliminate bottlenecks, inefficiency, nepotism and corruption from the system, hence, initiated some reforms to encourage citizens as well as revamp the public sector. Such reforms include the introduction of Government e-Collection and e-Payment System, Integrated Personal Payroll Information System (IPPIS), Government Integrated Financial and Management Information System (GIFMIS), National Chart of Accounts (NCOA), Treasury Single Account (TSA), International Public Sector Accounting Standard (IPSAs), Consolidated Salaries Structure (CSSC), Contributory Pension Scheme (CPS) to mention but a few. To ensure that these government enterprises strive, citizens' advocates the need for government to promote efficiency, effectiveness, prudency, accountability and due process in budget dealings as well as programme implementations.

In as so much, countries with good governance, citizens respect the government because among other reasons those in authority manage public resources effectively. According to Agbo and Aruomoaghe (2014) governance is the manner in which public officials and institutions acquire and exercise authority to shape public policy and provide goods and services that enhances the welfare of the public. Governance is the norms, traditions and institutions by which power and authority in a country are exercised (Dereje, 2012). Meanwhile, the mobilization and utilization of financial resources for the public good is an essential area of governance. However, where governance systems are weak or seem not working effectively or devoid of transparency and accountability mechanisms, corruption, nepotism and mismanagement of public resources often submerges increasingly.

2.1 Public Sector Audit

The audit process in the public sector is to review financial statements of public entities and other information such as non-financial performance information that the entity is required to have audited. Udeh and Elom (2016) stated that the examination of economy, efficiency and effectiveness to bring to light examples of wasteful, extravagant unrewarding expenditures and 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. Thus, as public and citizens become more conscious and aware of the need to ascertain the actual utilization of resources, the concept of performance auditing starts to emerge in the year 1960. Public sector executives respond by enforcing internal accountability measures and by reporting to the citizens on how public money is being spent and on the success and or failure of public programmes.

Messier (2000) refers to auditing as a systematic process of objectively obtaining and evaluating evidence regarding assertions about economic actions and events to ascertain the degree of correspondence between those assertions and established criterion and communicating the results to interested users (Saidu, 2011). Auditing standard 2 and 7 define auditing as an independent examination of, and the expression of opinion on accounts of companies as presented by management, by a duly appointed auditor, in pursuance of that appointment and in keeping with the relevant legislation and other requirements when in his opinion that the account shows a true and fair view of the state of affairs of the company, and that the accounts have been properly prepared in accordance with the provision of the Company and Allied Matters Act (CAMA) of 1990. In view of the above public sector auditing is required to entail independent examination of, legislation bound, expressing of opinion, dully appointed auditor and true and fair view.

Adebisi (2011) stated that public sector audit has wide scope as to reviewing, regularity, probity, and value for money with which public services are rendered. He noted that in order to achieve the above issues, public sector audit covers audit of books and records of the federal ministries, extra-ministerial offices, other arms of the government, federation account and revenue audit of all government institutions as well as the pre and post auditing of the payment of pensions and gratuities of the retiring military and civilian personnel. It also includes: vetting, commenting and certifying audited accounts of all parastatals, deliberation, verifying and reporting on reported cases of loss of funds, stores, plants and equipment as stipulated in the relevant financial regulation as well as auditing of Accountant-General annual financial statements and government statutory corporations, in accordance with the constitution of the federation. However, statutory and private audits are undertaken by an independent auditor called external auditor. Statutory audits are conducted under the statutory framework. The scope of the audit is determined under statute and no restriction is expected to be placed.

2.2 Scope of the Supreme Audit Institutions Mandate

The scope of a supreme audit institution mandate refers to the subject of audit which is usually determines by the audit act, constitution or law of a given country (Roberts, 1996). One of such public institution that monitors and manages public sector accountability is the supreme audit institutions (SAIs) which is known as the Office of the Auditor-Generals (OAG) in Nigeria, National Audit Office (NAO) in United Kingdom (UK), and Comptroller-General (CG) in the United State of America (USA). Udeh and Elom (2016) opined that one of the functions of the Office of the Auditor-Generals is to conduct and carry out audit service which ranges from performance audit which is value for money audit, financial audit, regulatory audit and management audit. Ogiedu and Izedonmi (2013) said that supreme audit institutions are created to audit the legality, the efficiency and the effectiveness of the spending behavior of government officials. Odia (2014) added that supreme audit institutions serve as an assurance to the parliament or legislature on programme and issues of management by public utilities.

The audit act of 1956 covers areas of auditing and accounting in the public sector. It deals with the duties of the Auditor-General for the Federation and spells out the account, which the Accountant-General of the Federation should prepare and present for audit. The act also spelt out the power of the Auditor-General for the Federation. According to Kayode (2010), Robert, O. Ejenavi, former Auditor-General for the Federation, at a conference for federal and state Auditors in Abuja in August 2008, stated that Nigeria has no Audit Act and the colonial Act of 1956 was superseded by the limited provisions in the 1979 constitution, which were also transferred to the 1999 constitution. Furthermore, efforts were made to have a modern Audit Act to strengthen the Auditors-General, with an Audit bill passed by the two houses of the national assembly but has not been signed into law. And as a matter of fact, the LFN 2004 (Laws of the Federation of Nigeria) excludes the Audit Act 1956, which means that it is no longer a law in Nigeria.

Supreme audit institutions contribute toward effectiveness, accountability and improvement in the public sector information through its emphasis on economy, efficiency, effectiveness, equity and ethics. In that regards, Nigeria supreme audit institutions derives its origin from the Westminster which is also known as Anglo Saxon or monocratic or parliamentary model. This model by Westminster is called Uninominal Supreme Audit Institution headed by a single authority called the Auditor-General (Santiso, 2007); this means that all rights, powers and responsibilities are vested in the Auditor-General rather than SAI as an institution. Hence, under the Westminster system according to Ogiedu and Izedonmi (2013), the financial cycle starts with the National Assembly through budget presentations for anticipated estimate of annual expenditure for a cycle of a year by the government and various MDAs through budgeting processes. While the process is duly observed, the budget is subjected through appropriate committees and on the account of this expenditure framework is issued and budget passed. All government MDAs produces annual accounts including those from outstations as audited by the Office of the Auditor-General. Moreover, the office of the Auditor-General submits the Audit reports to the National Assembly for review, while the review is carried out by the public accounts committee (PAC) of the National Assembly which therefore issues its own report as well as recommendation to which the executive or president is expected to respond to.

