



Gusau Journal of Accounting and Finance (GUJAF)

Vol. 3 Issue 2, April, 2022 ISSN: 2756-665X

A Publication of
Department of Accounting and Finance,
Faculty of Management and Social Sciences,
Federal University Gusau, Zamfara State -Nigeria

EFFECTIVE AUDITORS, SYSTEMATIC CORRUPTION AND THE EGAD REPORT: THE WAY FORWARD

Lucky Ogbomo Osagioduwa

Accountancy Department,
Lighthouse Polytechnic, Abudu, Edo State Nigeria.
osaslucky321@gmail.com +2348024350456

Uyi Nicholas

Department of Public Administration
Lighthouse Polytechnic Edo State Nigeria

Ogudo Oaikhena Solomon

Bursary Department NIEPA Nigeria.
Ondo City Ondo State
Ogudo4real@yahoo.com

Mozie Ebere Philomena

Department of Business Administration and Management,
Lighthouse Polytechnic, Abudu, Edo State Nigeria.

Abstract

This study investigated the effectiveness of the auditors in combating corruption in the south-south and south-east public sector of Nigeria. The study was carried out in Edo, Anambra, Delta, and Enugu, States respectively (covering South-South and South-East Nigeria). Primary data were obtained through structured questionnaire. Survey design was employed in the study. A total of one hundred and two auditors were sampled. Convenient Sampling Technique was employed in selecting the auditors in the four states' public organisations. Descriptive statistical techniques such as, charts, mean, standard deviation, tables, and percentages response analysis were used in analyzing the data. Cronbach alpha coefficient was used to test for reliability of the research instrument and the result was (.71). The Pearson Product Moment Correlation Coefficient (PPMCC) was employed in testing the hypothesis. SPSS 23.0 was used. The results revealed that auditors are effective in fighting corruption in the public sector of Nigeria to the extent of their usefulness and practice. The study hereby concluded that auditors have been effective in combating corruption in the public sector despite the absence of auditor's independence, threats, and absence of sincere political will to combat corruption in the Nigerian public sector. It was recommended that strengthening auditors' independence, recruitment of more audit staff, auditors' yearly rotation, submission of audit report to the anti-corrupt agencies, and increasing accountability through annual or quarterly preparation of EGAD report.

Keywords: Effective Auditor, Systematic Corruption, EGAD Report.

1. Introduction

The current world faces a collection of issues that threaten the survival of many countries. Unfortunately, systematic corruption is one of these challenges (Lawrence, 2016). It is a phenomenon infesting both the public and private sectors of several economies and it is not limited to a particular country. Sadly, corruption exists in all economy and every nation of the globe (Enofe, Afiangbe & Agha, 2017). It is very clear that the human race as it is, no country, and indeed, no system is free from financial related crime. As a result, several countries have gone into wars, governments halted, companies declared bankrupt, and kingdoms lost due to corruption (Balkaran, n.d.). Zubairu, Sakariyau, and Dauda (2011) noted that corruption and Nigeria are almost becoming identical. Added that corruption exists at the uppermost level of authority in government, common civil servant etc. Moreover, Ekpo, Chime, and Enor (2016) submitted that Nigeria is known for its economic and human potentials but also for colossus corrupt manifestations that plague the government and the public sector institutions.

Meanwhile, Melaye (2013) looking at the effects of endemic and systematic corruption in Nigeria noted that systematic corruption breeds poor investment, rise in poverty, national crises and ultimately poor national development. Prevalent corruption in our nation has also resulted in extensive poverty and low human development indices. In 1999, when Nigeria moved from military to democratic government, an independent estimation of poverty percentage of Nigerians living on a petty sum of below a dollar a day was 70% (Xavier & Subramanian, 2008 cited in Enweremadu, 2012). Nevertheless, there was an improvement in 2004 when it reduced to 54.4%. This is yet a very high percentage compared with past years. The poverty rate was just 27.2% in 1980, 46.3% in 1985, and 42.7% in 1992 (the Federal Republic of Nigeria, 2005 cited in Enweremadu, 2012). Bad governance also resulted in the illiterate population. The national literacy level for men in Nigeria, as lately as 2004, was 50.6%. The percentage is lower for women which were 37.7% (Enweremadu, 2012). Other indices of human development pursue similar trends. According to the World Bank, the per capita income of Nigerians was \$390 in 2004, well lower than the Africa average of \$600 in the same period. Moreover, Nigeria's per capita income in 1980 was \$1,000. Life expectancy at birth did not fare any better, 47 years in 2000 (World Bank, 2004 in Enweremadu, 2012).

Most importantly, Modugu, Ohonba, and Izedonmi (2012) opined that it is the function of the auditors to express an opinion on the true and fairness of the financial statements. Nevertheless, auditors faced challenges that had resulted in auditors issuing an unqualified audit report to a very corrupt entity. If auditors are

not people of required competence, the whole aim and exercise of auditing will be of no benefit to the going concern of the entity and the depending public (Modugu, Ohonba & Izedonmi, 2012). In the same vein, Otalor and Eiya (2013) considering auditors working environment in the public sector opined that an auditor's professional work, when auditors are working in a big bureaucratic organisation or MDAs, they encounter corrupt acts but often think that they are helpless to fight it. Unfortunately, Otalor and Eiya (2013) noted that auditors know very well that it is practically impossible for them to physically see all transactions in all situations; hence auditors are not to catch people red-handed. Obvious therefore that an auditor has a role to play in combating corruption in the public sector. Furthermore, Oyinlola (2010) study revealed that managers, bankers, accountants, and investors have very high expectation on auditors' roles in systematic corruption prevention and discovery. Okpala (2012) found out from his study that external auditing is very imperative in guaranteeing effective accountability in the public sector. Meanwhile, Ebimobowei and Binaebi (2013) found from their study that effective auditing guarantees appropriate stewardship reporting. Furthermore, Onatuyeh and Aniefor (2013) study revealed that effective internal auditing guarantees appropriate stewardship reporting. However, Agbo and Aruomoaghe (2014) discovered in their study that Performance Audit could be an effective tool in combating corruption in the public sector. Osagioduwa (2014) discovered that auditor plays a role in curtailing corruption in the public sector of Nigeria.

Auditors in general but specifically the office of Auditor Generals for the Federation, States, and Local governments must independently examine the financial statements of public entities. Although, ISA 200 contained that it is not the primary responsibility of the auditors to detect fraud and systematic financial corruption. On the contrary, study by Osagioduwa, Ehis and Ohidoa (2020) discovered that discovering and detecting systematic corruption should be a cardinal responsibility of an effective public sector auditor in Nigeria. Similarly, Paula and Attwood (1976) cited in Mohammad, Fatemehm, Vahid, and Maziyar (2011) believed that external auditing can be used to detect financial irregularities. Several related studies, specifically Oyinola (2010), Ebimobowei and Binaebi (2013), Agbo and Aruomoaghe (2014), Osagioduwa (2014), Okpala (2012), Zinyama (2013), Onatuyeh and Aniefor (2013), Dawuda, Aninanya, and Alnaa (2015), Osagioduwa, Ehis and Ohidoa (2020) studied the roles and responsibility of the Auditors and performance audit. None of the known previous studies investigated considers the effectiveness of the Nigerian public auditors in detecting Nigeria's systematic corruption. In the light of the endemic and systematic corruption prevailing in today's Nigeria economic, it has become inevitable to quickly ask to what extent the

auditors in Nigeria are effective in curtailing the systematic corruption in the land. This study therefore seeks to fill this gap in literature and advance a framework for systematic corruption reporting the “EGAD REPORT” that will aid comprehensive reporting, reveal the accurate amount of financial systematic corruption in the Nigerian yearly economy with each local government corruption index.

Looking firstly at the term auditor, Oladipupo (2005) defined an auditor as an independent expert assigned to assess and examine an organization financial records and financial statement prepared from them and form his opinion on the true and fairness of the financial statements. Technically, an auditor should be a member of a recognised professional body of accountancy who is into public practice. Similarly, Aguolu (2008) defined an auditor as a person who performs an independent examination of the financial statement of an entity with the aim of expressing an independent opinion as to the true and fairness of the financial statement and its agreement with relevant laws and the International Financial Reporting Standard (IFRS).

Furthermore, Bender (2006) argued that audit effectiveness connotes different meaning to diverse persons. Effective audit therefore centers competence, quality, procedures and independence of the auditor. Study by Osagioduwa (2022) reveals that Nigerian public auditor lacks significant independence in practice. In reality, an effective auditor is easier to recognize than the ineffective auditor. However, ineffective auditor only comes to light if difficulties arise in the future. When no problem arises, the fact that an auditor was ineffective never evolves. The yield of an auditor is normally a chain of reports and public presentations to management. To some magnitude, the effectiveness of the auditor is assessed his report and the level of service received by the organization. The outcome or final product of an effective auditor comprises unbiased financial statements showing the actual true and fair view of the organization, and counsel on how the firm’s financial procedures can be improved upon. An effective auditor finishes is audit engagement on schedule, and with insignificant disturbance to the firm. Requirements for an effective audit are an effective audit firm with effective auditors. The effective audit firm requires all-encompassing processes. An effective auditor must understand the business and industry, give sound judgment, objectivity and independence of mind and appearance (Osagioduwa, Ehis and Ohidoa, 2020). Interestingly, a number of audit committees employ audit checklists to appraise the effectiveness of the auditor.

