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Effect of Internal Audit Practice on Expenditure Management of Organization in Rivers State

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Annotation: The study examined internal audit practices and expenditure management of government organizations in Rivers state. The specific objectives to the study among others were to; determine the effect of asset safeguard on allocation efficiency of government organizations in Rivers state, determine the effect of asset safeguard on operational efficiency of government organizations in Rivers state, determine the effect of auditor's independence on allocation efficiency in Rivers state, determine the effect of auditor's independence on operational efficiency in Rivers state. This study adopted survey research design. The population comprised of 5 selected government owned organizations in Rivers state. The study adopted simple sampling techniques; the research utilized primary and secondary data. The research questions were analyzed using descriptive statistics, while the formulated hypotheses were tested using the multiple regression analysis with the aid of SPSS and E=View. From the findings of the study, among others, showed that Asset safeguard as an internal auditor practice also showed a positive but insignificant effect on allocation efficiency. However, Asset safeguard negatively affect operational efficiency as a measure of public expenditure management of government organizations possibly because obtaining the costs of programs can be a difficult task. Auditor independence has negative and insignificant effect on operational efficiency as a measure of public expenditure management of government organizations. This simply means that auditor independence is negative and insignificant to operational efficiency as a measure of public expenditure management of government organizations. The following recommendations are made among others; Auditors independence should be non-negotiable and sacrosanct in government organizations if operational efficiency is to be achieved.

On no account should auditors' independence be jettisoned in public sector organization that seeks to sustain operational efficiency. Internal audit of asset safeguard orientation should equally be used by public sector administrators as a tracking system on organizations' properties through constant monitoring, supervision and evaluation. Government organizations should engage professionally qualified auditors who independent minded in order to achieve quality audit output in public sector organizations.

Introduction

Enterprises' internal auditors play the role of attaining independent assessments and providing confirmation on several undertakings of businesses helping to enhance organizational accomplishment on a daily basis. Institute of Internal Auditors (2009). This aids an enterprise to fulfill its functional goals through calculated and committed procedures to analyze and enhance adequate regulation of risk in productive supervisions and improved control. The vast notion of internal audit makes it a vital component of public expenditure management that also comprises of governmental controls and information transmission processes (Adedokun,2016). Internal auditors are important because they must inform the public sector on the results of the principal-agent relationship that subsists between the executive and the public (Mihret et al, 2017).

Internal auditors assist in securing organization reserves and are required to furnish management on how the resources are been used. This will facilitate continual appraisal on whether the response satisfies public goals and further ascertain if they are balanced to lessen the risk inherent in the principal-agent relationship (Li et al, 2015).

Internal audit principles suggest integrity in reporting without interference from the crown administration in all procedures and deals undertaken and furnish answers as to whether the agent has utilized the resources as planned and anticipated by the set rules (Adeniyi, 2015). Autonomy is encouraged through the published reporting system by the organization and should be clear to all groups pointing at attaining an ethical viewpoint.

The essential roles of internal auditors are directed towards analyzing whether processes were implemented in congruence with the set laws and statutes, set administrative hierarchies as well as policies that manage data in a bid to facilitate accuracy in tackling bargains Adedokun, (2016). Internal auditors also assess problems of ethics in an organization, regulates policies and data flow to achieve responsibility and translucency in financial reporting (IIA, 2010). The other role of internal auditors is to recommend adequate criteria to avert adverse circumstances, problems or deficiencies that may ensue, as well as furnishing facts to instituted audit committees and top administration in guaranteeing that goals are well established (Cohen & Sayag, 2010).

Public organizations are expected to assist the internal auditor to understand effectively challenges confronted by public organizations by comprehending the daily dangers and limitations in public organization's systems and introducing policies that will facilitate the teamwork of internal auditors to recognize and tackle all risks (Ramsay, 2014). A good internal auditor carries out his functions efficiently and effectively and enables the attainment of satisfactory administration policies in any given public establishment (Belay, 2017). The internal auditor's procedures are affected by credibility matters deterring their potentials to execute their responsibilities in facilitating clarity, accountability and good management.