In lieu of this, the various committees of the National Assemblies undertake oversight functions according to the provision of the constitution so as to ensure budgeting provision are strictly adhered to. The National Assembly maintains an active Public Account Committee which works closely with the Office of the Auditor-General, and chaired by a member of the opposition party. In view of the audit bill that has been domicile with the Nigeria National Assembly, subject to the provisions of the constitution, there is established office known as the office of the Auditor-General for the Federation (The Office). The office shall be headed by the Auditor-General for the Federation. Subject to the constitution, the Auditor-General in exercising his powers or performing functions under this bill, shall not be under the direction or control of any authority or person (Federal Audit Service Commission Bill, 2016). Though, the bill has been duly passed in 2018 through bill passage processes by the two houses (Senate and House of Representatives) of the National Assembly and has been sent in January, 2019 for president assent. These are provisions or ways by which the supreme SAI could have been strengthened to ensuring economy, efficiency and effectiveness of performance audit if the bill assented to by the Nigeria president.

Considerably, the Nigerian Supreme Audit Institution at the Federal level is divided into four main categories of operational departments: the ministerial department which deals with the audit of accounts of members and other agencies of government and of all financial statements; the extra ministerial department is responsible for vetting the audited account of government companies, corporations, agencies, commissions and other authorized departments; the project monitoring and evaluation Department which is to conduct value for money and performance audits. Moreso, this department engages with examining and reporting on the situation of the economy, efficient and effectiveness of government project and programmes; the revenue Audit department involves in auditing revenue accrued to government (Anyanwu, 2001).

2.3 Performance Audit

Performance audit has been defined differently by various academics and scholars worldwide. Performance auditing has its own set of nomenclature, although different countries and academics use different terms to describe it which includes value for money audit, comprehensive audit, efficiency audit and operational audit (Yodit, 2016). The different terms do not entail different concepts, as most of them encapsulate auditing of a similar nature (Nurul Athirah Abd Manaf, 2010). Khan (2006) defines performance audit as an assessment of the activities of an organization to observe if the resources are being managed with due regard for economy, efficiency and effectiveness and accountability requirements are being met reasonably. Odia (2014) submitted that performance audit is a systematic, purposeful, organized and objective examination of government activities. International Organization of Supreme Audit Institutions (INTOSAI) Code of Ethics (1998), cited in Regassa (2016:1) defines performance audit as “an audit of economy, efficiency and effectiveness with which the audited entity uses its resources in carrying out its responsibilities”. However, companies have a better performance through an effective audit function that can enable various business partners such as shareholders, personnel, state financial institutions to obtain certainty about the quality and reliability of the information provided by the company (Achmad, Iman, & Melinda, 2020).

Performance audit examines the matters of efficiency and effectiveness, waste probity, compliance with statutory obligation, financial prudence or any combination of these (Office of the Auditor General, 2009). It contributes towards effectiveness in the public sector information through its emphasis on economy, efficiency, effectiveness, equity and ethics (5Es). Hatherly and Parker (1988) noted that performance audit is an independent examination and evaluation of the economy and efficiency of an entity's operations as well as the effectiveness of its programmes. The above assertion showed that performance audit has duty and obligation to express opinion ensuring correctness, compliance and due process is followed to the later amongst hierarchical structure of the public sector and those entrusted with the disbursement of public funds (Udeh, & Nwadialor, 2016).

The examination of economy, efficiency of operation (programmes and projects), and consideration of effectiveness entails reliability of financial and operational information, safeguarding of assets, compliance with rules and regulations designed to help an organization to achieve its objective. Dalia and Irena (2008) considered performance audit to be one of the most effective means for improving performance and governance. They admitted that improvement system model allows for a wide concept of effectiveness auditing, and that the application of theory to practice is a frequent object of scientific research debate. As an independent profession, performance audit plays significant role in the management of organizations and states' policy, examining whether government ministries are doing the right thing and doing this in the right and least expensive way (Agbo & Aruomoaghe, 2014). Therefore, performance audit is a way for taxpayers, financier, legislatures, executives, ordinary citizens and the media to express, execute control and to obtain insight into the running and outcome of different government activities (INTOSAI, 2013).

Performance audit are those procedures designed to assist management establish necessary controls to ensure that the desire objective are met at the desired level of efficiency and effectiveness (Van & Williams, 2002). Oladipupo (2005) stated that performance auditing may be applied to private and public enterprise, but it is particularly more relevant in the public sector. It therefore followed that performance auditing is a term used to assess whether or not an organization has obtained the maximum benefit from the goods and services it acquires and provides within the resources available to it (Udeh & Elom, 2016). Furthermore, Adeniji (2010) stated that the objectives of the performance audit or value for money audit is to investigate a system or activity in the organization, judging whether the objectives of the system are being achieved or the resources of the organization are being judiciously utilized or system is being operated economically or whether there is over spending. In Nigeria, there is that uncertainty whether or not value for money audit has really exacerbate clear relevant objective on public sector due to ineffectiveness, high level of corruption, lasciviousness and inefficiency being reported in the sector (Udeh & Elom, 2016).

Hence, the success story on performance audit will be tailored to help management. The Institute of Chartered Accountants of Nigeria (ICAN) Professional Examination Study Pack (2009) noted 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. Performance audit is anchored on three pillars referred to as the 3Es; Economy, Efficiency and Effectiveness. In view of the foregoing, it is obvious that performance audit in the public sector takes place in an environment where it is the responsibility of the management of government MDAs to institute measures to; acquiring resources of the right quantity in the right quality at the right time and at the lowest possible cost (economy); achieving the optimal relationship between output of service and the resources used to produce them (efficiency) and achieving policy objectives, operational goals and other intended effects (effectiveness).

2.3.1 Historical Antecedent of Performance Audit

Historically, literature reviewed on performance auditing was limited to the United State (US), the United Kingdom (UK), Canada, Australia, and New Zealand. The choice of audit performance antidote was limited to these countries due to the fact that all other countries are based on Westminster system of governance and have an Auditor-General (AG) who audits government expenditure and revenue, with the exception of US, which is said to have been considered as the most developed practice of performance auditing in the public sector context (Parker, 1990). However, the emergence of performance audit has provided literature on an evaluation of performance audit and identified eight (8) possible social political and economic themes that have influenced the emergence and practice of performance audit in the Anglo-American Public Sector. The theme include: Auditor-General influences; Central and Local Governments; Government Fiscal Policies; Pressure from Lobby groups; Review Committees; Statutes and Legislation; The

Public Sector Accounting Profession; and the Organization of the Audit Office/General Accounting Office.