Though a number of audit committees evaluates in a less formal method, by means of a dialogue. In either case, management input and addition is indispensable to the progression. Enlarged guideline in a decade or two ago has increase the auditor's pressure. A rising concern in organization is that auditors spend too much time boilerplate and audit checklists that match review demands (Bender, 2006). Audit working papers have upgraded over the years, but not ineludibly auditor's effectiveness and reduction of systematic corruption. It is probable that negative correlation exists between increase in audit procedure and reduction in systematic corruption in the Nigerian society. There is a marketable constraint to an effective auditor to demand moderate audit fee and work more efficiently. Nonetheless, this must not produce ineffective auditing (Bender, 2006). An effective auditor is not just someone who is bold, independent and objective, but an individual with is willing to give a true and fair report in reality not different from paper and theory. Over the years, the conventional audit report template has likely never enhanced financial fairness and reduction of the endemic systematic corruption in Nigeria. This research advances the EGAD report as a systematic corruption reporting framework essentially for the Nigerian public sector.

Systematic Corruption and the EGAD Report

Corrupt practices also include economic and financial crimes, nepotism, favouritism or discrimination in decision-making or allocation of resources. Corruption represents deterioration from the right standards, that is, an anti-social behaviour (Okojie & Momoh, 2005). World Bank cited in Sandholtz and Koetzle (2000) sees corruption as the mishandling of public office for private benefit. Similarly, corruption is the exploitation of public power and office for private or personal gains (Enweremadu & Okafor, 2009; Vian, Brinkerhoff, Feeley, Salomon & Nguyen, 2012). Economic and financial corruption encompasses a broad range of unlawful activities; including fraud, tax evasion etc. (United Nations, 2005; cited in Aslani, Lotfaliyan, Shafieipour & Ghasemi, 2011). Corruption in the public sector involves looting and embezzlement of government funds for private use (Uwak & Udofia, 2016). Otite (2000) defined corruption as pervasion of integrity through enticement, favour, and depravity. In a similar thought, the ICPC Act (2000) defines corruption to consist of bribery, fraud and other connected offences. Historically, Wallis (2004) noted vividly that in the 1890s, systemic corruption (SYSCUP) basically appeared from political palace and usage. At this time, corruption just began gaining modern explanation and definition. It was early believed that economic benefit corrupts the political process and procedure. Significantly, contemporary unindustrialized nations need to learn how the United States eliminated, eradicated and curtailed SYSCUP. To International Security

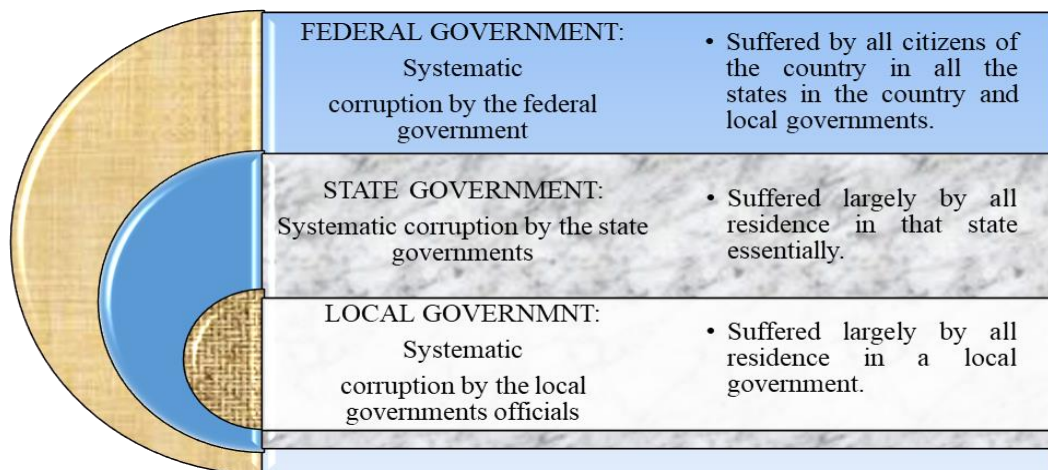
Sector Advisory Team (ISSAT) defined (SYSCUP) is branded by comprehensive and wide-ranging corrupt activities and practices, ranging from minor to major. Camila, (2020) contended that SYSCUP debates that a country economic and financial difficulties should not be blamed on the activities of corrupt politicians in the country but SYSCUP is fabricated into the precise fabric of our representative systems and structure. SYSCUP intends to reverse the degeneration of democracy with the formation of anti-oligarchic system through which the general public can cooperatively counterattack the supremacy of the ruling few. Furthermore, Gan Integrity (nd) explained that SYSCUP is same as endemic corruption. SYSCUP arises when a private or public institution establishes guidelines or customs of governance and administration that authorize or encourage corruption happenings. SYSCUP is evidence by a kleptocratic governments, disreputable companies, and illegitimate establishments.

Furthermore, Yimin (2016) opined that singular corrupt practices are customarily comprehended as aberrant or irrational act of a person or group of persons with the aim of abusing authorities and resources entrusted for individual benefit. On the contrary, the concept of SYSCUP is a familiar, pathological association with parasitical connection to recognized system and institutions of politics and public management. SYSCUP is branded by a web and linkage of corrupt officers and individual who perform diverse parts but trail a shared system of informal models and guidelines of corruption (Yimin, 2016). Obedience to these known informal norms is jointly prescribed and compensated, while nonconformity is reprimanded. Thus, SYSCUP is beyond single individual deeds. This complex nature of SYSCUP embroils collective prospects, adopted politics, rubrics, rules, social oaths and links, processes and rituals, in addition with instruments of breeding conjoint schemes, scheduling, administration, logistic control of corrupt businesses and shielding them from publicity. SYSCUP produces a system that contends with anticorruption efforts and protect its participants from exposure, trial and retribution. The dynamics of SYSCUP enlargement is a matter of classic players involved (Yimin, 2016).

Specifically, Law Enforcement Integrity Commissioner Act (2006) defined SYSCUP as corrupt conduct, practices, acts and happenings that disclose the arrangement of corrupt conduct in some law enforcement agencies, bodies and institution. First of all, SYSCUP is employ to differentiate two circumstances. First is a situation where selected persons are corrupt. The second situation is when large number of persons is corrupt. In the later situation, all the system and institutions in the country had grown sick. A distinctive feature of SYSCUP is that the most if

not all of the government process, legislation and institution that are thought to thwart corruption have fundamentally become corrupted; auditing, evaluation, inspection, monitoring, budgeting, and enforcement. This result in difficulties of the anti-corruption agency in curtailing SYSCUP in the country. It is difficult to advocate for these government anti-corruption capacity building on the account that the anti-corruption capacity has been subscribed, purchase and directed away from their ostensive operation. Worthy of note is that everywhere in the globe brave leaders have made remarkable advancement against SYSCUP growth especially the developed nations. Corrupt institutional culture should be changed together with mobilization and coordination an assortment of resources internal and external to the government. Focused should be on corrupt systems and government institution and not corrupt individuals (Law Enforcement Integrity Commissioner Act, 2006). On the contrary, it should be noted that individuals makes up government institutions. Considering the endemic nature of SYSCUP, an effective auditor requires and addition reporting framework to curtail its growth and progression.

The effect of corruption (EFOC) in Nigeria's environment could probably be examined in three dimensions. One is embezzled fund at the federal level (FedgCor). All government funds embezzled by any arms of government at the federal level and federal MDAs are in these categories. Two is the effect of corrupt fund resulting from embezzled state funds (StagCor). When state public servants embezzled allocation assigned to the state for their private use, the masses in the state suffers it. These may not be of the same percentages among the various states in Nigeria. Thirdly, is the effect of corruption resulting from the embezzled fund by local governments (LocgCor).



Source: Author's conceptualization.

Figure 2.1 Corruption and Levels of Government

Meanwhile, Sundgren (2009) noted that corruption has both economic and social cost. It reduces revenues for the state and lowers the quality of public goods and services. Sundgren (2009) gave that the risk of corruption = (complication in decision \times waiting times) \div (control \times consequence). The complication in decision, waiting times, control, and consequence are concepts that will not be easy to quantify in financial terms by the auditors. Differently, Hart (2009) submitted that the causes of corruption = (Discretion + Monopoly) – (Integrity + Accountability + Transparency). This also has the same shortcomings as that of Sundgren (2009). This study submits the ‘Economic Underdevelopment or Development Report’ of SYSCUP. The Economic Underdevelopment or Development Report provides variables that are not difficult in determining the Underdevelopment or Development resulting from government activities in the public sector for a given period.

‘Economic Underdevelopment or Development Report’ (EGAD) of Corruption in the Public Sector of Nigeria

The measurement of SYSCUP has become progressively more important in modern years because this quantification assists in effectively combating it in society. Previous knowledge of the nature and extent of the impact of SYSCUP is necessary in order to quantify it (Balua, 2005). Measuring SYSCUP is also indispensable in ascertaining the foremost areas in which SYSCUP is more prominent (Chamunorwa, 2015). There is development when public funds are spent as approved and economic underdevelopment when public funds are embezzled.

Gross and net approaches in determining the Economic Underdevelopment or Development are presented below.