Dellai and Omri, (2016) observed that internal control is desired to give some confidence to stakeholders that scarce resources are not shifted away from basic considerations intrinsic in financial management system design. Effective public financial supervision, comprising the management of resources is important to states trying to reduce poverty. Deficiencies in public financial administration is an indicator of underlying interest and stimuli, and the reform and strengthening of government financial management requires high-level political leadership and support as well as technical abilities (Ademola, et al,2019). For these reasons, public financial administration is likely to remain at the centre of discussion between assisting agencies that partner with state governments. Seemingly, contributors have both a developmental and a fiduciary interest in the quality of their partner's public monetary administration (OECD,2016). Audit committees play a vital role in public monetary management in most states in the country. Internal auditors are used to significantly improve controls to promote translucency and accountability. There have been several grievances on the supervision of government accounts and government being as effective in observing and deterring the misappropriation of public funds. However, even after passing statutes regulating internal audit processes, there is still a rise in cases of inefficiency in public resources management and many reported cases of frauds and corrupt practices (Mihret & Yismaw,2017).

Mekelle, (2017) indicated that there is inadequate staffing of internal accounting and auditing departments in public universities and specifically the internal audit function is under resourced and this influences the accomplishment of the internal auditors in financial administration. Hence, exposing public organizations to face threats of misappropriation of public funds. Reshma, (2021) noted that financial reporting is inefficient due to corruption, frauds, and ineffective restrictions. Similarly, weak internal auditing practices have increasingly become a crucial dilemma in discovering loss of public funds and are evidence of inefficient internal auditors in the public sector (Otieno, 2010).

Many research, workshop and seminars has been conducted to better internal audit and Government expenditure but it is regrettably that this fraud, called white collar financial crime is rearing its ugly head in every public sector organization in Nigeria, Onowu, J.U (2018). Therefore, it is on these gaps that this study examined the effect of internal audit practices on public expenditure management of government organizations in Rivers State.

Aim and Objectives of this Study

This study examined the effect of internal audit practices on expenditure management of government organizations in Rivers state. Specific objectives are to:

1. Determine the effect of asset safeguard on allocation efficiency of government organizations in Rivers state.
2. Determine the effect of asset safeguard on operational efficiency of government organizations in Rivers state.
3. Determine the effect of auditor's independence on allocation efficiency in Rivers state.
4. Determine the effect of auditor's independence on operational efficiency in Rivers state.

Research Questions

1. What is the effect of asset safeguard on allocation efficiency of government organizations in Rivers state?
2. What is the effect of asset safeguard on operational efficiency of government organizations in Rivers state?
3. What is the effect of auditor's independence on allocation efficiency in Rivers state?
4. What is the effect of auditor's independence on operational efficiency in Rivers state?

Hypothesis

HO_1: Asset safeguard has no significant effect on allocation efficiency of government organizations in Rivers State?

HO2: Auditors independence has no significant effect on allocation efficiency of government organizations in Rivers State?

HO3: Asset Safeguard has no significant effect on operational efficiency of government organizations in Rivers State.

HO4: Auditors independence has no significant effect on operational efficiency of government organizations in Rivers state.

Significance of the Study

The findings of the study will contribute greatly to the prevailing stock of knowledge.

Firstly, it will serve as a point of contact to improve studies and provide chances for more recent inquiry.

Secondly, it will disclose the hidden gems on the topic under review and help government sector drivers implement corrections for higher outcomes.

Thirdly, investors, public servants as well as the government will be educated more on public expenditure management issues.

Fourthly, the findings of this research would also increase existing literature by furnishing more evidence to support the existing theories. Researchers will utilize information gathered from this study as part of literature review while carrying out other research on the impact of internal control on the collection of revenue.

Finally, the study will contribute to institutions/ companies to cultivate integrity and ethical values among its employees and management.

Operational Term

ALLOCATION EFFICIENCY: THIS RELATES TO THE RELATIONSHIP BETWEEN BUDGET ALLOCATIONS WITH STATE'S PERTAINING DEMANDS. SPECIFICALLY, RESOURCES NEED TO BE APPORTIONED TO PROGRAMS AND ACTIVITIES THAT PROMOTE THE STRATEGIC DEMANDS OF A STATE. IN OTHER WORDS, THE RESULT OF THIS OUTCOME ENSURES THAT A GOVERNMENT SPENDS ON WHAT IS FAVORABLE FOR THE STATE AND ITS CITIZENS, RATHER THAN ON UNREASONABLE SERVICES OR PRODUCTS TO THE DISADVANTAGE OF THE FORMER.

Internal Auditing: This can be defined as a self-governing, objective and consulting activity that is designed in order to add value and develop the operations of an organization. It helps an organization to carry out its Aims by using a well-organized approach in order to evaluate and formulate processes of governance and risk management effectiveness.