The scope of the public sector audit now exceeds the expectation that the auditor only check for regulatory and procedural compliance. It is now expected that auditor enhance accountability in management of public sector resources. The perceived objective of which includes performance auditing; economy, efficiency and effectiveness emerge as a strong theme, one which seems to comply with these more modern expectations of performance (Nirmal, Karen & Alan, 2005). Though, Nigeria has its own historical antecedent, these were not in major literature. However, public accounts audit in Nigeria dates back to the beginning of the colonial era (Ukura, 2016). Before 1910, these audits were performed by the Colonial Branch of the Exchequer and Audit Department established in 1866. The Colonial Audit Service were responsible to the Secretary of State of the Colonies and was established in 1910 and in the same year heads of audit of Southern and Northern protectorates were appointed. In 1914, Nigeria was first created through the amalgamation of the Northern and Southern Protectorates and at this stage an audit section was established as part of the Central Secretariat in Lagos.

The Directors of Audit were responsible to the Governor, but were also "under the general supervision of the Director-General of the Overseas Audit Service (Audit Ordinance, 1956). According to Aguolu (2002), the concept of performance auditing in Nigeria became very pronounced because of the economic depression experienced during 1980s. Generally, the importance of performance auditing was being overlooked, but it is now gaining increasing acceptance due to the emphasis on performance improvement and accountability in the public sector (Odia, 2014). However, due to time relevance, Green and Singleton (2009) stated that Nigeria performance audit was introduced in the 1960s to provide assurance over accountability concerns in the public sector.

Also, with the emergence of new public management (NPM) and good government ideas, there have been rapid changes in the approach to public sector auditing. The focus has been shifted from traditional compliance and financial auditing to issues of performance and results. NPM forces the public sector reform through transferring private sector management principles to the public sector.

The reform simplifies bureaucracy, force innovation and improve public service efficiency and effectiveness. This however meant that organization performance measurement is needed both in the NPM and public sector reform (Nusrat, 2012). Performance audit works with the same performance management concepts used by program managers and their principals to plan, monitor, and evaluate how public resources are used to achieve public policy objectives. The concepts of inputs, processes, outputs, outcomes, and impact, as well as their correlation with the above goals of economy, efficiency and effectiveness, are common tools for public managers and public performance auditors' alike (Dalia and Irena, 2008).

In similar vein, performance auditing in the Australian and Canadian Public Sector indicates that the auditor-General has significant personal and professional influence on the emergence of performance audit (Morin, 2001). Homburger (1989) shows that practice and development of performance audit at the Australian National Audit Office was significantly influenced by the professional and personal attitudes and competence of the three auditors-general over a span of fifteen years. The study outlines how each of the Accountants general influenced the shifts in the focus of public sector auditing from auditing for probity and compliance to auditing for performance term of economy, efficiency and effectiveness. Morin (2001) has stated that in the Canadian context, performance auditing was conducted by the Canadian Auditor-General at the Federal Audit Office during the year 1973-1978, which has to focus on the use and management of public sector resources. This influenced the practice and development of performance audits through extensive levels of reporting on public sector resources management and use of appropriate fund (Radeliffe, 1998).

Moreso, New Zealand in 1970's experiences public sector growth with a consequent increase in government spending. Hence, the Account Office took it upon itself to comment on government expenditures which it thought was wasteful or extravagant. By providing government with reports on how department and entities being run, and which used the resources in a wasteful and extravagant manner. However, the Account Office appeared to be signaling to the government to cut back on the fund and other resources allocated to such departments. There were suggestions according to Pallot (2003) that the New Zealand government took major step to cut back budgetary allocations to such government departmental. Wherefore, in late 1980's there was a reduction in the size of the public sector. In another development, in UK, the local government authorities influenced emergence of performance audit by undertaking a review of the 1972 Local Government Financial Act in 1982 (Grimwood & Tomkins, 1986). The 1982 review provided the Accountant-General with the mandate to undertake performance audit in the local government municipalities.

At the Central government level, the national audit Act in 1983 was revised which provides the Accountant-General with the mandate to performance audit. Broadbent and Guthrie (1992) harness that the government at the Central was changing the organizational form of traditional governments to that of statutory bodies whereby the statutory bodies had to operate accounting to the rules of a commercial entity that is being focused on outputs. It however follows that performance audit has been the grand norm at which government has it various public services priorities aligned. In case of USA, Flesher and Zarzeski (2002) admitted that congress had requested the General Accounting Office (GAO) after World War 11 to undertake management audit for government owned companies for control purposes. Though the congress initiated performance audit, the General Accounting Office decided what constituted performance audit, the nature, scope, objective and to an extent developing a framework, practice, structure of performance audit. However, changes in the leadership and staffing needs at the general accounting office from the period of 1960 to 1980 facilitated as well as enhanced the emergence of performance audit in the USA.

2.3.2 Benefits of Performance Audit

Udeh and Elom (2016) stated that performance audit reinforces the accountability of ministers and public sector managers for their performance as well as recognizing and advising parliament of management initiatives and achievements. Also, it assists in holding the implementers of government programmes accountable for the economic, efficient and effective discharge of budgeted programmes. According to Yodit (2016) performance auditing is an important building block with which to improve accountable and responsive governance of public resources. However, it is a management tool that provides information and feedback for organization improvement.

Oladipupo (2005) on his part noted that the benefits of performance audit includes: informs the management and public whether value for money is being received from the public expenditure; It demonstrates general direction for improvement; It is a source of independent and reliable information for the legislation and top management; It sharpens the process of accountability in public administration; It creates awareness among public managers towards efficiency and effectiveness. Adzor, Clement and Mike (2016) stated that performance audit help ministries, departments and agencies to improve their operations. Also, it can be seen as investments that should lead to better functioning public entities. It identifies important problems; analyses the causes and effects and present recommendations for using resources in a better way.

