Effect of Internal Audit Practices On Aggregate Fiscal Discipline of Government Organisations in Nigeria

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***Abstract*: The study examined the effect of internal audit practices on aggregate fiscal discipline of government organizations in Nigeria. The study achieved these specific objectives and more: determination of the effect of risk assessment on aggregate fiscal discipline of public expenditure management. The population of the study consist of 350 staff in the five surveyed government organizations in Nigeria. The study through the use of Monkey Survey, sampled 310 respondents from Central Bank of Nigeria (CBN), Nigerian Ports Authority (NPA), Nigerian Maritime Administration and Safety Agency (NIMASA), Niger Delta Development Commission (NDDC) and Nigerian National Petroleum Corporation (NNPC) and validly used 310 respondents representing 89% response rate for data analysis. Risk assessment, Asset safeguard and Auditor's independence were used as the dimensions of internal audit practices in this study. The study used Aggregate fiscal discipline as both dependent and measurable variable. The study used a questionnaire to elicit information from the respondents. The study applied descriptive and inferential statistical tools to analyze the data and test the hypotheses with the help of SPSS 22.0. The study found that risk assessment has significant effect on aggregate fiscal discipline; asset safeguard has significant effect on aggregate fiscal discipline and auditors' independence has no significant effect on aggregate fiscal discipline. The study concludes that the use of internal audit instills aggregate fiscal discipline in government organizations' staff. As government organizations apply asset safeguard it translates to positive and insignificant effect on aggregate fiscal discipline of government organizations. The study therefore recommends that government organizations' staff should update their knowledge with respect to internal audit practices. Government organizations should encourage auditor independence in order to boost aggregate fiscal discipline in public sector organizations.**

***Keywords*: Internal Audit Practices, Risk Assessment, Asset Safeguard, Auditors' Independence, Aggregate Fiscal Discipline, Government organizations**

I. INTRODUCTION

Organizations' internal auditors play the role of undertaking an independent examinations and giving assurance on various operations of institutions aimed at enhancing organizational performance every day (Institute of Internal Auditors (IIA, 2010). This enables an organization to meet its operational objectives through well thought-out and dedicated approaches to evaluate and improve on how best to manage risk, institute effective controls and enhance governance. The broad view of internal audit places it more centrally as an important element of public expenditure management that also encompasses management controls and information communication processes (Adedokun, 2014).

Public sector, therefore, sets the economic agenda for the nation. This implies that a robust system of internal checks needs to be put in place to provide assurances that government funds are used for the purposes they were meant (Adedokun, 2014). One major way of achieving this is the institution of internal audit. In the absence of effective internal audit, individuals with questionable character may exploit inherent loop holes to their advantage.

Internal auditing principles offer quality reporting without due interference from top management in all processes and transactions undertaken and provide responses as to whether the agent has used the resources as intended and expected by the set rules (Adeniji, 2011). Independence is promoted through established reporting structure by the organization and should be clear to all parties focusing on achieving an appropriate mind-set.

The basic functions of internal auditors are directed towards evaluating whether operations were carried out in accordance with the set rules and regulations, set governance structures as well as systems that manage information in a bid to promote preciseness in undertaking transactions (Adedokun, 2014). In addition, internal auditors evaluate issues of integrity in a firm, measure systems and information flow to attain accountability and transparency in financial reporting (IIA, 2006). The other function of internal auditors is to offer direction on the best measures to avert occurrence of chances or deficits that may arise, as well as providing certainty to institutions audit committee's and top management in ensuring objectives are well set (Ademola, Adedoyin & Alade, 2015).

Vani (2010) argues that modern internal audit really evolved after the landmark1987 report of the Committee of Sponsoring Organizations (COSO) on fraudulent financial reporting. He further states that the implementation of the 2002 Sarbanes–Oxley act has further increased the breadth and depth of the professional work carried out by the Internal Audit (1A) community. Adedokun (2014) opines that the main objective of the modern Internal Audit function is to assist management in making decisions "by bringing a systematic, disciplined approach to evaluate and improve the effect of risk management, control, and governance process". This study is necessitated by the fact that over the years, the public sector organizations have been receiving large sums of money from governments for economic and social development; yet the result on ground has been extremely disappointing. Public expenditure has failed to translate into politically desired and expected goals. Hence, the need to examine the impact of internal audit practices on public expenditure management of government organizations in Nigeria.