Gross Approach

It is Economic Underdevelopment when the figure is negative (-). Meaning embezzled funds. While it is development when the figure is positive (+) meaning fund used for the right purposes. However, the size of the outcome will reveal the height and significant of the negativity or positivity.

$$EGAD \sum FedgCor-3 T^3 - LocgCor-1 T^1 - StagCor-2 T^2 \dots\dots\dots (1)$$

$$EGAD \sum LocgCor-1 T^1 - FedgCor-3 T^3 - StagCor-2 T^2 \dots\dots\dots (2)$$

$$EGAD \sum StagCor-2 T^2 - FedgCor-3 T^3 - LocgCor-1 T^1 \dots\dots\dots (3)$$

$$EGAD \sum FedgCor-3 T^3 + StagCor-2 T^2 - LocgCor-1 T^1 \dots\dots\dots (4)$$

$$EGAD \sum FedgCor-3 T^3 + LocgCor-1 T^1 - StagCor-2 T^2 \dots\dots\dots (5)$$

$$EGAD \sum StagCor-2 T^2 + LocgCor-1 T^1 - FedgCor-3 T^3 \dots\dots\dots (6)$$

$$EG \sum FedgCor-3 T^3 + StagCor-2 T^2 + LocgCor-1 T^1 \dots\dots\dots (7)$$

$$ED \sum - FedgCor-3 T^3 - StagCor-2 T^2 - LocgCor-1 T^1 \dots\dots\dots (8)$$

T^3, T^2, T^1 is the time or period audited by the auditor. $T^3 = T^2 = T^1$. Means that the interval reported must be the same. It can vary ranging from months to one year.

EGAD means economic development or underdevelopment. EG denotes economic development due to the absence of SYSCUP. ED denotes economic underdevelopment due to SYSCUP. FedgCor 3 T^3 represent the federal government expenditure in a local government. 3 digits simply represent the allocation of fund to the federal government which is currently at 52.68% been higher than that of the states (26.72%), and local governments (20.60%). LocgCor-1 represents local government. The 1 digit only shows the allocation received by the local government being lower than that of federal and state governments. StagCor- 2 T^2 represents state government expenditure in a local government. 2 simply represent the allocation to the state governments being lower than the federal government but higher than the local government. The Internally Generated Revenue (IGR), loan and grant are included in the government revenue.

In $EGAD = + LocgCor-1 T^1 - FedgCor-3 T^3 - StagCor-2 T^2$, only the local government is not corrupt. The state and federal government are corrupt. The state and the federal government have no project in the local government, or they embezzled the fund for budgeted project. Here the EFOC is likely to be high because huge allocation is embezzled by states and federal government and only little fund is use for economic development by the local government. $EGAD = +StagCor-2 T^2 - FedgCor-3 - LocgCor-1 T^1$ shows likely high EFOC because

only the state government is not corrupt. Federal and local governments are corrupt. $EGAD = +FedgCor - 3 T^3 + StagCor - 2 T^2 - LocgCor - 1 T^1$ gave a different scenario. Here the EFOC is likely to be low because the federal and state governments are not corrupt and they implemented their respective projects and programs.

Furthermore, in $EGAD = +FedgCor - 3 T^3 + LocgCor - 1 T^1 - StagCor - 2 T^2$, the EFOC is not unlikely to be low because only the state government is corrupt. Meanwhile, in $EGAD = +StagCor - 2 T^2 + LocgCor - 1 T^1 - FedgCor - 3 T^3$ the EFOC is likely to be moderate because only the federal government is corrupt. This moderate level will result in higher economic development because the state and the local government know the pressing needs of the people in the local government. However, the desired position is $EG = +FedgCor - 3 T^3 + StagCor - 2 T^2 + LocgCor - 1 T^1$ where no arm of government is corrupt, and the three tiers of government reasonably implement all government programs and project. Unfortunately, it is not clear if this exists globally and in Nigeria in particular. Accountants, auditors, and government agencies should consider their effectiveness in line with this.

Nevertheless, $ED = -FedgCor - 3 T^3 - StagCor - 2 T^2 - LocgCor - 1 T^1$ is the worst scenario where all the arms of government are corrupt. Some local government in some states in Nigeria might be or close to this. Here the EFOC is likely to be very high.

Furthermore, $EGAD = +FedgCor - 3 T^3 - LocgCor - 1 T^1 - StagCor - 2 T^2$ represent a situation in which the federal government only refused to be corrupt. Meaning the federal government and all federal ministries spend all public funds for the right purposes as appropriated and approved. Hence, + FedCor been positive means all fund approved by the federal government to be spent by federal ministries, federal commissions, parastatals, agencies or through contracts to third parties is entirely or reasonably executed in the economy as approved. Also, in this group are loan to the federal government, foreign and local grant to the federal government, funds for constituency project received by members of the national assembly. Important to note is that all federal government projects, programmes are implemented in state and more directly in local governments.

Implication of the Gross Approach

Report (7) and report (8) are indispensable when employing the gross approach. The auditor or government anti-craft agencies should report on the economic underdevelopment resulting from corruption in financial terms ($-FedgCor - 3 T^3 -$

StagCor-2 T^2 - LocgCor-1 T^1 report 8) while the Economic Development Report will also be prepared (+ FedgCor -3 T^3 + StagCor-2 T^2 + LocgCor-1 T^1 report 7). Report 8 will reveal to the public the total amount of public funds embezzled or stolen. While report 7 will disclose to the public funds used and expended by public officers as appropriated.

Furthermore, in report 4 (+ FedgCor -3 T^3 + StagCor-2 T^2 - LocgCor-1 T^1) and report 5 (+ FedgCor -3 T^3 + LocgCor-1 T^1 - StagCor-2 T^2), the EFOC is likely to be low since only the local and state governments are corrupt respectively. Worthy of note that each arm of government has its own assigned needs to be met in the country except some items in the concurrent list.

Net Approach

However, there might be a situation where federal government program would be carried out in some local or state governments and not carried out in some other approved local or state governments. This will result in modification of report.

EGAD = +FedgCor -3 T^3 - LocgCor-1 T^1 - StagCor-2 T^2(1)
Considering and including the federal government funds that were defrauded, we then have report 9

EGAD = + FedgCor -3 T^3 - som-fedgCor -3 T^3 - LocgCor-1 T^1 - StagCor-2 T^2(9)
-som-fedgCor -3 T^3 represent the portion of the federal government's allocation that was embezzled.

Furthermore, - LocCor-1 represents corrupted fund in the local government. When local governments embezzled public fund allocated to the local governments the people often feel the EFOC because local government programs are always locally apparent to the people. However, in a state, some local government may reasonably have been faithful in the expenditure of government fund while others may not. Meaning some, local governments might be more corrupt than others. This will necessitate modification of report (9).

$$\begin{aligned} \text{EGAD} \sum & + \text{FedgCor} -3 T^3 - \text{som-fedgCor} -3 T^3 - \text{LocgCor-1 } T^1 - \text{StagCor-2 } T^2 \dots\dots\dots(9) \\ \text{EGAD} \sum & + \text{FedgCor} -3 T^3 - \text{som-fedgCor} -3 T^3 - \text{LocgCor-1 } T^1 + \text{locgCor-1 } T^1 - \text{StagCor-2 } T^2 \dots\dots\dots(10) \end{aligned}$$

+locgCor-1 T^1 represent the allocation to local governments for a given period under investigation or review that was used as appropriated. -StagCor-2 is the portion of a state government's fund that was embezzled. However, some state

government projects may not be implemented in some local government possibly because some local governments have more needs than others do. This may be due to economic, social, environmental, and political challenges confronting the local government. Some states will be reasonably corrupt concerning public fund, and some other state will not be reasonably corrupt as others. Furthermore,

$$\begin{aligned} \text{EGAD} &= \sum + \text{FedgCor-3 } T^3 - \text{som-fedgCor-3 } T^3 + \text{LocgCor-1 } T^1 - \text{locgCor-1 } T^1 - \text{StagCor-2 } T^2 \dots\dots\dots(10) \\ \text{EGAD} &= \sum + \text{FedgCor-3 } T^3 - \text{som-fedgCor-3 } T^3 + \text{LocgCor-1 } T^1 - \text{locgCor-1 } T^1 + \text{StagCor-2 } T^2 - \text{stagCor-2 } T^2 \dots\dots(11) \end{aligned}$$

+StagCor-2 T^2 is the fund of the state government used as appropriated. Worthy of note is that in report one, the EFOC will unlikely not be moderate because the federal government that has more allocation from the federation account implemented it project directly and all the members of the national assembly implemented their constituency projects in the respective local government. The moderate effect of federal government reasonably implementing it projects and the program is explained by one; the largeness of federal allocation, Two; the control and regulatory effect on the economy, Three; the challenging effect on other tiers of government.

$$\text{EGAD} \sum + \text{FedgCor-3 } T^3 - \text{som-fedgCor-3 } T^3 + \text{LocgCor-1 } T^1 - \text{locgCor-1 } T^1 + \text{StagCor-2 } T^2 - \text{stagCor-2 } T^2 \dots\dots\dots(11)$$