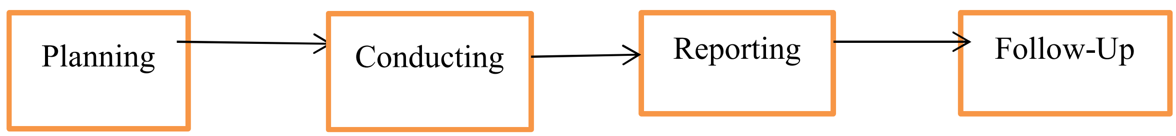
2.3.3 Performance Audit Processes and Procedures

The process of performance audit differs. Performance audit is essential element for the accountability process in all public jurisdictions. Performance audit is a learning process. Obtaining the required knowledge is a continuous and cumulative process of gathering and assessing information at all stages of the audit. It is important that the auditor weighs the costs of obtaining information against the additional values of the information to the audit. Performance audit works with the same performance management process, procedures and concepts used by program managers and their principals to plan monitor and evaluate how public resources are used to achieve public policy objectives (Dalia & Irena, 2008).

Ordinarily, the process of performance audit in Nigeria starts with the office of the Auditor-General with detailed programmes and procedures as contained in the relevant documents. The office of the Auditor-General of Nigeria is configured to carry out both financial and performance audits which involve examining and reporting on the economy, efficiency and effectiveness of government projects and programmes (Anyanwu, 2001). Consequent of this, efforts are made to ensure that revenue collected from all sources are properly accounted for through the process of value for money and performance audit engagements. Though, the Auditor-General has no powers to publicize audit report, he has to refer it to the legislature who holds government to account. The Supreme Audit Institution is saddle with the responsibility to give information to the legislature and they are required to do so effectively where objectivity comes to fusions without any downplay.

The audit procedures also include: tests of controls on the systems used to generate performance information; performing analytical review to evaluate trends and measure the consistency of the programme information; interact with management teams and those responsible for the reporting process; review of minutes of meetings where performance information programmes have been deliberated upon; sample base test to confirmed performance information to source documentation; and reconciliation of qualitative information or programme measure. Hence, audit working paper must contain a summary of finding and conclusions on the procedures that have been performed.

However, International Standard of Supreme Audit Institution (ISSAI) 3200 highlighted performance audit processes and procedures to include the following components as shown in the diagram below:



Sources: Adopted from ISSAI 3200 – Performance Auditing Process

2.3.3.1 Planning: - It contains the requirements and guidelines for planning the audit. The requirement is aimed at establishing the overall approach to the audit. It also involves selecting the audit topics and designing the audit (Itelsinki, 2007).

2.3.3.2 Conducting: - INTOSAI (2007) noted that the requirement and guideline for conducting performance audits. The requirement is aimed at establishing the overall approach for the auditor to apply when conducting a performance audit and it is also associated with obtaining sufficient and appropriate audit evidence and using this evidence to answer the audit objective and audit questions. Also, it entails carrying out the audit work in order to obtain sufficient and appropriate evidence to support the auditor's findings and conclusions.

2.3.3.3 Reporting: - According to Itelsinki (2007), the format of the report, the report contents, and the purpose of the report is to provide the audits distribution frameworks for communicating the results of the performance audit.

2.3.3.4 Follow Up: - It is the important tool to strengthen the impact of the audit and improve future audit work. Follow up will provide feedbacks to the SAI, the legislature and the government on performance audit effectiveness and the improvements made by the audited entity. According to ISSAI 3000 (136), the auditor shall follow up, as appropriate, on previous audit findings and recommendations and the SAI shall report to the legislature, if possible, on the conclusions and impacts of all relevant corrective actions. Accordingly, follow up of previous findings and recommendations in performance audit reports are to identify and document the impact of the audit and the progress made in the problems.

Khan and Chowdry (2008) added that the process of performance audit includes determining whether or not the value of the projects executed by each Ministry/Extra Ministerial Department and Agency (MDAs) in relation to the money spent on the project meet the stated plans and objectives in accordance with the provisions of extant law and rule of engagement; ensuring that whatever money spent on the implementation of projects and provision to the members of the public commensurate with the value of such projects so that the purpose of the expenditure is not defected and public funds are not misappropriated or diverted; ascertaining the compliance of the ministries to government appropriation bill and budget follows due process and to the later; determine exactly what was done and what values members of the public have derived from the set targets by way of acceptability, accountability through evaluation report and feedbacks.

According to Yodit (2016), performance auditing is carried out in three phases: planning, fieldwork, and reporting. The planning stages deals with the establishment of guidelines and providing guidance on the methods and processes of implementing performance audits in an organized manner. Fieldwork sets out the required tasks and maps out processes for each aspect of fieldwork. It involves the process of evidence gathering, analyzing and evaluating that evidence as directed by the approved audit procedures and when the exact steps to be followed are specific to each audit as determined in the fieldwork plan. Thus, some data collection considerations are common to all audits (Waring & Morgan, 2007). Performance audit objectives of fieldwork often developed after the audit begins based on an assessment of the risks and vulnerabilities associated with the activity being audited or initiated at the request of parliamentarians or ministers. Reporting has to come from each audits and the audit team would have to determine the means of reporting audit findings at the beginning of the fieldwork. The medium for reporting process should be thought out and based on the audit organization's relevant auditing standards including end user's needs.

The auditing organizations around the world use different method to carry out the various phases. Environmental team work is conducive for the conduct of performance audits, as diversity of perspectives and experiences can enhance the value of the product. Megbeluba (2010) iterated that the process of performance audit is usually made up of economy, effectiveness, and efficiency as well as program audits. Agbo and Aruomoaghe (2014) added that economy and efficiency audits determine whether the entity is following sound procurement practice, acquiring appropriate types of resources, properly protecting and maintaining resources, avoiding duplication of effort by employees, avoiding idleness and overstaffing, using efficient operating procedures, using optimum amounts of resources, complying with requirements of laws and regulations that can affect acquisition, protection and use of resources which has an adequate management control system.

2.4 Measure of Performance audit Effectiveness

When measuring performance audit effectiveness, auditors tend to equate the success of the performance audit with whether or not their recommendations have been followed. By so doing the performance audit has to start with an understanding of the entity to ensure that adequate knowledge of the predetermined performance measures; evaluation of the systems and controls used to derive and capture the performance programmes, as well as performing substantive procedures on the reported measures is achieved. The performance auditor needs to understand the purpose behind the measures. Hence, to properly accessed the suitability of the objectives of the public sector organization and usefulness of the programme being provided. According to Etverk (2002) recommendations accepted by the auditee can be a good way of measuring the effectiveness of performance audit. The positive side of this measure is that it clearly identifies the achievement as well as the influencing factors and analyze why one audit was better than another.