Risk Assessment: Is the combined effort of identifying and analyzing potential events that may negatively impact individual, assets and environment

Auditor Independence: Refers to independence of an auditor from parties that may have financial interest in the organization

Asset Safeguard: Is defined as those policies and procedures provided for reasonable assurance regarding prevention or timely detection of unauthorized use or disposition of the company's assets.

Operational Efficiency: Is the ability of an organization to reduce waste in time effort and materials as possible, while still producing a high-quality service or product

Literature Review

Conceptual Reviews

Internal Audit Practices

The objectives of internal audit are vast but governments differ in their obligations to them. This is why it is mainly asserted that the effectiveness of internal audit can only be as good as the commitment of government to pursue these objectives. According to Unegbu and Obi (2012), internal audit is part of the internal control system put in place by administration of an organization to ensure adherence to stipulated work technique and as an aid to administration. They believe that internal audit measures, analyses and evaluates the efficiency and effectiveness of other controls established by management in order to ensure smooth management, control costs minimization, capacity utilization and maximum benefit derivation. This means that internal audit is an integral part of a complex system designed by the management of any organization to ensure orderly conduct of its business and prevent abuse of assets.

Deepak (2019) sees internal audit as an autonomous and objective assurance and consulting function planned to help an organization to achieve its goals. He points out the goals to include: Effectiveness and efficiency of operations (programmes and projects), reliability of financial and operational information, safeguarding of assets, compliance with rules and regulations and prevention and detection of fraud.

Bueno (2017) states the internal auditor's main goal is to examine effectiveness of financial and operating control, confirm compliance with company policies, procedures, protect assets, verify the exactness and consistency of management 's external and internal reports. While Chambers (2015) states that the aim of internal audit is to evaluate most of the management reports for accuracy and usefulness and also recommending growth of the control system,

Ma' Aydn and Carmeli (2015) suggests that the aim of an internal auditor is to safeguard management 's interest against neglect of duties and errors of principle.

Adeniji (2015) sees internal audit as a section of internal control system put in place by management of an organization. He is of the opinion that internal control is a very useful tool to management which ensures that the financial undertakings are correctly, implemented in accordance to the law with the approval of the board. Oyewumi et al (2017) corroborating the ideas to extends the aim of internal audit to include reviews of the systems and record of the operations and in course of these checks, much of the detailed work of the organization in respect of financial and other statements are effectively audited. The Institute of Internal Auditors (1999) defines internal auditing as an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization achieve its aims by bringing a standardized disciplined, approach to evaluate and improve the potency of risk management, control and governance processes.

Baheri et al, (2017) suggest that there should be effective internal audit procedures to ensure reliability of financial statements, operational reports, protecting corporate assets and useful organizational controls. Bednarek (2018) is of the opinion that acquiring greater level of education not only enables a state to maintain a competitive advantage but furthermore it stimulates scientific research that results in modernization and social modification. On this basis, (Bednarek, 2018) further proposes that governments should financially aid their higher institutions. The universities are increasingly being geared towards better accountability and a display of greater sensitivity to the needs of its stakeholders. Also, as the institutions are assuming higher responsibility due to the fast rate of expansion, the financial aids from the government is reducing in actual term. (UON, Strategic Plan, 2008). It is therefore necessary that it makes very bold steps towards enhancing its governance hierarchy, in addition heighten the ability and effectiveness of the Internal Audit Function.

Asset Safeguard

Safeguarding of assets is defined as those policies and procedures that provide reasonable assurance regarding prevention of timely detection of unauthorized acquisition, use or disposal of the company's assets that could have a material consequence on the financial statements (Civelek, 2018). How to make internal audit effective has been an area of common interest to many. This has been responsible for the divergent views of authors on this concept. To that effect, the institute of internal audit (2010) sees internal audit effectiveness as the degree (including quality) to which established objectives are achieved. Kwadwo (2018) appear to be concerned more with the outcome of effective internal audit system which they argue helps in achieving performance, profitability and prevents loss of revenues particularly in public sectors.

While Mohammed, (2018) view audit effectiveness as achieving audit's objective by gathering of sufficient and appropriate audit evidence in order to express reasonable opinion regarding financial statements compliance with generally acceptable accounting principles, Andronoudis et al (2019) express audit effectiveness as the number and scope of deficiencies corrected following the audited process.

Kotb et al (2020) states that effective internal auditor professionals should possess the following characteristics: ability to align the structure of internal audit with the dynamics of the organizational operation; There should be strong relationship between management skill for maintaining appropriate visibility and audit committee needs and expectations: There should be strong service delivery capabilities (consistency in approach, standards, and delivery, including the abilities to maintain audit focus and alignment of resources to the plan: There should also be strong management skills which will ensure that internal audit can have appropriate skills and motivation. Besides the above, the level of training, education, experiences as well as professional qualifications of the internal auditors influence the effectiveness of internal audit. The above characteristics are essential and we see them as building blocks to effective internal audit system Ademola, et al (2015).