The study achieved the following specific objectives:

1) To determine the effect of risk assessment on aggregate fiscal discipline of public expenditure management.
2) To investigate the effect of asset safeguard on aggregate fiscal discipline of public expenditure management.
3) To determine the effect of auditor's independence on aggregate fiscal discipline of public expenditure management.

For the purposes of proper evaluation, the effect of internal audit practices on aggregate fiscal discipline of government organisations in Nigeria, the following research questions were asked:

1) To what extent does risk assessment affect aggregate fiscal discipline of public expenditure management of government organizations in Nigeria?
2) What is the effect of asset safeguard on aggregate fiscal discipline of public expenditure management?
3) To what extent does auditor's independence affect aggregate fiscal discipline of public expenditure management?

This research investigated the effect of internal audit practices on aggregate fiscal discipline of government organisations in Nigeria.

Accordingly, the following hypotheses relating to the purpose and problems of the study have been formulated and tested:

$Ho_{1:}$ Risk assessment has no significant effect on aggregate fiscal discipline

Ho_2: Asset safeguard has no significant effect on aggregate fiscal discipline

Ho_3: Auditors' independence has no significant effect aggregate fiscal discipline.

II. REVIEW OF RELEVANT LITERATURE

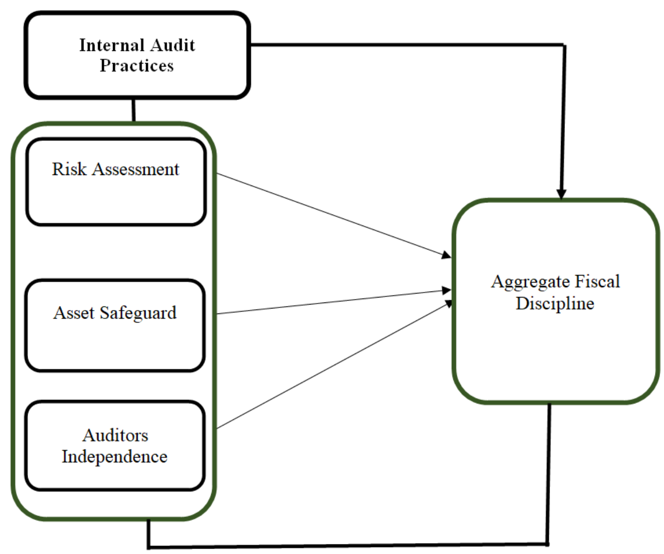
Conceptual Framework

This study evaluated the effect of internal audit practices on public expenditure management of government organizations in Nigeria. In carrying out the study, three dimensions of internal audit practices (independent variables or predictor variables) namely; risk assessment, asset safeguard and auditor independence were examined. These dimensions have been adopted in line with the works of Adeniji (2011), Babatunde (2013), Gorzen-Mitka (2015), Arnold and Artz (2015) and Su *et al.* (2015).

Also, aggregate fiscal discipline has been appraised. The study adopted part of the classifications of public expenditure management espoused by Abba and Kakanda (2017); Bedford and Malmi (2015) and Shields (2015) as well as the Bretton wood institutions' work on the measurement of public expenditure management variables (World Bank, 2003).

The imperative of the usage of these elements to measure public expenditure management has become obvious as could be seen from the conceptual framework of Internal Audit Practices and Public Expenditure Management of Government Organizations in Nigeria (Figure 1).

Figure 1: Conceptual Framework of Internal Audit Practices and Aggregate Fiscal Discipline of Government Organisations in Nigeria.



Source: Sanusi, F. A., & Mustapha, M. B. (2015). The effectiveness of budgetary control system and financial accountability at local government level in Nigeria impact. *International Journal of Research in Business Management (IMPACT: IJRBM), 3* (8).