Moreso, measuring the effectiveness of performance audit is important in order to analyze its usefulness to the public sector and raise its future contribution. Morin (2003) noted that one important aspect of the extension of performance audit mandates to include a review of effectiveness, and indeed the general outcome focus, was that it raised the issue of whether the audit should be focused on controlling public sector performance or on improving it (Parker, Jacobs, & Schmitz, 2019). Pollitt and Summa (1997) cited in Etverk, (2002) indicated that the proportion of recommendations in performance audit reports accepted by governments is the most common measure used by three renowned SAIs: by the UK National Audit Office, Swedish Audit office and Dutch Algemene Rekenkamer.

Financial savings achieved is another measurement parameter for performance audit effectiveness. The main advantage of financial measure is that it is easy to read, understand and more credible than non-financial argumentation. Financial saving measure has its disadvantage in that performance audit involves qualitative analysis and improvement, its results can also be measured in qualitative terms hence quantifying the performance audit's impact is challenging. Morin (2001) cited in Etverk, (2002) and Katrien, (2008) examined three separate issues in order to determine the performance audits effectiveness which includes auditees' perceptions and reaction which has to do with how the auditee feels about the audit, the impact on the audited organization which involves whether it has a negative or positive impart, and the contribution to the public debate which has to do with the added value it has brought to public debate. However, difficulties of measurement are inherent in the nature of performance in the public sector, because performance can never be finally defined. Hence, it can never be adequately measured (Stewart & Walsh, 1994).

2.5 Performance Audits and Public Sector Transparency and Accountability

The primary stakeholder in an accountability scheme are the people, they ensure public office holders are accountable for the management of revenue collected for public use from public coffer as well as ensuring that public debt and expenditure on public programmes meet stated objectives (Ukura, 2016). The increasing public demands for transparency in governance and the global outcry against corruption in recent times has now made accountability of intense concern among nations (Ozuomba, 2019). Therefore, public officers are held accountable for effective management systems of funds, compliance with laws and government policies and initiatives, and the delivery of an acceptable level of services to the citizens. Accountability for the spending of public money is at the hearth of public sector management. Accountability therefore relates to the obligations of the managers to give adequate report or information about their performance and the manner in which they have used powers or resources given to them (Laxmikanth, 2006).

INTOSAI (1998) added that public accountability will be more effectively promoted when SAIs perform performance audits and holds government accountable to legislature and public for their stewardship over public funds. According to Ozuomba (2019) accountability deals largely with resources input and with expectation of the output which could be human or capital input. Park (2020) conducted a study on enhancing the transparency and accountability of state-owned enterprises in Asian and other economies. Hence, found that majority of the countries does not publish aggregate ownership reports, which could potentially limit accountability and restrict the public from overseeing state-owned enterprise performance, and recommends for establishment of comprehensive legal and regulatory frameworks for public disclosure of financial and nonfinancial information about the activities of state owned entities is critical.

Ogundana and Okere (2017) stated that accountability is the process whereby public sector entities, and the individuals within them, are responsible for their decisions and actions, including their stewardship of public funds and all aspects of performance, and submit themselves to appropriate external scrutiny. Public sector financial statement is the means by which information of government activities is made known to the public hence audit report is needed to access the performance of those entrusted with public sector resources and this therefore implies that proper audit plays a significant role in promoting accountability and transparency. Performance audit is mainly used to evaluate the economy, efficiency and effectiveness of an entity's operations in order to assure that strategic board targets are done and whether they can be enhanced (Ozuomba, 2019). Performance audit is an examination rather made on a non-recurring basis that controls selected issues at a given point in time, therefore, resembles evaluation, but is place in an institutional control of accountability (Roness & Rubecken, 2006).

The Supreme Audit Institution performs an essential role in strengthening accountability and ensuring good governance in various governments MDAs, parastatals, and improves performance, enhance transparency, ensure accountability, fight corruption, promote public trust and foster the efficient and effective receipt and use of public resources of their citizenry (Odia, 2014). Ogundana and Okere (2017) study on the impact of public sector auditing in promoting accountability and transparency in Nigeria found that lack of transparency and accountability in the public sector presents a major risk to the efficiency of the capital markets, financial stability, long term economic sustainability, economic growth and development. Public accountability mechanism are needed to present misuse of power, therefore, the role of external control institutions is rarely questioned (Udeh & Etom, 2016). The principles of transparency relates to the openness of a public sector entity to its constituents (Institute of Internal Auditors, 2012). Public sector's decisions, actions, and transactions needs to be conducted in an open manner so as to enable relevant stakeholders access adequate facts and information on the performance and operations of the public sectors.

Transparency is a necessary part of accountability but it is not the same as accountability (Ogundana & Okere, 2017). Government is charged to discharge their responsibility in a manner by which they have effectively and efficiently used the resources at their disposal and without a well transparent financial reporting which enhances accountability it is not possible to determine whether or not the activities of the government have been in the interest of the public. Park (2020) stated that internationally recognized good practices calls for the establishment of a comprehensive policy framework to ensure accountability and transparency in government owned entities. Glynn (1985) submits that accountability in the public sector occurs when both politicians and the public at large respect and assured that the public funds are being spent efficiently, economically and on programmes that are effective. He further noted that the introduction of value for money auditing in Canada was accompanied by a number of institutional innovations, hence, all of which were designed to increase the accountability of public sector organizations.

2.6 Effectiveness of Performance Audit and Public Sector

Effectiveness can be defined as the achievement of the desired results in the medium and long term. Luiz and Mury (2020) stated that effectiveness is the relationship between the outcomes of a program, in terms of effects on the targeted population (observed impacts), and the intended objectives (expected impacts). Udeh and Elom (2016) noted that effectiveness is a measure of achieving policy objectives, operational goals and other intended effects. Efficiency is closely linked to effectiveness because it is an important factor in determining the least-cost method of achieving desired outcomes (INTOSAI, 1995). Issues of effectiveness arise when an entity does not produce the expected outputs, results or impacts and the audit of effectiveness will therefore concentrate on outputs, results or impacts (Dalia & Irena, 2008). Effectiveness focuses on the relationship between outputs and the objectives of an entity. With regard to effectiveness, performance auditors focus on the objectives of an entity and evaluate how the outputs have contributed to the achievement of the entity's objectives (Nirmala, Karen & Alan, 2005). Effectiveness of the performance audit is essential in order to analyze its usefulness to the public sector and raise its future contribution.