There may be unbudgeted funds at the time of preparing the estimate, but latter received as revenue example are funds in the excess crude account. When the fund is used in the economy as may be approved, report (12) represents the situation and report (13) reveal the opposite. It represented by CRPfd. Finally, to recognized funds not recorded as revenue in any account or financial records but deliberately and cruelly entered into private accounts. FORcop represents this. It only must be in the negative. These result in the report (14)

$$\text{EGAD} \sum + \text{FedgCor-3 } T^3 - \text{som-fedgCor-3 } T^3 + \text{LocgCor-1 } T^1 - \text{locgCor-1 } T^1 + \text{StagCor-2 } T^2 - \text{stagCor-2 } T^2 + \text{CRPfd } T^4 \dots\dots(12)$$

$$\text{EGAD} \sum + \text{FedgCor-3 } T^3 - \text{som-fedgCor-3 } T^3 + \text{LocgCor-1 } T^1 - \text{locgCor-1 } T^1 + \text{StagCor-2 } T^2 - \text{stagCor-2 } T^2 + \text{CRPfd } T^4 - \text{CRPfd } T^4 \dots\dots(13)$$

$$\begin{aligned} \text{EGAD} &= + \text{FedgCor-3 } T^3 - \text{som-fedgCor-3 } T^3 + \text{locgCor-1 } T^1 - \text{LocgCor-1 } T^1 + \text{stagCor-2 } T^2 - \text{stagCor-2 } T^2 + \text{CRPfd } T^4 - \text{CRPfd } T^4 - \text{FORcop } T^5 \\ &\dots\dots\dots(14) \end{aligned}$$

Note: $T^3 = T^4 = T^5$

Implication of the Net Approach

A positive result is good but does not mean the absence of corruption. A positive result will mean the absence of corruption when the outcome is equal to the appropriated amount. Meaning - $\text{som-fedgCor} - \text{LocgCor-1 } T^1, -\text{stagCor-2 } T^2 - \text{CRPfd } T^4$, and - $\text{FORcop } T^5$ are zero. A negative result reveals the presence of corruption. The larger the negative figure, the larger the corruption. Nevertheless, a negative result shows severe corruption in the public sector. Zero result means the sum embezzled is the same as the amount spent as appropriated.

Importance of the EGAD of Corruption

- i. It will help the nation to determine the economic underdevelopment or development in financial terms.
- ii. It will help in the determination of the economic underdevelopment express in financial terms of all corrupt practices in a particular local government. Since there is provision for each local government to know the economic underdevelopment or development of corruption as per local government.
- iii. It will provide data for comparison of economic underdevelopment or development of corruption express in financial terms among local government areas in a state and the whole nation in general.
- iv. It will help the citizens to know how their representatives at various levels of government are representing and seeking their interest when they compare the economic underdevelopment or development in their local government with other local governments in the state and in other from state.
- v. In addition, it will enhance constructive questioning by the people on what their representatives have done with their resources when the report is showing economic underdevelopment.
- vi. It will reveal the disparity of federal government expenditure among the 774 local governments in a fiscal year. It will also reveal the disparity of various state governments' expenditures among its local governments. 'Well favoured local government' and those local governments despised will also be revealed.
- vii. It will aid accountants, auditors, and government in the war against corruption in the Nigerian public sector.

The margin of federal and state government expenditures and programmes in urban areas and rural areas will be revealed.

It will provide data for academic researchers in higher institutions within and outside the country.

It will enable the public to assess and evaluate the honesty and truthfulness of auditors and government anti-graft agencies. When the need arises for further investigation by the anti-graft agency, the public will be able to compare the economic underdevelopment and development report submitted by the anti-graft agency and that earlier submitted and published by the auditor.

Importantly, 'Economic Underdevelopment and Development Report' of corruption could be the solution to the findings of Akinbuli (2013), and Omodero and Okafor (2016). They discovered that the level of accountability is very pitiable in Nigerian public sector for the reason that the attributes of accessibility, comprehensiveness, relevance, quality, reliability, and timely disclosure of financial information about government activities and programmes are not available or incomplete for the people and society to evaluate the efficiency of government officers especially the political class. Similarly, Agbo and Aruomoaghe (2014) recommended that performance audit report should be made public because it will be a deterrent to others. In the same vein, publishing of Economic Underdevelopment or Development Report will not only increase accountability and transparency but also make the government more honest and stay away from all forms of fraudulent activities and actions.

Operation of the Economic Underdevelopment or Development Report of Corruption

Upon annual or quarterly audit in the public sector, auditors should prepare Economic Underdevelopment or Development Report of corruption in addition to the traditional audit report. The report shall be published in national, or local newspaper depending on whether it federal, state or local government institution that was audited. Such publication aims to increase the transparency and accountability of public officers to the people. The government anti-corrupt agencies specifically the ICPC and EFCC should upon every investigation conducted in the public sector prepare and publish in applicable newspaper Economic Underdevelopment or Development Report. This report is not in any way or form a substitute for their routine investigation processes or documentation. Their report should be published themselves upon completion of the engagement.

Upon completion of the audit engagement or investigation by auditors or government anti-craft agencies respectively, of a ministry, the ministry shall be deemed to be located in the local government the audit or investigation took place. However, if any fund embezzled in the ministry was discovered to be approved for expenditures in another local government, such fund shall not be included in the 'Economic Underdevelopment or Development Report' of that local government the ministry is located, but the local government the fund embezzled was appropriated.

Where it is practically impossible to determine how much of national expenditures or project a local government received or benefited, the national expenditure or project should be divided among the total of local governments in the country. For instance, the entire local governments shall divide the state appropriation on security, the total appropriation, or embezzled portion. Similarly, when a state or national project, for instance, road construction cuts across two or more local governments, the total or embezzled portion shared among the local governments affected. However, when it is evident that the length of the road is not the same in the concerned local government, the auditor or government anti-corrupt agencies shall use their discretion in using estimate or apportionment.

The auditor in preparing the Economic Underdevelopment or Development Report shall not include the name of anyone. Nevertheless, the auditor shall proof via evidence the amount embezzled in the report. The amount is not to affirm that fraud had occurred or not but an amount the auditor proved from the evidence that further investigation should be conducted into. The auditor upon the completion of the audit engagement shall submit its report to the Auditor-General for the State, Federation, or Local whom with or without further investigation publish the report within fifteen days of submission in relevant newspapers. Note that this report has more application on local government audit and investigation. The AG for Local Government prepares the EGAD report of corruption. However, he may seek necessary information from the AG of the State and the Federation (AGSF) when necessary. The AGSF can as well prepares the EGAD report of corruption.

Assumptions of EGAD Report of Corrsruption

- i. Federal government's expenditures are more than state and local governments' expenditures in a local government. In addition, state government's expenditures are more than the local governments' expenditures in a local government.
- ii. The period audited or investigated is the same.

- iii. Auditors and government anti-corrupt agencies are abreast with all financial matters and operations of the government, specifically the federal government expenditures.

Looking back to history, Akpomi and Amesi (2009) noted firmly that in the early years of auditing, the principal prerequisite for the position of an auditor was reputation. A person recognised for his integrity and independence of mind is given this position. The issue of technical competence, ability, and skill was secondary. Moreover, auditors' role in those days was never confused with that of an accountant. Nevertheless, as accountancy progressively became more complex and concerned with technicalities, auditors found themselves out of their depth and became more and more dependent upon the proficiency provided by the accountants. Until eventually, the Accountancy Profession became dominated by the audit function itself (Akpomi & Amesi, 2009). Osagioduwa et al (2022) discovered that accountants aids public servants in fraud execution.

Meanwhile, Otalor and Eiya (2013) highlighted that auditors are not without real difficulties in their fight against corruption. Auditors may come across fraudulent transactions during their audit exercise, and they are not to go into the investigation but can make a report to responsible investigating agencies whose primary business is to investigate suspected cases of corruption. The Auditor-General for the Federation submits audit reports to PAC (Otalor & Eiya, 2013). How effective had been PAC in probing all reported cases of corruption?

In "The Role of Auditors in Fraud Detection, Prevention and Reporting in Nigeria", Oyinlola (2010) examined the role of auditors in the detection, prevention, and reporting of fraud. Data were collected from one hundred and eighty-four (184) respondents in Nigeria were used. Respondents were managers, bankers, accountants, and investors. The result revealed that the respondents are very concerned about fraud. In addition, the managers, bankers, accountants, and investors have very high expectation on auditors' roles in prevention and discovery of fraud.

Meanwhile, in "Fiscal Accountability Dilemma in Nigerian Public Sector: A Warning Model for Economic Retrogression", Okpala (2012) in the study examined the accountability in the public sector. Four federal bodies in the FCT were sampled. Primary data were collected via copies of questionnaire distributed to 100 senior staff. Pearson Product Moment Correlation and the SPSS were employed in data analysis. Findings revealed that the level of accountability in

Nigeria is inadequate owing to poor accounting infrastructure, weak regulatory structure, and the attitude of a public servant. In addition, the study revealed that external auditing is very imperative in guaranteeing effective accountability in the public sector. The study recommended that professional accounting bodies, government, and society should work collectively to have a significant result as a matter of urgency in the war against corruption.

While, “an Examination of the Effectiveness of Auditing of Local Government Financial Reports in Bayelsa State Nigeria”, Ebimobowei and Binaebi (2013) examined the effectiveness of audit of local government accounts in Bayelsa State. Primary and secondary data were employed for the study. The secondary data were gotten from textbooks, journals, and government magazines. Two hundred and forty-six (246) copies of questionnaire were distributed to eight (8) local governments in Bayelsa State. Stratified random sampling technique was employed. Descriptive statistics and the Spearman Rank Order Correlation Coefficient were employed in the analyses of data. The result revealed that auditing guarantees appropriate stewardship reporting. They concluded that auditing of local government account is essential for the effective stewardship disclosure by council officials devoid of political and managerial intrusion of the financial disclosures of the councils with sufficiently competent audit personnel. Recommended that auditors and council officials should uphold honesty, truthfulness, objectivity, and transparency.