Internal Audit Practices

The quality and effectiveness of internal audit procedures in practice are necessary since internal auditors cover a wide variety of assignments, not all of which will relate to accounting areas in which the external auditor is interested. Downer (2000) notes that The effectiveness of internal audit function partly depends on; legal and regulatory framework, placement of the function and its independence existence of audit committees, resources allocated to the function and professionalism of internal audit staff". Effectiveness of internal audit procedures is a measure of the ability of the programme to produce a desired effect or a result that can be qualitatively measured (Henttu-Aho & Järvinen, 2013).

Rotich (2015), argues that there should be effective internal audit procedures to ensure reliability of financial statements, operational reports, safeguarding corporate assets and effective organizational controls. Ogundiya (2010) maintains that higher education not only enables a state to maintain a competitive advantage but it also stimulates scientific research that results in modernization and social transformation. On this basis, Ogundiya (2010), further proposes that governments should financially support their institutions of higher education. The Universities are increasingly being pushed towards greater accountability and a display of greater sensitivity to the needs of its stakeholders. At the same time, as the institutions are taking on greater responsibility due to the fast rate of expansion, the level of its financial support from the government is reducing in real terms (Abbott *et al.*, 2013). It is therefore imperative that it makes very bold steps towards enhancing its governance structure, including increasing the capacity and effectiveness of the Internal Audit Function.

The audit function has become an integral part of government financial management and an instrument for improving performance in the public sector. Internal audit undertakes reviews of individual systems and processes and consequently makes recommendations to heads of public sector entities on how internal controls could be improved. The internal audit function is in a good position to help senior management of public institutions to identify risks, suggest risk management strategies and, ultimately, provide assurance that the risks are being appropriately managed (Ngugi, 2011).

Internal auditors are an important part of the internal control environment of entities, representing the highest level of control that measure and evaluate the effectiveness of other controls. Additionally, to the financial controls, the internal auditor's scope includes the evaluation and testing of control effectiveness, and other assurance and consulting services to the management (Alaswad & Stanišić, 2016).

Risk Assessment

Broadly speaking, a risk assessment is the combined effort of: Identifying and analyzing potential events that may negatively impact individuals, assets, and/or the environment; and making judgments on the tolerability of the risk on the basis of a risk analysis while considering influencing factors (Shields, 2015). Vijayakumar and Nagaraja (2012) see risk assessment as a term used to describe the overall process or method where you: Identify hazards and risk factors that have the potential to cause harm (hazard identification). Analyze and evaluate the risk associated with that hazard (risk analysis, and risk evaluation).

The internal audit function is uniquely embedded within the organization to render universal pledge to board and management on the efficacy of internal governance and uncertainty. It ensures an advocacy role in respect to improved ways of assisting management in implementing recommended processes. This framework helps internal auditing to be a key cornerstone of an organization's corporate governance.

Risk assessment is the determination of actions/inactions that may affect an organization's operations. It refers to the processes and approaches used by managers of an entity to determine the chances of happenings of possible risks in whichever industry they operate in and then the devising of ways to minimize or mitigate those risks (Mihret & Yismaw, 2007). Risks have got a serious bearing on public expenditure management, if not contained; it will affect the intended outcome (Monday & Aladeraji, 2015). Risk assessment has two components; first, risk identification that require a firm to conduct systematic internal evaluation, industry analysis using Michael Porter's approach. Internal risks such as strategic risk, operational risk, governance and financial risks; these are easy to mitigate since the management has a hand in their control as opposed to external risks which are beyond the control of the management. The external risks which are beyond management control include events like political risk, economic risk, legislative risk, compliance and technological risk.

Risk evaluation refers to process of analyzing the likelihood of the occurrence of the threat by categorizing them into high, medium and low chance of happening. Once risks are identified and evaluated, the management can transfer the risk by means of insurance, subcontracting or outsourcing, reduce the risk through raising staff awareness, putting security measures in place, diversification, strengthening of internal controls, good staff recruitment and training; conducting research and development and developing quality control measures over production of goods and services, accept the risk by doing nothing, hope for the best, and lastly to avoid the risk by not allowing the organization to engage in high-risk ventures (Modar & Shatha, 2015).

To get value, the internal audit function should be independent and unbiased, as a public sector internal audit function can give value through oversight, insight, and foresight.