Auditor's Independence

Auditor's independence has been defined as the ability to resist client's pressure (Strohm,2005). Similarly, the APB (standards & guidelines, 2008) defines auditor independence as having, freedom from situations and relationships which make it probable that a reasonable and informed third party would conclude that objectivity either is impaired or could be impaired''. Independence is traditionally regarded as being one of the fundamental principles underlying of an auditor's report.

An auditors' report would not be deemed credible and investors and creditors would have little confidence in it, if auditors were not independent in both fact and appearance (Kotb et al 2020). The independence of auditors has been a major concern for some time. In recent years, it has become even more distinctive, given the collapse of Enron, which resulted in the closure of Authur Andersen, one of the major international accounting firms (Vinten, 2003; cited by law, 2008). Andersen's audit of Enron may have been the most notable failure of auditor independence, but it was by no means the first, the largest, or the last (Kotb et al 2020). Enron was a very important client of Andersen's, and due to its long association with the company. Andersen's auditors failed to uncover the wrongdoing that went on at Enron as soon as it had occurred. Kotb et al (2020).

People rely extensively on the advice of experts. Often, these experts face conflicts of interest between their own self- interest and their professional obligation to provide good advice. A central concern in the Enron post-mortem has been to explain why Enron's auditor, Arthur Anderson, failed to act as an independent gatekeeper of reliable and transparent financial information (Kotb et al, 2020). To be credible, an auditor's opinion must be based on objective and disinterested assessment of whether the financial statements are presented fairly in conformity with Generally Accepted Accounting Principles (GAAP). If this is complied with to the auditor's best ability, this, in turn, will mean that users will have more confidence in audited financial statements and that there will be greater certainty in the capital markets.

Public Expenditure Management

Wikipedia defines public expenditure as spending made by the government of a country on collective needs and wants such as pension, provisions (such as education, healthcare and housing), security, infrastructure etc. until the 19th century, public expenditure was limited as laissez faire philosophies believed that money left in private hands could bring better returns. In the 20th century, John Maynard Keynes argued the role of public expenditure in determining levels of income and distribution in the economy. Since then, government expenditures have shown an increasing trend. Sources of government revenue include taxes, and non-tax revenues.

In the 17th and the 18th centuries public expenditure was considered wastage of money. Thinkers believed government should stay with their traditional functions of spending on defense and maintaining law and order. Due to renewed consideration of the need for having a responsible government that works better and cost less and the growing fiscal deficit, public expenditure requires proper consideration and reconsideration. Public expenditure management is seen as the heart of economic policy making many nations. Public expenditure has been classified into various categories; (Nurlatif et al,2021).

Allocation Efficiency of Public Expenditure

Allocation Efficiency

Allocation efficiency is a characteristic of an efficient market where capital is assigned in a way that is most beneficial to the parties involved. It is a property of an efficient market, whereby all goods and services are optimally distributed among buyers in an economy. This occurs when parties are able to use accurate and readily available data, reflected in the market to make decisions about how to utilize their resources. In Economics, the point of allocation efficiency for a product or service occurs at the price and quantity defined by the intersection of the supply and demand curves. Allocation efficiency only holds if markets themselves are efficient, both informational and transactional.

Requirements for Allocation Efficiency

In order to allocate resources efficient, a market must be efficient overall. An efficient market is one in which all pertinent data regarding the market and its activities is readily available to all market participants and is always reflected in market prices. For the market to be efficient, it must meet the prerequisites of being both informational efficient and transactional or operationally efficient. When a market is transactionally efficient, all transaction cost are reasonable and fair. This ensures that all transactions are equally executable by all parties, and not prohibitively expensive to anyone. If these conditions of fairness are met and the market is efficient, capital flows will direct themselves to the places where they will be most effective providing an optimal risk or reward scenario for investors (Kenton, 2021).

Assuming aggregate fiscal discipline can be instilled; there is a second major challenge which confronts any government. How should the constrained budget be allocated? Technically this involves making calculations at the margin so that "the last sum spent on each program yield the same net benefit to society". More simply, it means the government spend the money on the "right"' things. But what is "right" depends on (a) the priorities of the society and (b) the cost of the programs and activities needed to meet those priorities. A program may be relatively inexpensive but does not fall in any priority area. Or, a program may be in priority area but cost a lot more than another program in some other priority area. In either case, the program is "not right". To establish priorities, one needs to know the preference of the citizenry. But this we know is a difficult task.