Furthermore, Onatuyeh and Aniefor (2013) in their study investigated the “Impact of Internal Audit Functions on Public Sector Management and Accountability in Edo State of Nigeria.” 245 respondents in the audit departments of 12 MDAs in Edo State were sampled. Data collected were analysed using cross-tabulations, Spearman Rank Order Correlation Coefficient, and descriptive statistics. The result revealed that effective internal auditing guarantees appropriate stewardship reporting and insufficient eligible workforce does hamper proper auditing of public accounts in Edo State. Concluded that audit of government accounts is essential to the efficient and effective stewardship reporting by accountants. Recommended that auditors and council officials should uphold objectivity, honesty, and transparency.

Also, in “Efficiency and Effectiveness in Public Sector Auditing, An Evaluation of the Comptroller and Auditor General’s Performance in Zimbabwe from 1999 to 2012”, Zinyama (2013) examined government auditing in Zimbabwe but specifically the activities of the Comptroller and Auditor General. Copies of

questionnaire were distributed to Public Accounts Committee (PAC) members. Of 17 copies of questionnaire administered, 15 copies of questionnaire were completed and returned. Descriptive statistics were employed in analysing the data. Findings revealed that the legislative structure in Zimbabwe has several loopholes. In addition, Zimbabwe's Constitution, Audit Office Act, and Public Finance Management do not provide the CAG's Office with any authority to require MDAs to comply with the Treasury Instructions. Factors influencing the independence of the CAG in Zimbabwe were discovered to include appointment procedures, removal procedures, financial autonomy, nature of tenure, and the ability to employ employees. He recommended that changes in the engagement process of the CAG, improvement of the staffing, and revision of the legislative system are essential. However, Agbo and Aruomoaghe (2014) studied "Performance Audit: A Tool for Fighting Corruption in Nigeria's Public Sector Administration". Primary data were employed in the study. Copies of questionnaire were distributed to government ministries and local government councils in Edo and Delta states. One hundred (100) copies of questionnaire were distributed to staff of these various ministries and local government councils of which ninety-four (94) were properly filled and returned. Pearson's Correlation Coefficient was employed for the analysis. The study revealed that performance audit could be an effective tool in combating corruption in the public sector of Nigeria. It recommended that performance audit report is made public and severe penalty should be meted on any offender to serve as prevention to others.

In "Auditors and Corruption in the Public Sector," Osagioduwa (2014) employed primary data. Data was collected using well-structured questionnaire administered to sixteen (16) public organisations and five (5) audit firms in Edo and Delta states. Respondents were auditors and accountants working in the public organisations and the audit firms in the two states. Chi-square was employed for data analysis. Findings revealed that auditor plays a role in curtailing corruption in the public sector.

In Ghana, Dawuda, Aninanya, and Alnaa (2015) studied "the Effectiveness of the Internal Audit Department in the Public Sector in Fostering Superior Corporate Governance and Risk Management". Descriptive research method was employed. Multistage sampling method was used to choose internal auditors while purposive sampling was employed in selecting external auditors from Ghana Audit Service. One hundred and twenty (120) copies of questionnaire were distributed and ninety copies correctly completed were recovered. Findings revealed that internal audit departments and budget allocation, are given little significance. The board

established the span of internal audit work owing to the nonexistence of internal audit charter. Furthermore, the major threats to internal auditors' independence are familiarity and intimidation threats. They concluded that the independence of the internal auditors in the local government is under threat.

Also, in "Evaluation of Effectiveness of Internal Audit in the Nigerian public sector", Nwannebuikwe and Nwadior (2016) evaluated the effectiveness of internal audit in the Public Sector. Simple random sampling technique was employed to select four of the Federal Government Parastatals located in Enugu State. Response from 168 respondents was used in the analysis. Mean was used in data analysis and Chi-square was employed in testing the stated hypotheses. Findings revealed that despite the existence of adequate punishments for internal control violation, it is not well operational all over the organisation. They concluded that efforts should be geared towards upgrading the knowledge of internal auditors. They recommended that there should be a comprehensive and transparent recruitment process for internal auditors.

This study anchors on the agency theory. The agency theory originated in the educational literature in the early 1970s (Jensen & Meckling, 1976; Ross, 1973; Shapiro, 2005 in Agu, 2016). In the agency relationship, one party acts on behalf of another party. Agency theory emphasis that accountability is indispensable in order to guarantee that the principal-agent problem is reduced (Berle & Means, 1932 in Agu, 2016). Jensen and Meckling formulated agency theory in 1976. The theory models the affiliation between principal (the public) and the agent (government). An agent is somebody who carries out responsibility on behalf of another person (the principal). Fama and Jensen (1983) in Agu (2016) submitted that the complexity that evolved from the principal-agent association is that it is impossible for principals to identify every role that the agent should perform in every feasible circumstance. The crucial or comprehensive contract is unattainable due to surrounded reasonableness. The problem developing from the principal-agent relationship was worsened by concealing of information (Fama & Jensen, 1983 in Agu, 2016).

Akinbuli (2010) cited in Appah and Bariweni (2013) noted that the demand and need for audit was a result of the conflict of interest. The theory is primarily associated with the conflict of interest between the citizens and the government of the country. Added that the citizen been less informed will, therefore, demand sufficient information the monitors the conducts of the government been better informed. According to Hayes, Schilder, Dassen, and Wallage (1999), they

explained that the agency theory could be used to explain the supply side of the audit market. The effectiveness of the auditor to the third party is determined by the probability that the independent auditor will detect fraudulent acts or errors and the auditor's willingness to disclose the fraudulent practices. However, auditors are independent third parties are installed to operate essentially for the interest of the principal and protection of the principal interest from the wrong treatment by its agent. It is of necessity that the third party performed their responsibilities effectively.

3. Methodology and Model Specification

Survey design was employed in this research because it is suitable for this kind of study. This is because the study employed the perceptions of the respondents in achieving the stated objectives. The population of this study is made were auditors in government institutions in Edo and Delta States in South-South Nigeria, and Enugu and Anambra States in South-East Nigeria. These states were selected for this study for the reason that they were convenient for the researcher. The population consists of six hundred and fifty-four (654) auditors. The researcher employed the Cronbach's Alpha statistical tool in determining reliability. The result showed reliability of 0.711. The sample sizes of one hundred and two (102) (auditors in audit practice in the public sector). The Convenience Sampling Technique (CST) was employed. Table, simple percentage, and chart were used in analysing the data collected. The Pearson Product Moment Correlation analysis was employed in analysing the hypotheses. Effective Auditing was proxy by five indicators.

In selecting the sample size for this study, the Okpanachi (2011) (cited in Chigo and Ijeoma, 2017) restructured Yemane (1967) sampling model is employed to justify the sufficiency of the sample size. The formula applied is given as $n = N / (3 + N e^2)$ Where n = Number of samples, N = Total population, e = Error tolerance and 3 = adjusted constant. The above population is 654 at 5% significant level,
 $= 654 / 3 + 654 (0.05)^2 = 141.10032362 = 141$ Approximately

The Kumasam's allocation formula was employed.

Auditors	Sample size	Copies of questionnaire	filled	Response rate
South-South	71	62		
South-East	70	40		
Total	141	102		72.340425532%
Source (fieldwork)				

$$SYSCUP=f(EAUD\%).....(1)$$

SYSCUP=systematic corruption reduction

EAUD%= effective auditing

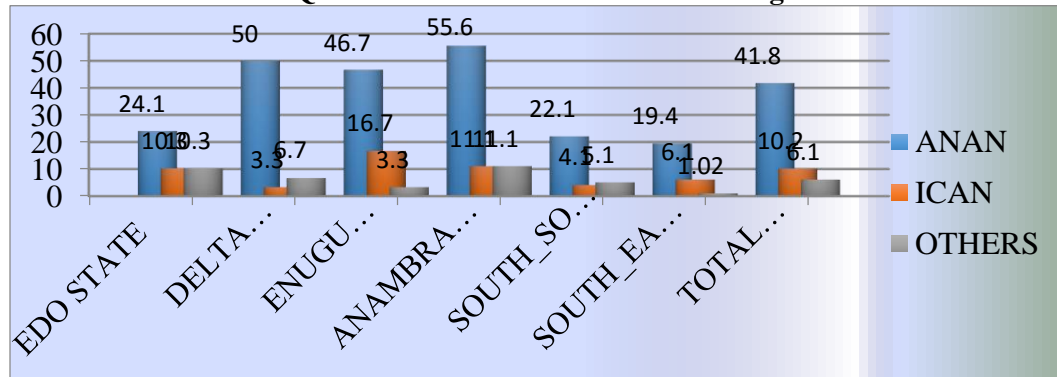
$$EAUD\%=f(AUDIND, AUDTSZ, AUDQUAL, AUDEGAD).....(2)$$

$$EAUD\% = a + B1 + B2AUDIND\% + B3AUDTSZ\% + B4AUDQUAL\% + B5AUDREP\% + e.....(3)$$

a =constant, B1=coefficient, AUDREP= auditor's conventional and EGAD report, AUDQUAL= auditors compedence, AUDTSZ= audit time and sample size, DETCUP= detection of corruption by the auditors, AUDIND=auditors independence

4.0 Data Analysis and Presentation

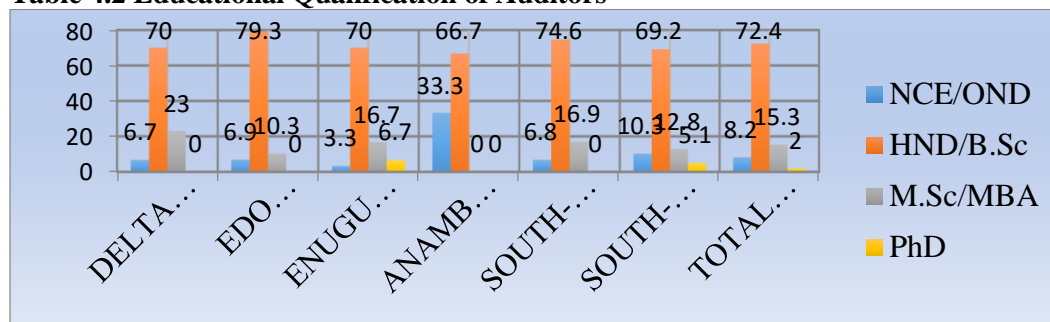
Table 4.0 Professional Qualifications of Auditors in Percentages.