Oversight – to evaluate whether public sector agencies are pragmatic towards detecting and deterring public corruption.

Insight – inform decision makers with unbiased evaluation of public sector programs, policies, operations, and results.

Foresight – recognize trends and new challenges in the public sector, with specifics to the agency or sector in which the internal audit function resides. To understand the policies of business and related risks is fundamental to the ability of internal audit in the addition of value to public sector agency (Bedford, 2015).

Asset Safeguard

Safeguarding of assets is defined as those policies and procedures that provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposal of the company's assets that could have a material consequence on the financial statements (Chenhall & Moers, 2015).

Belay (2007) and DeSmet and Mention (2011) are of the opinion that attributes of effective internal control include "organizational independence, a formal mandate (existence of approved audit charter, unrestricted access, sufficient staff, existence of audit committee, stakeholder support, professional audit standards and unlimited scope. In a related development, Mu'azu and Siti (2013) believe that effective internal audit service should aspire to understand the whole organization, its needs and objectives, understand its position with respect to the organization's other resources of assurance and plan its work accordingly; be seen as catalyst for change at the heart of the organization; and value and assist the organization in achieving its objectives; help to shape the ethics and standards of the organization, ensure the right resources are available and seek opportunities for joint working with other organizations'. A cursory look at the above reveals the holistic nature of the expectations of effective internal audit system from a professional standpoint. It is more or less like setting the universal standard against which effectiveness of internal control would be assessed.

Adeniji, (2011) argued that amongst the not so fascinating but significant attributes of an organization's actions are internal controls, which encompasses safeguarding corporate assets. Accountants are required to carry out sound assessments to safeguard assets and rationally make sure that management's goals are realized in the direction of effective operations, dependable financial reporting and legal and regulatory compliance.

Alzeban (2015) advanced that assets management involves continuous re-appraisal of business models in the light of emerging challenges. Therefore, in recognition of corporate stakeholders' expectation, there should be deliberate efforts to be vigilant about investment risks as the cycle revolves. Control a measure relating to safeguarding of assets in opposition to unlawful acquisition use or disposal is a process, perfected by an entity's board of directors, management and other personnel, designed to give sensible assertion regarding prevention or appropriate discovery of illegal acquisition, use, or dispossession of the business entity of its assets. The situation, if not checked can reflect negatively on the financial statement. In order to adjudge internal control as effective, the boards of directors and management have rational confidence that unlawful acquisition, use or utilization of the entity's assets that could have a material effect on the financial statement is being prevented or detected on a well-timed basis. For instance, a company has safeguarding controls over inventory and also carries out occasional physical inventory counts, apt in relative to its quarterly and yearly financial reporting dates. Although the physical inventory count does not safeguard the inventory from theft or loss, it prevents a material misstatement to the financial statements if performed successfully and aptly. Assets safeguards starts with the execution of suitable internal and external controls, and the service of good financial tragedy recuperation plan (Ali *et al.* 2007).

Erlina and Muda (2018) stated that, developing policy as to who has access and control over reliable aspects of company assets is the first step in appreciating at what point a risk of loss may occur. In recent time, business needs to execute controls above traditional physical safeguarding in order to improve business performance. There is dearth of scholarly contributions on the subject area or variable under examination, assets safeguard. The contributions in existence focused on developed economies. From the foregoing. The implications generated from this endeavour will aid the entrenchment of accountability and viable culture of safeguarding assets will be institutionalized. The existing research reports on the variables under study from previous studies drew attention far from the Nigerian situation, especially against the obvious consequences of in-balance in trade deficits due to ailing production culture and dwindling fortunes occasioned by slow pace or weak implementation of policies put in place to fast track the re-engineering and reinvigoration of the public sector of the economy (Ewa & Udoayang, 2012).

The explanation advanced by Güneş and Atılgan (2016), that Off-Line-Control consists of on-going measures and procedures designed to provide reasonable assurance, that all significant actions of a business organization, are taken in accordance with organization's policies and with due regard for efficiency and the protection or safeguard of corporate assets. The on-line control function is more of an appraisal activity designed to evaluate the capabilities of an organization, to promote more efficient and effective controls through constructive recommendations of the unit responsible for the maintenance of the assets register. In order to safeguard corporate assets, organizations' records and documentation of transactions should be crosschecked by qualified and designated personnel for the maintenance of checks and balances in the system, the job of employees should be checked against one another (Awdat, 2015).