Operational Efficiency

Suppose that the government manages to instill aggregate fiscal discipline and to enhance allocation efficiency. That is, it stays within its budget and spends on the right things. It still has to confront the challenges of providing service at an acceptable level of quality and at reasonable cost? In this case, there are two problems. The first is the inevitability of government being the monopoly supplier of some, in fact many services. A monopolist has little incentive to keep costs down and provide good service. Government as monopolist is no exception. In the case of obtaining a driver's license, for instance, because a citizen has no choice but to get it from the driver's license bureau, the service is usually grossly inefficient (and invariably corrupted).

The second is a typical management problem. How can top management monitor the performance of the company staff? Top management has a set of preferences and priorities which it seeks to satisfy. Staff may not necessarily have the same preferences nor share the same priorities. When such misalignment occurs then there will be a tendency for some staff to try and "shrink", i.e. do other than what management wants them to do. This is economists' refer to as the principal agent problem. It is particularly severe in government because the likelihood of misalignment is much higher. The more severe the misalignment, the higher will be the cost of monitoring the performance of staff. And the higher the cost of monitoring, the less monitoring there will be. Consequently, inefficiencies will creep in. it is no wonder for instance that, in many developing countries, considerable corruption occurs in the public procurement of goods and services. While such problems occur in private firms, competition and the profit motive tends to limit it. Unfortunately, in the public sector, monopoly is the more general rule and there is no "bottom line" profit to contend with. The principal agent problem is another one of those issues which economist has beaten to death. For instance, a considerable literature exists on the appropriate contractual arrangement between a landlord (the principal) and a tenant farmer (the agent). In the context of operational efficiency, the oversight agencies (including primarily the budget agency) are the ''principal'' and each line agency an "agent".

Empirical Review

Some empirical studies have been done on this subject matter in some Nigeria and other countries of the world. Hailemariam (2014) did a study entitled Internal Audit Effectiveness; An Ethiopian Public Sector Case Study. The study which used structured questionnaire, interview and observations as instruments of data collection discovered the certain factors such as internal audit quality, support from management, etc. strongly affect effectiveness of internal audit while organizational structure and internal auditor's attributes have less impact on the same variable.

In a study carried out by Baharud-din, Shokiyah and Ibrahim (2014) ineffectiveness of internal audit in Malaysian public sector in which simple percentage was used as the tool for data analysis, they found that lack of audit staff was a major impediment to effective internal auditing. One of the major limitations of the study was an arrow scope. Chevers, Lawrence, Laidlaw &Nicholson (2016) in their study entitled identifying organizational drivers of internal audit effectiveness in Jamaican with the use of commercial banks and survey method, found that characteristics of the internal audit team, the audit processes and activities as well as organizational links influenced effectiveness of internal audit.

Furthermore, Cohen and Sayang (2010) studied effectiveness of internal auditing; An Empirical Examination of its Determinants in Israel organization'. With the use of questionnaire and mail survey of 292 organizations, the study identified management support, especially in relation to provision of proficient internal audit staff, career development and independence of internal auditors as vital to the effectiveness of internal audit. In another study conducted by Drouglas and Giovanis (2011) on the relationship between elements of internal control system and internal audit effectiveness' with the use of 52 Hotels in Greek through mail survey, the results reveal positive relationship between the variables. However, they suggested that with larger samples the outcome of the study might differ significantly from their own.

According to Stewart and Subramaniam, (2010) internal auditors' independence and objectivity can adversely be affected by self-review, close relationship with management and or audit committee and social pressure from management and or audit committees. They further find a significant correlation between internal auditor's independence and financial performance in terms of audit quality which is related to the consulting and assurance activities of internal auditors (Stewart &Subramaniam, 2010). In their study Kiridaran, Gopal and Gerald (2010) on Auditor's independence in the banking industry demonstrated a positive relationship between limited internal auditor's independence in small listed banks in the U.S and the presence of greater earnings management in relation to under-provisioning of loans loss provisions (LLP). By employing an observational study research design and a sample of 63, they further demonstrated that this non-existence of independence did result economic interests and familiarity. This they argued adversely affected the assurance activities of internal auditors resulting to poor share value performance of these listed banks and consequently their profitability (Kiridaran, et al; 2010).