Source: Authors extraction 2022.

From chart 4.2, 24.1% of auditors in Edo State auditors are ANAN members. 55.6% of the auditors in Anambra State are ANAN members followed by Delta State with 50% and Enugu State with 46.7% ANAN membership. 3.3% of Auditors in Delta State are ICAN members while 16.7% of the auditors in Enugu State are ICAN members. Enugu State is followed by Anambra State with 11.1% and Edo State with 10.3% ICAN membership. 22.1% of the respondents from South-South Nigeria are ANAN members while 19.4% of auditors from South-East Nigeria are ANAN members. 4.1% of the auditors from South-South Nigeria possessed ICAN membership while 6.1% of the auditors from South-East Nigeria possessed ICAN membership. Finally, 41.8% of the total auditors had ANAN membership while 10.2% of the total auditors are ICAN members.

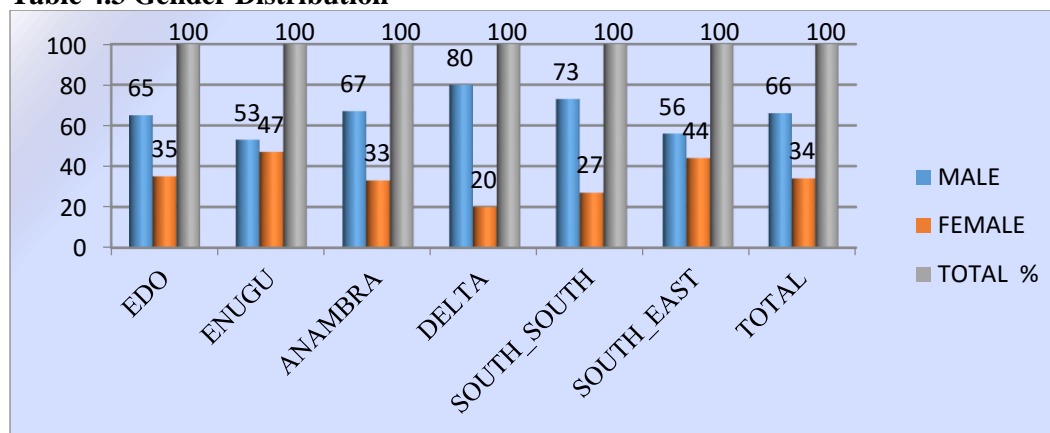
Table 4.2 Educational Qualification of Auditors



Source: Fieldwork, 2022.

In Enugu State, 6.7% of the respondents had PhD. 3.3% had NCE/OND, 70% had B.Sc while 16.7% had M.Sc. while in Anambra State, 33.3% had NCE/OND, 66.7% had B.Sc while 0% had M.Sc and PhD. Also, in Edo State, 6.9% of the respondents had NCE/OND, 79.3% had B.Sc, and 10.3% had M.Sc while 0% had PhD. Moreover, in Delta State, 6.7% of the respondents had NCE/OND, 70% had B.Sc, 23.3% had M.Sc, and 0% had PhD. In the South-South, 6.8% of the respondents had NCE/OND, 76.0% had B.Sc, 16.9% had M.Sc, and 0% had PhD. Notwithstanding, in the South-East, 10.3% of the respondents had NCE/OND, 69.2% had B.Sc, 12.8% had M.Sc, and 5.1% of the respondents had PhD. Finally, the total respondents with NCE/OND are 8.2%, 72.4% with B.Sc, 15.3% with M.Sc and 2.0% with PhD.

Table 4.3 Gender Distribution



Source: Fieldwork, 2022.

From table 4.1, 80.0% of the auditors sampled in Delta State are male while 20.0% are female. 53.0% of the auditors in Enugu State are male while 47.0% are female. 65.0% and 67.0% are male, and 35.0% and 33.0% are female auditors in Edo and Anambra States respectively. Considering the geopolitical zones, South-South had 73.0% male auditors and 56.0% male auditors in the South-East. In total, 66% are male auditors, and 34% are female auditors.

Table 4.4: Years of Working Experiences of Respondents.

States	AUDITORS					%Total
	2-5 %	6-10 %	11-20 %	21-30%	Above 30 %	
Edo	17.2	37.9	13.8	24.1	6.9	100.0
Delta	6.7	26.7	30.0	36.6	0.0	100.0
Anambra	33.3	11.2	22.2	33.3	0.0	100.0
Enugu	3.4	16.7	33.3	23.3	23.3	100.0
South-South	11.9	32.2	22.0	30.5	3.4	100.0
South-East	10.3	15.4	30.8	25.6	17.9	100.0
Total	11.1	25.5	25.5	28.8	9.1	100.0

Source: Fieldwork, 2022.

Furthermore, Anambra State had 33.3% of auditors working between 2-5 years. Meanwhile in Enugu State, 3.4% of auditors had worked between 2-5 years. 37.9% of the auditors in Edo State had been working between 6-10years. 33% of auditors in Enugu State had been working between 11-20years. In Delta State, 36.6% of the Auditors had been working for 21-30 years. In Enugu State 23.3% of the auditors had been working for over thirty (30) years.

Table 4.5: Respondents Current Levels

Respondents	AUDITORS				Total	%
	6-9 %	10-12 %	13-16 %	17-18 %		
States, Zones and Total	6.9	20.7	20.7	3.5	100.0	
Edo State	55.1	20.7	20.7	3.5	100.0	
Enugu State	10.0	10.0	36.7	43.3	100.0	
Delta State	30.0	20.0	26.7	23.3	100.0	
Anambra	44.5	11.1	33.3	11.1	100.0	
South-South	42.4	20.3	23.7	13.6	100.0	
South-East	18.0	10.2	35.9	35.9	100.0	
Total	32.7	16.3	28.6	22.4	100.0	

Source: Fieldwork, 2022.

Looking at the auditors, 55.1% auditors in Edo State are in levels 6-9. 10.0% of auditors in Enugu State are in levels 6-9. 20.7% of the auditors in Edo State are in levels 10-12 which is the highest in relation to another state in that category. Delta State is next with 20.0% in levels 10-12. While in levels 13-16, Enugu State had the highest with 37.7% and Edo State was least with 20.7%. Enugu State had 43.3% in levels 17-18 which is the highest in that group followed by Delta State with 23.3%. 3.5% auditors in Edo State are in levels 17-18. In Anambra and Delta States respectively, 11.1% and 23.3% are in levels 17-18. In the South-South, more percentage of auditors (42.4%) are in levels 6-9. While in the South-East, more percentage of the auditors (35.9%) is in levels 13-16 and levels 17-18 concurrently. Meanwhile, in total more (32.7%) of the respondents are in levels 6-9.

Auditors spent adequate time and sample sufficient evidence during audit engagement in the public sector

Respondents		AUDITORS				
States, Zones and Total	SA %	A%	UD %	D %	SD %	Cumulative%
Edo State	21.9	43.8	25.0	3.1	6.2	100.0
Enugu State	28.1	43.8	15.6	6.3	3.1	100.0
Delta State	40.0	43.3	10.0	6.7	00.0	100.0
Anambra State	22.2	44.5	11.1	22.2	00.0	100.0
South-South Nigeria	30.6	43.5	17.7	4.8	3.2	100.0
South-East Nigeria	26.8	43.9	14.6	9.8	2.4	100.0
Total	29.1	43.7	16.5	6.8	2.9	100.0

Source: Fieldwork, 2022.

65.7%, 71.9%, 83.3%, and 66.7% (21.9%+43.8%, 28.1%+43.8%, 40.0%+43.3%, 22.2%+44.5%) respondents in Edo, Enugu, Delta, and Anambra States respectively agreed that truly auditors spent adequate time and sample sufficient evidence during audit engagement in the public sector. While 9.3%, 9.4%, 6.7%, and 22.2% (3.1%+6.2%, 6.3%+3.1%, 6.7%+00.0%, 22.2%+00.0%) respondents in Edo, Enugu, Delta, and Anambra States respectively disagreed that auditors spent adequate time and sample sufficient evidence during audit engagement in the public sector. 74.1% (30.6%+43.5%) and 70.7% (26.8%+43.9%) respondents in the South-South and South-East respectively agreed. 8.0% (4.8%+3.2%) in the South-South and 12.2% (9.8%+2.4%) in the South-East disagreed.