Güneş and Atılgan (2016) had a different view, on the issue of assets safeguard, that irrespective of the undue pressure on the internal audit staff, the internal auditor remains accountable to management and by extension the shareholders or owners of the business organization.

Auditor Independence

Auditor independence has been defined as the ability to resist client pressure (Alau & Abdulkadir, 2009). Similarly, Ahmad *et al.* (2009) define 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 the reliability 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 (Ama, 2009); Amans *et al.* 2015). 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 Arthur Andersen, one of the major international accounting firms (Amudo & Inanga, 2009). 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 (ANAO, 2014). 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 (Anderson *et al. et al.* 2014).

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 (Kershaw, 2006; Moore et al, 2006). To be credible, an auditor's opinion must be based on an 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 (Erlina & Muda, 2018).

According to Bourmistrov and Kaarbøe (2013) Ernst & Young became the latest auditors to come under fire after "the court appointed examiner in the Lehman Brothers Holdings Inc bankruptcy said the audit firm did not challenge accounting gimmicks that allowed Lehman to hide some $50 billion in assets in 2008, while claiming it had reduced its overall leverage levels. Also, Richard P. Scalzo, of PWC, was Tyco International's lead auditor for many years and has been barred from working on any part of a public company's finances as he had been overlooking material facts in his audit of Tyco. Investigators were left wondering how Tyco's auditor for eight years, could have "missed the hundreds of millions of dollars in unreported, misappropriated and misrepresented compensation doled out among Tyco higher-ups during the tenure of ex-Chairman L. Dennis Kozlowski" (Esu & Iyang, 2009). These revelations brought the accounting profession under the scrutiny of many regulators including the APB and Irish Auditing and Accounting Supervisory Authority (IAASA). The scrutiny increased after apparent audit failures were reported at WorldCom, Xerox, Global Crossing and more recently Lehman Brothers Holdings Inc. Lawmakers believe that the accounting profession has failed to regulate itself in a manner that promotes confidence in the published financial statements of public corporations (Brinckmann & Kim, 2015).

To improve audit quality and ensure auditor independence and objectivity, there are now more regulators, such as the FRC who set up the APB in an attempt to rectify the threats that face auditors today. The APB have been continuously updating their auditing ethical standards, since they were first introduced as guidelines for auditors in December 2004, in an attempt to overcome the auditor independence issues that are worldwide. The updated auditing ethical standards functions are to: – Limit the likelihood that auditors will succumb to independence pressure (Collins & Khan, 2004). – Establish high standards of auditing – Meet the developing needs of users of financial information and – Ensure public confidence in the auditing process (Vani, 2010). The following section provides a brief synopsis of the ethical standards that are in place today.

The concept of autonomy refers to the dimension of conflicts of interest that require the Internal Auditor to be independent on the activities of his review, and to be away from the influence of the party that performs the audit of its operations, and that means a sense of practitioners that they are able to make decisions without pressure or docility to those who are making an impact on them The objective concept relates to the quality of the estimates and decisions and judgments and quality out of the state of mind experienced by the internal auditor, in the sense that the objective is a product of independence, and that the absence of independency element for internal auditor loses the ability to add any value to the institution, that mean the audit operation lose the add value, it is that the concept of independency is absolute value and difficult to apply, the internal auditor is closely linked to the organization is contractually as an employee within the organization (Arena & Azzone, 2009).

Aggregate Fiscal Discipline through Budget

Instilling aggregate fiscal discipline is not as simple as it sounds. There is a fundamental problem that makes it difficult to achieve. That problem is what economists refer to as the "tragedy of the commons" or the common pool problem. Imagine a small fishing village with 10 families. Every day, the head of each family goes out to catch fish in the river. As far as he is concerned, the fish is free. The only cost to him are the depreciation on his boat and fishing equipment, fuel, food for the day, and perhaps some bait for the fish. Now, people have a natural tendency to get as much as they can of anything that is of value that is given for free. Hence, a fisherman will have a tendency to catch as much fish as possible until he tires out. All ten of the fishermen will thus tend to "over-fish (De Baerdemaeker & Bruggeman, 2015).