According to Yodit (2016) performance audit is only effective in so far as it has convinced the decision makers of the units inspected of the rightness of its case and persuaded them of the effects of the necessary changes. In public sector, performance audit assist the government to demonstrate to the public whether it has fulfilled its responsibility with regard to accountability of resources or not. Performance audit is aimed at evaluating public entity's performance by assessing its dispositions and results it has achieved. It examines whether programs implemented have achieved their goals economically, efficiently and effectively (Olaoye & Adedeji, 2019). Effectiveness according to Hatherly and Parker (1988) is an ends oriented rather than a means oriented concept that has been defined as the degree to which predetermined entity objectives for a particular activity or programme are achieved. They admitted that monitoring effectiveness identifies major operational objectives of the auditee by ensuring their consistency with legislature/ministerial directives and higher level objectives, and assessing the adequacy of the auditee mechanisms in place for monitoring achievement of operational objectives.

It therefore follow as aforementioned above that effectiveness measures the relationship between the output and outcomes in terms of the output level, quantity, timeliness, quality, price cost, customer satisfaction, mission and objectives accomplishment, money in terms of its saving advantage and cost adequacy (Waring & Morgan, 2007). It measures the extent to which the policies and program of the public sector has affected the society. Also, it focuses on how the policies and programs of the public sector are being distributed among the geopolitical regions or the targeted population or audience and examines whether there has been fairness in the utilization and rendering of stewardship of the resources at the disposal of all the public sector. The effectiveness of a program can be assessed by evaluating and reviewing some basic issues including the degree to which the programme's objectives are being met; the relative cost-effectiveness of the present method of delivering the programme; the degree to which the programme continuous to make sense and addresses a continuing need; and the assessment of the programmes intended or unintended impact and effects (McRoberts & Hudson, 1985). Hence, it ensures that the output delivered the desired outcome.

Performance audit effectiveness in relation to achievement of the objectiveness of the audited entity, reviewed actual impact of activities compared with the intended impact (Regassa, 2016). It concerns with better achievement of objectives by changing the nature of output or improved targets; better identification and justification of needs; introducing better sub-objectives and targets as well as clarifying objectives and policies. The approach also consider whether systems in place produce relevant, reliable and timely information on the development of human, financial and other resources (output), the carrying out of activities (processes), and the delivery of the outputs, compared with operational objectives by way of performance indicators. This helps to examine discrepancies when it arises and to take appropriate and timely actions. Effectiveness is considered with the consideration of the success of, or the extent to which outputs achieve the intended outcome or desired goals of a public sector entity (Nirmala *et al.,* 2005). Audit effectiveness as regards to achieving audit's objective, is by gathering sufficient and appropriate audit evidence in order to express reasonable opinion regarding the financial statement compliance with generally acceptance accounting principle (Shoommuangpak & Ussahawanitchakit, 2009).

In auditing effectiveness of operation, effort is made to determine the extent to which set targets for programmes or activities are actually achieved (Oshisami, 1992). Hence, as the number and scope of deficiencies corrected follows the audited process (Mizrahi & Ness-Weisman, 2007). This involves an inquiry into the results of benefits achieved and the programme or activities to determine their achievement of established objectives (Nkwagu & Nwamgbebu, 2019). Performance audit searches out problems by analyzing the problem, identification of its roles, and the nature of institutional legitimacy. The successful identification of the problem streams lead to finding answers to the problem depending on particular actors, resources, culture, power differentiation, styles of coalition building and so on. Therefore, performance audit reports provide an independent assessment of an area of public sector activity. It seeks to improve resources management and add value to an agency through recommendation on improving operations and procedures (Dalia & Irena, 2008). The benefits of the outcomes or impacts to citizens will be reduction in corruption; improved services; government personnel are more aware of external security and become more responsive to public needs; promotes reform in processes and procedures as well as more credible public dissemination of government programmes; complementation of activities between state auditor and civil society thereby expanding coverage and improving quality of reviewed accountabilities (Morin, 2001).

2.7 Challenges of Effective Performance Audit in the Nigeria Public Sector

Effective performance audit in Nigeria public sector is faced with numerous challenges and it includes the following:

2.7.1 The Issue of Loophole in the Legislative Framework

The legislative framework has numerous loopholes in the 1999 Constitution of Nigeria and the Public Finance Management Act (2004) as repealed do not give the office of the Auditor-General of the federation any sanctioning powers to compel MDA and public agencies to comply with the treasury instructions. There is lack of political will of the executive and the legislature to implement the reports of performance audit carried out by the office of the Auditor General in the country and the non-assent of the Federal Audit Service Commission Bill 2016 by the president is worthy of note.

2.7.2 Auditor's Independence Threat

In Nigeria the Auditor General has no independence of the executive or political office holders in the discharge of their duties. The executives have the power to appoint the Auditor General, determine the nature of their tenure and determine their financial autonomy as well as their staffing needs (Udeh & Elom, 2016). This therefore indicates that the platform with which the Auditor Generals in Nigeria determines how well the resources are managed with regard to 3Es is weak owing to the enormous undue control challenges. This impliedly makes the outcome of the Auditor General's report weak since they are under the control of the politicians or executives that appoints them. The non-assent by the president of the Federal Audit Service Commission bill 2016 which would have helped in strengthening the office of the Auditor General to ensure efficiency, effectiveness and economy of performance is also worthy to note.

2.7.3 Unsatisfactory Performance of Public Account Committee

Performance audit is an essential element of accountability in public jurisdiction. The legislature through Public Account Committee (PAC) is the centre of accountability in the public sector as championed by the Auditor General office using performance audit. The Auditor-General office faces the challenges of lack of sufficient authority to ensure that audit findings and recommendations are acted upon or fully implemented by the executives. PAC has the responsibility to ensure that public officers are accountable by complying and enforcing the implementation of performance audit reports but this is not the case as corruption and mismanagement of public resources is given the free opportunity to blossom (Odia, 2014; Udeh & Elom, 2016).