Hypothesis Testing: Auditors are effective in combating systematic corruption in the public sector of Nigerian.

Pearson's Correlation Analysis:

		<i>EAUD%</i>	<i>SYSCUP</i>
AUD	Pearson Correlation	1	.969**
	Sig. (2-tailed)		.006
	N	102	102
<i>EAUD%</i>	Pearson Correlation	.969**	1
	Sig. (2-tailed)	.006	
	N	102	102

Correlation is significant at the 0.01 level (2-tailed).

Result: The result of the Pearson Product Moment Correlation shows that there is a statistically significant relationship between the role of auditors and corruption reduction (CORRRE) in the public sector of Nigeria (i.e. $p < 0.05$ at 0.006 significance level). It also indicates that the relationship between the role of auditors and corruption reduction in the public sector of Nigeria is positive (i.e. when the role of auditors increases or is improved upon, combating corruption increases or is improved upon too). In conclusion, the result of the analysis indicates that the strength or magnitude of relationship between the role of auditors and corruption reduction in the public sector is very strong ($r = 96.9$). The result implies that auditors are effective in corruption reduction in the public sector by 96.9 per cent.

Decision rule: If p-value is less than 0.05, reject the null hypothesis and accept the alternate hypothesis. **Decision:** The result of the Pearson Product Moment Correlation suggests that auditors are effective in corruption in the public sector of Nigeria ($r = .96.9$, alpha-significance is .006 at $p < 0.01$). Therefore, we reject the null hypothesis and accept the alternate hypothesis that states that auditors are effective in combating corruption in Nigerian public sector.

The result of the Pearson Product Moment Correlation revealed that auditors are effective in combating corruption in the public sector of Nigeria. Oyinlola (2010) study was in agreement with this finding. Oyinlola discovered that managers, bankers, accountants and investors have very high expectation on auditors' roles on fraud prevention and discovery. Also in agreement is the finding of Agbo and Aruomoaghe (2014). They discovered that performance audit could be an effective tool in combating corruption in the public sector of Nigeria. In the same vein, study by Osagioduwa (2014) revealed that auditor plays a role in curtailing corruption in the public sector of Nigeria. Similarly, Eiya and Otalor (2013) submitted that audit

is one of the mechanisms fundamental in the combat against corruption in Nigeria. Most of the standard setting in the auditing profession has taken place in the non-government sector and corruption has not been a serious issue in the non-government sector. Because the auditing profession, as it has evolved, has its roots in the non-government segment where audit against corruption is not a serious concern of the stakeholders who are more concerned with fraud or theft of financial resources and assets.

Furthermore, Okpala (2012) study revealed that external auditing is very imperative in guaranteeing effective accountability in the public sector of Nigeria and recommended that professional accounting bodies, government, and the society should work collectively to have a significant result as a matter of urgency in the war against corruption. While Ebimobowei and Binaebi (2013) discovered that auditing guarantees appropriate stewardship reporting, insufficient expert manpower and managerial interference retard accurate auditing of local government accounts. Furthermore, in Ghana, Dawuda, Aninanya, and Alnaa (2015) discovered that internal audit departments, are given little significance, and board establish the span of internal audit work owing to the nonexistence of internal audit. Moreover, the major threats to internal auditors' independence are familiarity and intimidation threats. In agreement is the study of Onatuyeh and Aniefor (2013). Onatuyeh and Aniefor study revealed that effective internal auditing guarantees appropriate stewardship reporting and insufficient eligible manpower does hamper appropriate auditing of public accounts. Moreover, Nwannebuikwe and Nwadior (2016) discovered that despite the existence of adequate punishments for internal control violation, they were not effectively applied all over the organisation for infringement of internal audit procedures.

5. Conclusion and Recommendation

The study hereby concluded that auditors have been effective in combating corruption in the public sector despite the absence of auditor's independence, threats and absence of sincere political will to combat corruption in the Nigerian public sector. The study therefore recommends that:

- i. Strengthening Auditors' Independence:** Auditors' independence provides the liberty and freedom the auditors need from undue influence and interference from any party to remain unbiased in discharging their audit engagement. The alarming wave of financial crime in the current Nigerian public sector and the absence of auditors' independence is quite disturbing. It, therefore, recommended that the Accounting Professional

Bodies like the ANAN and ICAN, and the Financial Reporting Council of Nigeria (FRCN) specifically to intensive and strengthen guidelines and measures that will promote the independence of the auditors. Auditor-General's independence is secured by five conditions which are financial independence, appointment procedures, removal procedures, nature of tenure, independence to framework plans and budgets, and the ability to employ staff or other suppliers of services.

- ii. **Recruitment of Auditors:** it is recommended that the government at all levels should recruit auditors specifically into these highlighted areas. The number of auditors in the Offices of the Auditor General for the Federation in Enugu and Delta States is very little in relation to the number of MDAs audited. The total number of audit staff in the office of the Auditor-General for the Federation in Delta State is just eight (8) auditors while Enugu State is barely twice the number. In addition, the Office of the Auditor-General for the Local Government in Edo State has relative low number of audit staff among the states investigated. The number of auditors working in Enugu State Auditor-General's Office is relatively low in relation to other states studied.
- iii. **Auditors Yearly Rotation:** The AG for the Federation, State, and the Local Government respectively should henceforth be unbiased and ensured yearly rotation of auditors to different public organizations. This will reduce the unethical acts of lobbying for a public organization to audit by the auditors. A policy of compulsory rotational audit on yearly bases should take effect.
- iv. **Submission of Audit Report to the Anti-Corrupt Agencies:** The PAC is only a committee in the House of Assembly. The power to investigate fraud is largely vested on the anti-corrupt agencies. Recommended that the Audit Report should be submitted to the PAC as well as the anti-corrupt agencies. These will speedy the investigation of any corrupt cases in the public sector. The audit report should submit to the anti-corrupt agencies either fraud is detected or not.
- v. **Increasing accountability:** it is also recommended that the AGs should publish in a relevant newspaper the 'Economic Underdevelopment and Development Report' (EGAD) of corruption which will help the public to know how much the government had spent on economic development and amount alleged to had been embezzled for the period.

References

- Adetula, S. L., & Amupitan, M. D. (2018). Whistle blowing as a tool for combating the menace of fraud, forgery and corruption in Nigeria. *International Journal of Advanced Academic Research Social & Management Science*, 4(3), 1-19. Available from www.ijaar.org/.../Social-Management-Sciences/ijaar-sms-v4n3-mar18-p3.pdf.
- Agbo, S., & Aruomoaghe, J. A. (2014). Performance audit: A tool for fighting corruption in the Nigeria's public sector administration. *International Journal of Management and Sustainability*, 3(6), 374-383. Doi: 10.18488/journal.11/2014.3.6/11.6.374.383.
- Aguolu, O. (2008). *Fundamentals of auditing* (3rd ed.). Enugu Campus: Institute of Development Studies.
- Ajie, A., & Wokekoro, O. E. (2012). The impact of corruption on sustainable economic growth and development in Nigeria. *International Journal of Economic Development Research and Investment*, 3(1), 27-32.
- Akinpelu, Y., Ogunseye, T., Bada, O., & Agbeyangi, B. (2013). The socio-economic determinants of corruption in Nigeria. *European Journal of Humanities and Social Sciences*, 19(1), 923-938.
- Akpomi, M. E., & Amesi, J. (2009). Behavioural constraints on practices of auditing in Nigeria. *Educational Research and Review*, 4 (10), 465-469,
- Amaefule, L. I., & Iheduru, N. G. (2014). Electronic accounting system: A tool for checkmating corruption in the Nigerian public sector and a panacea for the nation's poor economic development status Sky. *Journal of Business Administration and Management*, 2(4), 019 – 028. Available from <http://www.skyjournals.org/SJBAM>.
- Amaefule, L. I., & Umeaka E.C. (2016). Combating economic and financial crimes by the anti- graft agencies in Nigeria: Implications on the nation's economic growth and development. *International Journal of Innovative Development & Policy Studies* 4(2):8-33.
- Aslani, M., Lotfaliyan, F., Shafieipour, V., & Ghasemi, M. (2011). The role of auditing profession in fighting against economic and financial crimes. *International Conference on E-business, Management and Economics*, 25, 1-7.
- Balia, D. M. (2005). *Fighting corruption in the South African Public Sector with special reference to costs and impacts*. Unpublished Doctoral Dissertation. Pretoria: University of South Africa.
- Balkaran, L. (n.d). *The role of accountants and auditors in fighting corruption. Part 1, understanding the Nature and Impact*. Available from