For as long as there are only 10 families, this should not pose much of a problem. But suppose now that over time the number of families increases to 100. Suppose further that they each "modernize" by adopting dynamite fishing "technology." Then quite clearly in due time the fish will disappear since the rate of fishing will far surpass the natural rate of reproduction. The village eventually becomes impoverished. The annual budget is somewhat like the common pool of fish in the river. Each claimant to the budget considers the budget as a "free" resource since his or her demand is such a small proportion of the total budget and therefore will not impose much of a loss to the total. But, of course, if every claimant behaved this way, the aggregate of their demands will far exceed what is available. Hence, absent any constraint, meeting the demands of desperate claimants to the budget is likely to result in large, unsustainable deficits that translate into an unstable macroeconomic environment — high inflation, high interest rates, burgeoning current account deficits – all of which will necessarily retard economic growth and efforts to reduce poverty (Erlina & Muda, 2018).

A budget is a quantitative or financial document prepared and approved for a defined period (day, month, year), for the aim of attaining a set goal of fiscal discipline (ICAN study pack, 2006). This implies that a budget is a strategic component for planning and sustenance of fiscal discipline. They help to exercise control, evaluate performance, communicate, and encourage coordination (Gachithi, 2010; Flamholtz, 2012). According to Bahrawe *et al.* (2016) budgeting helps public sector officials to set attention on operating problems quite on time for purposes of planning of fiscal discipline orientation. Herrala and Haapasalo (2012)., submit that the factors to consider in public sector budgeting for fiscal discipline are: (a)budgeting process and (b)system of budgeting.

The former deals with the mechanics, i.e. how the budget is prepared. This includes the practices, documentations, and norms that govern the preparation, approval, implementation, and also subsequent review of the budget if the need arises. The latter is the reaction of stakeholders to a budgetary system. This element requires careful input due to human activity, thus shows a strong behavioural pattern. In fact, according to Bahrawe, Haron and Hasan (2016), the success or failure of budgeting depends on how well management considers its behavioural implication. The major benefits of budgeting are: It provides defined expectations which show the best framework as a guide for appraising future performance, it formalizes managerial responsiveness for planning and compelling the early projection ahead, aids managers toward synchronizing the objectives of the organization with the objectives of its various units.

Empirical Review

Some empirical studies have been done on this subject matter in some countries of the world. It is evident from the literature that Nigeria's PEM system under Obasanjo's administration was founded on the same philosophy and principles that guided that of his predecessors (Bartle & Ma, 2004; Alberta, 2005; Asaolu, *et al.* 2005; Adedokun, 2014; Kiema, 2015).

De Baerdemaeker and Bruggeman (2015), assessed the impact of participation on strategic planning on managers' creation of budgetary slack: The mediating role of autonomous motivation and affective organizational commitment. This study used a self-scale to detect fraud, primarily related to the misappropriation of assets. The researchers conducted a survey of the process of fraud in 2014 for clients (KPMG), and it became clear from the study that the organizations that have the internal audit function better able to detect manipulation and fraud and fraud within their organizations for those that do not have that function, in addition to organizations that rely on the external auditor only less ability to detect fraud within their organizations. The study concluded that the internal audit is the added value through better control and the need for the internal auditors of all internal audit functions of the municipalities in the Gaza Strip, and to increase the commitment of internal auditors generally accepted internal auditing standards.

In another study, Osei-Akoto et al. (2007) compared public expenditure trends in urban as against rural districts in Ghana. They sampled 167 respondents and used correlational tools and found that the more rural the district, the higher the levels of average capital expenditures due to size of bureaucracies, number of employees, and size of government at that level relative to the level of spending for infrastructural projects.