2.7.4 Unavailability of Professional Competence to Conduct Effective Performance Audit

Performance audit needs well trained and competent professionals because it involves the judgment of the auditor. According to Nusrat (2012) the subjective nature of performance audit means that this audit must be meticulously carried out and the people involved should be fully trained. An audit procedure that needs the exercise of judgment beyond the ability of the person expected to make the judgment will likely end in failure. Yodit (2016) observed that lack of adequate and competent staff extends noticeable influence on performance audit effectiveness and that the influence could be attributed to the lack of man power planning and failure to attract and retain adequate professional.

2.7.5 Lack of Post Audit Follow Up

Effectiveness of performance audit is undermined if no post audit follow up is conducted. Nirmala (2011) stated that if the Auditor-General submits reports to the legislature and these are not read, understood, and acted upon, the system breaks down. In such cases, the legislators may not detect or understand important audit findings, or may not follow up on the implementation of audit recommendations by the executive.

2.7.6 Difficulty to Identity and Measure Outputs and Outcomes

There is difficulty to identify and measure the extent to which public welfare is maximized importantly when national plans may not be linked to strategic plans from MDAs. Consequently, outputs and outcomes are difficult to identify and measure in the short-run. Udeh and Elom (2016) study on challenges of performance auditing in public sector accountability in Nigeria; a case of the office of auditor general with use of documentary and content analysis approach observed that the Constitution of Nigeria and other Financial/Audit Acts do not give Office of Auditor-General any sanctioning powers to compel MDAs to comply and enforce the reports of performance audit.

3. Theoretical Underpinning

The theory of performance audit considered relevant to this paper have been in existence over decades, propounded and developed by most notable school of thoughts among them were Jensen and Meckling (1976) and others. However, notable among the theories of performance audit effectiveness in the public sector analysis links the theories of credibility, inspired confidence and agency. These theories help to resolve the relationship among the steward (the public servant) who is handling government concern for the citizens and the auditor who is ensuring that government get value for his money on behalf of the citizenry. The credibility theory states that the credibility of the information sources influence individual judgments and decisions (Eagly & Chaike, 1993). This is seen in the performance audit reports on public sector engagement. For a performance audit to come up with a credible report on public sector effectiveness, efficiency, economic, transparency and accountability, it must have been influenced by source and quality evidence, level of knowledge and skill of the performance audit expert opinion and evaluator assessment of the report of any shortcoming noticed on performance.

This theory is rooted from bias source, expertise and reviewer point of view (Birnbaum & Stegner, 1979). The literature explains that credibility is made up of expertise and trustworthiness (McGinnies & Ward 1980; Perloff, 1993). This theory regards the primary function of auditing to be the addition of credibility to the financial statements. Audited financial statements are used by management which is the agent in order to enhance the principal's faith in the agent's stewardship and reduce the information asymmetry. This follow that audited information does not form the primary basis for investors' investment decisions (Porter, 1990). However, trustworthiness in this concept is twin to ethnics which describes the human aspect that affects performance audit accountability, transparency, processes and reporting. The expertise is a specialized skill and knowledge imbedded in performance audit suggesting that performance audit report will be more credible than non-performance audit report in matters of audit engagement.

Against this backdrop, the theory of inspired confidence posits that the role of auditor to an agent is to enhance inspiring confidence on the users of financial statement. The theory advices that the auditor in his ability makes available sufficient information by ensuring his competency and his objectivity are up to performance. This implies that as a result of the trust the users have on the auditors as being independent in the auditing techniques used, the auditor gives credibility to financial statement which then leads to higher audit quality (Olowookere & Adebiyi, 2013). Consequently, agency theory explains the relationship that exists between the principal and the agent. Jensen and Meckling (1976) portrays that information asymmetry is understood when the contractual arrangement is connected to the management (agents) purposely or inadvertently keeping information available to shareholders (Principals).

Agency theory is the recognition that the inclination of agents (Director or Manager) of entity is to act for the general well-being of the owners (shareholders), employers and the public rather more than in their own interests (Millichamp & Taylor, 2008). An agency relationship is defined as a contract under which one or more persons, the principal, which engage another person called the agent to perform some services on their behalf which involves delegating some decision-making authority to the agent (Jensen & Meckling, 1976). The agency theory from inception was introduced by Jensen and Meckling (1976) in the financial economics literature on the ground of agency model in relation between principal and agent. The duo further espouse, how information asymmetry between government (stakeholders), managers (public servant), citizens and perhaps external parties (creditor) can be reduced by monitoring the opportunistic attitudes of manager. Millichamp and Taylor (2008) added that the agent is the name given to the practice by which productive resources owner by one person or group are managed by another person or group of persons.

Agency theory on the other hand, is the recognition that the inclination of agents in this case, the public servant (director or manager) of the enterprise (Business) is to act rather than move in their own interests than those of their employers (Government) or the citizens (shareholders). Wang (2017) stresses that information asymmetry is a situation whereby the firm's management has more private information than existing shareholders or potential investors. Therefore, if shareholders and creditors do not observe companies' risk management activities directly, they will tend to institute monitoring systems to increase the flow of information about these activities. And to reduce uncertainty and in the absence of such monitoring mechanism, manager seem more likely to perform opportunistically by withholding relevant information or by manipulating reporting to their advantage by making misleading disclosures (Latham & Jacobs, 2000). Hence, agency theory is built around the key ideals of self-interest, adverse selection moral hazard, signaling, incentives, information asymmetry and the contract (Macintosh, 1994).

4. Review of Prior Studies

Prior studies relating to effectiveness of performance audit and public sector were reviewed in this section. Luiz and Mury (2020) conducted a study on performance audit applying the principle of effectiveness in a case study in Brazil using regression analysis based on difference in differences with a sample of primary schools of the target municipality, before and after the adoption of the private textbooks. The study showed that there was a negative impact hence the principle of effectiveness in performance audit was not achieved. 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. Univariate and multivariate tests were performed using statistical mean, standard deviation, and t-test and spearman rank order correlation. The study found 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 value of policies and programmes.

Yodit (2016) carried out a study on factors affecting performance audit effectiveness in case of office of federal auditor general of Ethiopia. The study covered a period from 2009-2015 and used survey questionnaire analysis. Data was analyzed on quantitative basis using Pearson's correlation, linear regression analysis and descriptive statistics. The study found that there is strongly significant positive relationship among adequate and competent professionals, post audit follow up and performance audit effectiveness. Nkwagu and Nwamgbebu (2019) conducted a study ascertain the effects of value for money auditing on local government service delivery in Ebonyi State. The study adopted structured and cross-sectional survey design with 136 senior staff in account, internal audit and five other departments in the nine selected local government area in Ebonyi State. The paper employed multiple regression of the ordinary least square in analyzing data. It was revealed that economy principle in procurement and effectiveness principle in budget implementation have no significant effect, while efficiency principle in resources utilization has a positive significant effect on local government service delivery. This means that most local government in Ebonyi State are indifference in application of economy principle in procurement and effectiveness principle in budget implementations.