- <http://www.google.com/search?q=google.com&sourceid=ie7&rls=com.microsoft:enie=utf8&oe=tf8>.
- Bender, R. (2006). What is an effective audit, and how can you tell?. Available from <http://dspace.lib.cranfield.ac.uk/handle/1826/5672>
- Camila, V. (2020). Constitutional Ideas for an Anti-Oligarchic Republic. Princeton University Press 2020. <https://doi.org/10.1515/9780691208732>. Available from
- Chamunorwa, J. C. (2015). *An exploration of whistle blowing in fighting corruption in the public sector in South Africa: A case of Stellenbosch municipality*.1-151.
- Daniel, O. U. (2013). Public sector accounting - The Nigerian experience. *International Journal of Finance and Accounting*, 2(8), 446-451. Doi: 10.5923/j.ijfa.20130208.07.
- Dawudal, A., Aninanya, G. O., & Alnaa, S. E. (2015). The organisational independence of internal auditors in Ghana: Empirical evidence from local government. *Asian Journal of Economic Modelling*, 3(2): 33-45. doi: 10.18488/journal.8/2015.3.2/8.2.33.45.
- Duke, D. (2018, November 25). Get governance right, you'll curb corruption, insecurity. *Punch newspaper*. Available from <https://punchng.com/get-governance-right-youll-curb-corruption-insecurity-duke>.
- Ebimobowei, A., & Binaebi, B. (2013). An examination of the effectiveness of auditing of local government financial reports in Bayelsa State, Nigeria. *Current Research Journal of Social Sciences*, 5(2), 45-53.
- Ekpo, C. E., Chime, J., & Enor, F. N. (2016). The irony of Nigeria's fight against corruption: An appraisal of President Muhammadu Buhari's first eight months in office. *International Journal of History and Philosophical Research*, 4(1), 61-73. Available from www.eajournals.org.
- Enofe, A. O., Afiangbe, S. E., & Agha, D. I. (2017). Financial management reforms and corruption in Nigeria public sector. *International Journal of Advanced Academic Research Social & Management Sciences*, 3(7), 1-22.
- Enweremadu, D. U. (2012). Anti-corruption campaign in Nigeria (1999-2007). West African politics and society series. *African Studies Centre*, 1, 1-218. Available from <http://asc@ascleiden.nl> www.ascleiden.nl.
- Enweremadu, D., & Okafor, E. (2009). Anti-corruption reforms in Nigeria since 1999: Issues, challenges and the way forward. *IFRA Special Research Issue*, 3(1), 81-88.
- Gan Integrity, (nd). Compliance Integrity. Available from <https://www.ganintegrity.com/compliance-glossary/petty-corruption/>.
- Hart, N. (2009). *Expert highlights importance of engaging citizens in anti-corruption process*. Available from www.ammancity100.gov.jo/en/content/news-and-media/expert-highlights-importance-engaging-citizens-anti-corruption-process.

- Hayes, R. A., Schilder, R., & Dassen, W. P. (1999). *Principles of auditing: the theory and practice of auditing*. Lagos: Gilgal publications.
- Heilbrunn, J. R. (2004). *Anti-corruption commissions panacea or real medicine to fight corruption?* Washington, DC: The World Bank.
- Ihe, N. J., & Umeaka, E. C. (2006). *Public accounting and finance: The Nigerian perspective*. Owerri. Peace Publishers Ltd.
- Ikwumezie, A. (2009). *The challenges of treasury management in the public sector*. J. Business and Finance (JOBFAF), Faculty of Business Administration, Imo State University Owerri. 2(1).
- Khan, M. A., Auditor, C. R., Prepared, P., Hoc, A., & Meeting, G. (2006). Role of audit in fighting corruption. Available from <http://www.unpan.un.org/./UNPAN025122.pdf>.
- Lawrence, E. O. (2016). Economic and financial crimes commission (EFCC) and the challenges of managing corruption in Nigeria: A critical analysis. *International Journal of Scientific and Research Publications*, 6(4), 1-11.
- Leonardo, F., & Luísa, K. M. (2019). Auditor independence: An independent auditor never makes “mistrakes”. *Journal of Public Administration and Governance*, 9(4), 309-326. doi:10.5296/jpag.v9i4.16169URL: <https://doi.org/10.5296/jpag.v9i4.16169>.
- Melaye, D. (2013). Jonathan administration most corrupt in history. *Leadership*. Retrieved from

- https://www.facebook.com/Leadership_NGA/posts/620659491301411.
- Mizrahi, S., & Ness-Weisman, I. (2007). Evaluating the effectiveness of auditing in local municipalities using analytic hierarchy process: A general model and the Israeli example. *International Journal of Auditing*, 11, 187 – 210.
- Modugu, K., Ohonba, N., & Izedonmi, F. (2012). Challenges of auditors and audit reporting in a corrupt environment. *Research Journal of Finance and Accounting*, 3(5), 1-6.
- Nwannebuikwe, U. S., & Nwadiakor, E. O. (2016). Evaluation of effectiveness of internal audit in the Nigerian public sector. *European Journal of Business Economics and Accountancy*, 4(3), 1-15.
- Odia, O. J., & Odia, A. A. (2016). E-government and corruption in Nigeria: The case of treasury single account (TSA). *Afro Asian Journal of Social Sciences*.7 (4) 1-25.
- Ofordile, U. D. (2013). Public sector accounting - The Nigerian experience. *International Journal of Finance and Accounting*, 2(8), 446-451 DOI: 10.5923/j.ijfa.20130208.07.
- Ogundiya, I. (2009). Political Corruption in Nigeria. *Journal of Anthropologist in Africa*, 11(4), 12.
- Okpala, K. E. (2012). Fiscal accountability dilemma in Nigeria public sector: A warning model for economic retrogression. *Research Journal of Finance and Accounting*, 3 (6), 1-20. Available from www.iiste.org.
- Okunola, R. A., Lawal, M. O., & Kehinde, A. O. (2014). Pattern and behavioural approach to fraudulent practices in the informal economic setting. *Developing Country Studies*, 4(23), 31-37.
- Onatuyeh, E. A., & Aniefor, S. J. (2013). Impact of effective internal audit functions on public sector management and accountability in Edo State, Nigeria. *International Journal of Economic Development Research and Investment*, 4(3), 1-13. Available from <https://www.icidr.org/...dec2013/impact%20of%20Effective%20Internal%20%20..>
- Osagioduwa, L. O. (2014). *Auditors and corruption in the public sector*. Unpublished B.Sc project, University of Benin.
- Osagioduwa, L. O., Ojiakor, I., Esenobor. E. T., & Odiachi. L. (2022). Fraud scheme and fraudulent accountant prosecution. *International Journal of Academic Research in Business and Social Science*.12(1), 1143-1169
- Osagioduwa, L. O., Ojiakor, I., Esenobor. E. T., & Odiachi. L. (2022). Fraud scheme and fraudulent accountant prosecution. *International Journal of Academic Research in Business and Social Science*.12(1), 1143-1169
- Otalor, J. I., & Eiya, O. (2013). Combating corruption in Nigeria: The role of the public sector auditor. *Research Journal of Finance and Accounting*, 4(4), 1-11. Available from [pakacademicsearch.com/.../122-131%20Vol%204,%20No%204%20\(2013\).Pdf](http://pakacademicsearch.com/.../122-131%20Vol%204,%20No%204%20(2013).Pdf).

- Oyinlola, A. O. (2010). The role of auditors in fraud detection, prevention and Reporting in Nigeria. *Library Philosophy and Practice (e-journal)*. 517. Available from <http://digitalcommons.unl.edu/libphilprac/517>.
- Rotimi, E. M., Obasaju, B., Lawal, A., & Iseolorunkanmi, J. (2013). Analysis of corruption and economic growth in Nigeria. *Afro Asian Journal of Social Sciences*, 4(4), 1-19.
- Rotimi, E. M., Obasaju, B., Lawal, A., & Iseolorunkanmi, J. (2013). Analysis of corruption and economic growth in Nigeria. *Afro Asian Journal of Social Sciences*, 4(4), 1-19.
- Sandholtz, W., & Koetzle, W. (2000). Accounting for corruption: Economic structure, democracy, and trade. *International Studies Quarterly*, 44(1), 31-50. Available from <https://www.jstor.org/stable/3013968>
- Sorunke, O. A., Omojola, O. S., & Adeleke, E. O. (2016). The imperative of risk management plan in curbing corruption in public procurement system in Nigeria. *International Journal of Academic Research in Accounting, Finance, and Management Sciences*, 6(2), 134-139.
- Sundgren, B. (2009). *Corruption and the role of financial and performance audit. AFROSAI-E activities within PA*. (AFROSAI-E Performance Audit Manager). Available from www.afrosai-e.org.
- Ugwuoke, R. O. (2005). *Public sector accounting*. Enugu: Kinsman Publishers Ltd.
- Uwak, U. E., & Udofia, A. N. (2016). Corruption in Nigeria's public sector organisations and its implications for national development. *Mediterranean Journal of Social Sciences*, 7(3,) 1-9. Doi:10.5901/mjss.2016.v7n3s1p27.
- Wallis, J. J. (2004). The Concept of Systematic Corruption in American Political and Economic History. NBER Working Papers 10952, National Bureau of Economic Research, Inc.
- Yimin, M. (2016). What is systemic corruption and can it be analyzed by system dynamics modeling? <https://www.researchgate.net>. Zhejiang Gongshang University.
- Zinyama, T. (2013). Efficiency and effectiveness in public sector auditing: An evaluation of the comptroller and auditor general's performance in Zimbabwe from 1999 to 2012. *International Journal of Humanities and Social Science*, 3(7), 1-16. Available from www.ijhssnet.com/journals/Vol_3_No_7_April_2013/29.pdf.
- Zubairu, U. M., Sakariyau, O. B., & Dauda, C. K. (2011). Achieving accountability in the Nigerian public sector: A new mindset solution. *International journal of business management, economics and information technology*, 3(2), 323-329.