Mihret and Yismaw (2007) did a study entitled Internal Audit Effectiveness: An Ethiopian Public Sector Case Study. The study used structured questionnaire, interview and observations as instruments of data collection The study also utilized regression of ordinary least square estimation and found that 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 Ahmad, Othman and Jusoff (2009) investigated the ineffectiveness of internal audit in Malaysian public sector. They sampled 285 employees in the public service through questionnaire. The study used simple percentages as the tool for data analysis and they found that lack of audit staff was a major impediment to effective internal auditing.

Furthermore, Cohen and Sayag (2010) studied 'effectiveness of internal auditing: An Empirical Examination of its Determinants in Israeli organization'. With the use of questionnaire and mail survey of 292 organizations and ANOVA, 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, Davila, Foster and Jia (2014) investigated the valuation of management control systems in start-up companies: International field-based evidence 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.

Similarly, De Baerdemaeker and Bruggeman (2015), in their study, the impact of participation in strategic planning on managers' creation of budgetary slack: The mediating role of autonomous motivation and affective organizational commitment, in in Ghana: Empirical evidence from local government, 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, they 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.

Likewise, Basiru and Nur Ashikin (2015) in a study focused on listed banks in Malaysia observed a significantly positive correlation between financial performance and internal auditors' independence. Making use of an observational study research design and a sample of 37 they further contend this arose from the ability of the internal auditors to effectively monitor management and in the process reduce chances of self-gain activities indicated by the profitability of these institutions.

Also, Güneş and Atılgan (2016) in a comparative study on effectiveness of audit committees in terms of independence of internal auditors found evidence that audit committees were more effective in listed banks in the U.K and upheld more internal auditors' independence than in listed Turkish banks. By employing a cross-sectional design and a sample of 20 listed banks they however noted that in listed Turkish banks, internal auditors' independence had an insignificant negative relationship with both the return on assets and return on equity and was therefore not related to their financial performance.

Additionally, Alaswad and Stanišić (2016) in a study using Return on Assets (ROA) as a performance indicator, found a significant correlation between internal auditors' independence and the financial performance of listed financial organizations. Using an observational study research design and a sample of 78 observations he demonstrated that listed financial organizations that had adopted internal auditors' independence had their shares performing better than those that had low organizational independence in the Libyan Stock Market. This they argued was because internal auditors' independence did lead to lower economic interest on the part of the internal auditors and reduced familiarity resulting to effectiveness that contributed to improved financial reporting thereby inspiring investor confidence leading to profitability (Alaswad & Stanišić, 2016).

Simnett et al. (2016), studied assurance and other credibility enhancing mechanisms for integrated reporting. They found evidence that the independence of internal auditors' working for listed deposit taking banks in Singapore was key in providing a systematic, regimented approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Adopting a correlation research design and sample size of 14 they further noted that this was important for attracting investors as it affected the return on assets (ROA) and had a significant positive relationship with the share value reflected in the financial performance of these listed banks.

World Bank (2017) examined the difficulties in the practices of cash planning, lack of reliability and short horizon of ceilings for expenditure commitment, lack of liquidity, several outstanding bills, and lack of regular information on cash balances. World Bank (2017) emphasizes categorically that these situations ultimately impact upon the quality of the service delivery. The World Bank (2017) further found that, there remain substantial weaknesses in expenditure control, and that while the rules and procedures are generally clearly described in the regulatory framework and internal guidelines, they are often not adhered to.

Ge et al. (2017) did a study on the benefits and costs of Sarbanes-Oxley Section 404 (b) exemption: Evidence from small firms' internal control disclosures. The main objective of the study was to determine the relationship between internal audit process and budget variance in NGOs in Nigeria. The primary data was collected using questionnaire and data analyses were done using descriptive methods. The population of this study comprised of 6,075 NGOs in Nigeria over the last five years 2007-2011. Convenient sampling was used to select 20 NGOs for this study. The researcher used a questionnaire to collect primary data and the data was analyzed by descriptive data analysis using SPSS version 17. The research found that a unit change in budget preparation will lead to a 0.722% change in budget variance; a unit change in budgetary control will lead to a 0.661% change in budget variance; a unit change in internal auditing will lead to a 0.682% change in budget variance. The study concluded that budget preparation, budgetary control and internal auditing significantly influence budget variance. The study recommends that NGOs should maintain a good internal audit process as the process contributes a lot to their budget variance.