Similarly, Felicio, Ivashkovskaya, Rodrigues and Stepanova (2014) in their study on corporate governances and performance of listed banks in Europe established a significant positive correlation between internal auditors' independence embedded in corporate governance of listed European banks and their financial performance. Using an observational study research design and a sample of 404, the further demonstrated that in those listed banks where internal auditors' independence was threatened by Chief Executive Officer's (CEO) duality through full involvement in the audit plan, interfering with audit budgets and earnings management, these banks posted low profits especially in times of high securities markets volatility (Felicio et al, 2014).

Theoretical Framework

Agency Theory

The principal-Agent (Agency) theory supports development of budgeting. The classic agency theory concept was developed by Berle and Means in 1932. The theory explains why conflicts exist between principals (shareholder/owners) and their agent (managers) leading to agency costs. It aims at reducing information asymmetry so that both the principal and agent read from the same script through the threat of sanctions and the possibility of incentives. Agency theory is developed around the concept of contractual relationships between two groups with conflicting objectivities, i.e. principles and agents. The objective in agency theory is to structure the contractual relationship between these groups so that agents take actions to maximize the welfare of principals. This is based on standard principal-agent models involving supervision (Arnoid & Gillenkirch 2015). The National Treasure has control of line ministries and State Corporation and is supposed to represent the public interest. State corporations are seen as agents of the National Treasure (principal) because they are required to produce a certain level of public output including the quality of this output in exchange for their budget making process has been embodied through civic groups' and the legislature's involvement in the budget making process in most developing countries. This trend has been associated with three important international developments i.e. democratization, devolution and public expenditure management reforms. The pair 'expenditure programs,-budget appropriation' can be interpreted as two components of the contract between the National Treasure and state corporations (Alau, & Abdulkadir 2009).

The objective of The National Treasury is to induce the state corporations into implementing their expenditure programs, while they pursue their own objectives. That relationship entails both actions (e.g. the productive 'effort'' of the civil servants, possible perquisite consumption, or corruption) and hidden information (the exogenous productivity of that particular sector of the economy), with the agents having the informational advantage over the principal (Bedford, 2015).

Research Methodology

Research Design

The research design adopted survey research design.

Population Of The Study

The population of the study consists of the five major governments' owned organization in Rivers State.

Sources of Data

The nature and source of data in this study shall be primary and secondary sources

Data Collection

The primary data was sourced through the use of the questionnaire, observation and personal/oral interviews. While the secondary data was obtained from the Nigeria stock exchange.

Data Analysis Techniques

In this study, the demographic characteristics of the respondents were analyzed using tables, and other descriptive statistics such as the frequency, percentages, mean, and standard deviation. Regression analysis was used to test the moderating variable. Regression analysis was used to test the extent of the effect individual and collective variable(s) on the other. Also, regression was used to test the hypotheses formulated in the study. All these analyses were computed through the use of statistical package for social sciences (SPSS) IBM SPSS Statistics 22 version and E-views software version 10.

Models Specification

According to Nmesirionye et al. (2019), regression analysis is concerned with the study of how one or more variables affect changes in another variable. Thus, on the basis of the theoretical framework, the study adopted the regression formula adopted in the work of with some modifications. The model is specified as:

$$Y = f(ao + b_1X_1 + b_2X_2 + b_3X_3 + Et \ldots\ldots 3.1$$

Where; the internal audit practices (IAP) components in the study are {Risk assessment (RA), defined as one component used in the study; whereas the measures are Aggregate Fiscal Discipline (AFD), Allocation Efficiency (AE) and Operational Efficiency (OE). This modification will help us determine the impact of internal audit practices and expenditure management (EXM)of government organizations in Rivers state.

$$EXM = f(ao + IAP + Et) \ldots\ldots 3.2$$

Thus:

$$AFD = f(RA,) \ldots\ldots 3.3a$$

$$AFD = \beta_0 + \beta_1RA + \beta_2AS\ I + \beta_3AI + \mu_1 \ldots\ldots 3.3b$$

$$AE = f(RA,) \ldots\ldots 3.4a$$

$$AE = C_0 + C_1RA + C_2AS\ I + C_3AI + \mu_1 \ldots\ldots 3.4b$$

OE = f(RA,)…………………………..……3.5a

OE = $D_0 + D_1RA + D_2AS\ I + D_3AI + \mu_1$………3.5b

Presentation of Data, Analysis and Discussion of Findings

Data Presentation

Two hundred and fifteen (215) copies of questionnaire were administered to the respondents as explained in the methodology. The result of the survey distributed and retrieval is shown in Table 4.1 below:

Out of the total number of two hundred and fifteen (215) instruments distributed, one hundred and seventy-seven (177) were successfully returned, which count for 82% returned rate

Table 4.1: Questionnaire Distribution & Retrieval

Numbers	Questionnaire	Percentage (%)
No. Distributed	215	100%
No. Retrieved	177	82%
No. Not Retrieved	38	18%
Useful Response	177	100% of Retrieved Questionnaire

Table 4.1 shows the distribution and collection of questionnaires sent to the respondents. It was shown that 215 copies of questionnaires were distributed to the respondents representing 100%. 177 copies of questionnaires representing 82% were correctly filled and successfully collected from the respondents; 38 copies of questionnaires representing 18% were not collected. However, the researcher used the 177 copies correctly filled questionnaires to represent 100% as a basis for the analysis.

Analysis of Research Questions

The analysis of research questions was based on descriptive statistics showing the mean and standard deviation of respondents to items, using a criterion mean of 3 as Stated in chapter three: Method of data analysis above.

Table 4.2: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	Kurtosis
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic
AS	136	1.200	5.000	3.46720	.647849	2.679	6.471
AI	136	1.000	5.000	3.07573	.783637	2.758	8.755
AE	136	1.000	5.000	3.91623	.547388	3.624	7.438
OE	136	1.000	5.000	3.53036	.554527	3.691	8.732
Valid N (listwise)	136						

Source: Author's computations with SPSS V24

To answer the research questions, result from table 4.6 above shows a mean response of Asset Safeguard (AS) and Auditors independence (AI) which are above criterion mean of 3 indicating that large percentage of the respondents agreed to the items. The standard deviation for AS and AI were, 0.647849 and 0.783637 respectively, indicating that there was homogeneity or unity of response. Also, the normalcy test of Skewness and Kurtosis calculated mean values, which is a measure of the departure of a distribution from symmetry above, for three study measures AS and AI show a positive skewness value that is greater than 1. This indicates that the two study dimensions are normally distributed. The Kurtosis result, which measures the extent of flatness or OE kedness of a distribution in relative terms to a normal distribution, confirms that AS and AI are normally distributed and are not platykurtic (not having negative values/flattened curved) as their kurtosis coefficient is more than 3.0. On the other hand, the three dimensions of the criterion variable of the study, Allocation Efficiency (AE), and Operational Efficiency (OE) have calculated average values 3.91623 and 3.53036 respectively. The maximum and minimum values of AE and OE were 3.91623 and 3.53036, respectively. On the other hand, the standard deviation values of 0.547388 and 0.554527 signify that the data deviates from the mean values of the two study measures, indicating that there was homogeneity or unity of response. Also, the normalcy test of Skewness and Kurtosis calculated mean values, which is a measure of the departure of a distribution from symmetry above, for three study dimensions AE and OE show a positive skewness value that is greater than 1. This indicates that the four study dimensions are normally distributed. The Kurtosis result, which measures the extent of flatness or OE peakedness of a distribution in relative terms to a normal distribution, AE and OE are normally distributed and are not platykurtic (not having negative values/flattened curved) as their kurtosis coefficient is more than 3.0.

Correlation Analysis

Correlation analysis applied to control how two or more variables interact.

Table 4.6 Correlational Statistics

		AS	AI	AE	OE
AS	Pearson Correlation	1	.949**	.918	.916**
	Sig. (2-tailed)		.000	.000	.000
	N	99	98	99	99
AI	Pearson Correlation	.949**	1	.968**	.956
	Sig. (2-tailed)	.000		.000	.000
	N	98	98	98	98
AE	Pearson Correlation	.918**	.968**	1**	.927**
	Sig. (2-tailed)	.000	.000		.000
	N	99	98	99	99
OE	Pearson Correlation	.916**	.956**	.927**	1**
	Sig. (2-tailed)	.000	.000	.000	
	N	99	98	99	99

Source: Researcher's Statistical Result from SPSS (v.23), 2022.

The table 4.3 shows that there is a significant positive Also, the result from the table indicates that there is a positive relationship between Asset Safeguard (AS) and Allocation Efficiency (AE), from the correlation coefficient of 0.918 which is significant at .05% level of significance (p-value of 0.000). This implies that Asset Safeguard (AS) is positively associated with and Allocation Efficiency (AE), in public organization in Rivers State. Again, the table shows that there is a significant positive relationship between Auditors independence (AI) and Allocation Efficiency (AE), from the correlation coefficient of 0.968, at 5% confidence level (p-value 0.000). This result suggests that AE likely increases with an increase in AI in public organization in Rivers State.