Adzor, Clement and Mike (2016) examine the effect of performance auditing on the implementation of Fadama ll project. The study used an exploratory design, sampled 60 participants in the Fadama ll project in the Federal Capital Territory Abuja using Kruskal-Wallis H test. The study discovered that performance audit contributes to the attainment of Fadama ll project goal. Ejere (2012) conducted a study on promoting accountability in public sector management in today's democratic Nigeria through performance auditing. The study employed quantitative and qualitative research approach, hence descriptive/ content analysis was applied. The 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. The study 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.

Reichborn-Kjennerud (2013) examined political accountability and performance audit. The review noted that performance audit contributes to political accountability. The study used a questionnaire to examine the influence of performance audit by analyzing data from a survey of 353 civil servants who have experienced one or more performance audits. Based on the assessments in the reports, the audited civil servants were expected to make changes and improve. The study found out that a performance audit is a tool designed to hold ministries and the government administration accountable for government spending and for results. Odia (2014) examined Performance Auditing and Public Sector Accountability in Nigeria: The Roles of Supreme Audit Institutions (SAIs). The study employed a survey research method. The study found out that the strengthening of the legislature oversight and institutional capacity building of SAIs- independence, internal governance, work quality and more emphasis on performance auditor value for money audit by the SAIs would promote and foster public accountability in Nigeria.

Albrecht (2012) carried out research on the assessment of audit performance in public institution and accountability in Australia. 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 legislature's inability to implement the Auditor-General's report especially as regards performance auditing report. He recommended that public spending need some degree of strict fiscal discipline, 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. Olaoye and Adedeji (2019) examine performance audit and public sector budgetary efficiency in southwest Nigeria. The study employed statistical analysis and uses a sample of twelve selected ministries to establish the relationship between dependent and independent variables. It found out that performance audit is a tool designed to hold ministries and government administration accountable for government spending and for results and this was in line with the studies of Reichborn-Kjennerud (2013). It also stated that performance audit could be an effective tool in curbing corruption and this is in consensus with Agbo and Aruomoaghe (2014).

4.1 Gaps Identified in Prior Studies

Prior literature on the effectiveness of performance audit has either focused on the principle of effectiveness of performance audit, factors affecting it in other countries (Luiz & Mury 2020; Yodit, 2016) or looking at the impact of performance audit in public sector a case of other countries (Albrecht 2012, Njanike & Dube, 2009). Studies from Nigeria focused on accountability and transparency in public sector through performance auditing and the role of Supreme Audit Institution (Ejere, 2012; Odia, 2014; Reichborn-Kjennerud, 2013). Also, other studies from Nigeria focused on performance audit and public sector budgetary efficiency (Olaoye & Adedeji, 2019), effect of performance auditing on project implementation (Adzor, Clement & Mike, 2016), effect of value for money auditing on local government service delivery (Nkwagu & Nwamgbebu, 2019). But Agbo and Aruomoaghe (2014); Olaoye and Adedeji (2019); Reichborn-Kjennerud (2013) stated that performance audit could be an effective tool for fighting corruption.

Etverk (2002) examine measure of the effectiveness of performance audit and stated that measuring the effectiveness of performance audit is important in order to analyze its usefulness to the public sector and raise its future contribution. Audit institutions have been forced to justify their own activities and demonstrate their results and achievements. Therefore, the ways of assessing the effectiveness of performance audit has gained more importance and attention as well as the Supreme Audit Institutions and performance audits in general. But Etverk (2002) left other researcher to see the need for an extensive literature on the effectiveness of performance audits in the public sector because she attempted to address the measure of the effectiveness of performance audit.

This paper reviewed literature on the effectiveness of performance audit in Nigeria public sector by using qualitative research approach. This paper is not limited to only performance audit, its processes, Nigeria public sector and its audit, but goes on to evaluate performance audits and public sector transparency and accountability, performance audit effectiveness and public sector as well as the challenges of effective performance audit in Nigeria public sector and made some recommendations.

5. Conclusion

Performance audit is a management tool that is becoming more sophisticated to accommodate different communities need and levels of government over services ranging from public safety and public works to economic development. Globalization and liberalization changes which enhances the access to information and the rising societal and countries expectations for the change in all aspect of life including the public sector management systems have become imminent and which audit is not lagging behind in this reform. Audit has gone beyond the examination of expenditure and now beginning to look into the processes and procedures that influence the decision on expenditure. Auditors look at management processes and systems to determine the cost effectiveness of public expenditure. Emphasis on performance and result is important to overcome the inefficiencies of procedure driven bottlenecks in Nigeria. Using library research approach, this paper examined performance audit effectiveness in the Nigeria public sector and observed that the institutional control by the executive and the legislative arm of government, unavailability of professional competence and lack of post audit follow up, difficulty to identify and measure output and outcomes constitutes a serious threat in ensuring performance audit effectiveness in the Nigeria public sector.

Moreso, the study summarized some recommendation in order to improve the performance audit effectiveness in the Nigeria public sector. Hence, the following points are of importance and to be considered. There should be an amendment to the Nigeria Constitution (1999) and the Public Finance Management Act (2004) and the passage of the Federal Audit Service Commission bill 2016 to ensuring that the office of the Auditor General of the Federation is independent from undue interference of the government and also given the statutory power and audit mandate to carry out performance audit. The Auditor General of the Federation should ensure that adequate and competent staffs which can help it develop the right performance audit team matrix are employed. There is need to enhance the awareness of performance audit effectiveness in MDAs and parastatals in Nigeria. There is the need to establish and fund public sector audit training centre where performance auditor could be trained to boost their skills and become enlightened with the global best practices. Public account committee (PAC) should wake up to their functions that would enhance the confidence and credibility citizens bestowed on them in relation to accountability. The office of the Auditor General of the Federation should oversee that recommendations stated on performance audit reports are implemented by undertaking regular post audit follow up, and performance audit reports should be made public in Nigeria to enable citizen's access their public officers' performance in line with the resources entrusted to them to manage.

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