Again, the table shows that there is a significant positive relationship between Asset Safeguard (AS) and Operational Efficiency (OE) from the correlation coefficient of 0.916, at 5% confidence level (p-value 0.000). This result suggests that OE likely increases with an increase in AS in public organization in Rivers State. Again, the table shows that there is a significant positive relationship between Auditors independence (AI) and Operational Efficiency (OE) from the correlation coefficient of 0.956, at 5% confidence level (p-value 0.000). This result suggests that OE likely increases with an increase in AI in public organization in Rivers State.

Summary of Finding

This study examined the effect of internal audit practices on expenditure management of government organizations in Rivers state. Internal audit helps an organization to accomplish its objective by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management control and governance processes. An effective internal audit activity is a valuable resource for management. Arising from the test and analysis the study findings include:

Asset safeguard as an internal auditor practice also showed a positive but insignificant effect on allocation efficiency. However, Asset safeguard negatively affect operational efficiency as a measure of public expenditure management of government organizations possibly because obtaining the costs of programs can be a difficult task.

Auditor independence has negative and insignificant effect on operational efficiency as a measure of public expenditure management of government organizations. This simply means that auditor independence is negative and insignificant to operational efficiency as a measure of public expenditure management of government organizations. It however promotes allocation efficiency and operational efficiency. Finally, the granger causality test rest gave a deeper insight on the relationship between internal auditor's practice and public expenditure management.

Conclusions

From the summary of findings, it is clearly evident that low performance of government organizations cannot be attributed to inefficiencies of internal auditors but lack of requisite human resource requirements, poor remunerations coupled with lack of resources for the service. Based on the findings of the study, the following conclusions have been made:

As government organizations safeguard their assets they positively and significantly encourage operational efficiency. This simply means that asset safeguard as an organ of internal audit practices positively influences operational efficiency which is a measure of public expenditure management of government organizations and it contributes to the success of organizational performance. As government organizations encourage auditor independence it results to negative and insignificant effect on operational efficiency of government organizations. This simply means that auditor independence is negative and insignificant to operational efficiency as a measure of public expenditure management of government organizations. The result depicts that both public expenditure management and assets safeguard can granger cause each other. Also, public expenditure management granger causes auditor's independence and auditor's independence as well can granger cause public expenditure management of government organizations in Rivers State.

Recommendations

This study empirically examined the effect of internal audit practices on expenditure management of government organizations in Nigeria. Based on the findings and the conclusions on the study, the following recommendations have been made:

1. One of the major challenges of internal audit practices is non divulging of accurate information by the staff concerning the total assets of the organization when investigations are being conducted. Internal audit of asset safeguard orientation should equally be used by public sector administrators as a tracking system on organizations' properties through constant monitoring, supervision and evaluation.

2. Auditor independence can also be a veritable measure for building goodwill and achieving aggregate efficiency. The study recommends that government organizations engage professionally qualified auditors who independent minded in order to achieve quality audit output in public sector organizations.
3. Auditors' independence should be non-negotiable and sacrosanct in government organizations if operational efficiency is to be achieved. On no account should auditors' independence be jettisoned in public sector organization that seeks to sustain operational efficiency.
4. Asset safe guard is a critical issue which the internal auditor must maintain stringently in order to enhance allocation efficiency. In this respect, the internal auditor should have the clout and pedigree to query any staff whose track record is questionable when it comes to asset safe guard in government organizations.

Contributions to Scholarship

This empirical study on internal audit practices and public expenditure management of government organizations has been done in Rivers state and this makes it a unique study as what might have been done in other environments has been replicated in Rivers state. This helps to increase the growing body of existing literature on internal audit practices.

Secondly, this thesis has also answered the questions raised in this study. The questions are,

1. What is the effect of asset safeguard on allocation efficiency of government organizations in Rivers state?
2. What is the effect of asset safeguard on operational efficiency of government organizations in Rivers state?

This study answered the above questions by proving that, asset safeguard, and auditor's independence significantly or insignificantly affect public expenditure management of government organizations. This study has contributed immensely to knowledge by answering all the research questions raised in this study. exploring its effect on the independent variable (internal audit practices) and dependent variable (public expenditure management) which is uncommon with most empirical studies. Hence it could be deduced that public expenditure management is controlled by the impact of internal audit function. In addition the deliberate attempt by public officials to subvert the internal audit practice in the public sector administration is responsible for the rather intractable fiscal indiscipline ravaging River's state financial environment.

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