Asiedu and Deffor (2017), explored fighting corruption by means of effective internal audit function: Evidence from the Ghanaian public sector. The study applied correlation statistical tools to test the hypotheses in the study and found that there is strong correlation between fighting corruption and effective internal audit function in the Ghanaian public sector. Bahrawe et al. (2016), examined the effect of corporate governance on auditor independence in Saudi Arabia. The study employed in-depth interview via face-to-face and telephone modes. Using descriptive statistics, the findings showed that the internal audit function in Saudi Arabia and Local Governmental Bodies had less satisfactory contribution to the effectiveness of public expenditure management due to lack of audit personnel and lack of requisite skills and competency by the audit personnel.

Erlina and Muda (2018) examined the determinants of the implementation of risk-based internal auditing in Sweden banks. The study used questionnaire to sample 418 staff in Sweden banks. They used an observational study research design and correlation statistical tool for hypotheses testing. They found strong evidence that internal auditors' independence was positively correlated with the share performance of listed banks in the country. They also established that non-interference of internal auditors' work by senior management strongly improve the image of listed banks. They further found that improved image also exhibited a positive relationship with investor confidence leading to improved share value and profitability.

Akotia and Sackey (2018) did a study towards the delivery of sustainable regeneration projects' types in the UK: an exploration of the role and level of involvement of key practitioners. They used ANOVA and found that auditing and accountability reveal the virtue of integrity in government organisations as records properly scrutinized.

Theoretical Framework

There are many theories such as Agency, Attribution, Reliability and Control theories that link the study of internal audit and public-sector expenditure. This study reviewed control theory and adapted it to anchor internal audit and aggregate fiscal discipline in government organisations. Control theory has been described as "an inter-disciplinary branch of engineering and mathematics that deals with the behavior of dynamical systems within puts. The external input of a system is called the reference. When one or more output variables of a system need to follow a certain reference over time, a controller manipulates the inputs to a system to obtain the desired effect on the output of the system. The objective of a control theory is to calculate solutions for the proper corrective action from the controller that result in system stability, that is, the system will hold the set point and not oscillate around it. Sanger's (2013) investigation reveals that systems have inputs and outputs to bring a product after processing and so inputs and outputs of a control system are generally related by differential equations.

Theory of Accounting

According to Kaplan and Norton (1996), **accounting theories** are developed from empirical observations of situations yearning to be address through a framework as reference for the practice. **Accounting theories** or methods are by all concern in business environment where there are lots of financial or **accounting** transactions.

Although elements of accounting can be found much earlier, in 1494, Luca Pacioli created a system of accounting much like the one we know and use today. This Italian mathematician, who is said to have taught math to Leonardo DaVinci, started what's called the double-entry accounting system. He also introduced the use of ledgers, journals and bookkeeping, key elements of modern accounting. Pacioli is known as the first person to have used a balance sheet and income statement. Two chapters he wrote about bookkeeping, known as "De Computis et Scripturis" ("Of Reckonings and Writings") and now known as 'The Method of Venice," changed the entire way accounting was seen and used (Qi, 2010).

The history and development of accounting theory took a new turn after the Great Depression, which led, in 1934, to the creation of the Securities and Exchange Commission. The SEC was created to help the American public regain trust in the United States capital markets after the stock market crash of 1929. After the SEC was established, all publicly traded companies were required to file reports that were certified by accountants. This increased the necessity for and prestige of accountants (Arnold & Gillenkirch, 2015).

Kaplan and Norton (1996) assert that the accounting theory is aimed towards provision of a coherent set of logical principles that form the general frame of reference for the evaluation and development of sound accounting practices and policy development. Norreklit and Mitchell (2010) exemplifies that the purpose in developing a theory of accounting is to establish Standard for judging the acceptability of accounting methods. Arnold and Gillenkirch (2015) argue that the accounting methods that fail to meet the standard should be rejected. Accounting theory helps in explaining and guiding management actions in identifying and locating information necessary to be used in budget preparation.

The money measurement concept in accounting has contributed to a greater extent in providing yardstick for quantifying, conversion and translating various inputs in relation to materials, and machines required in the preparation of budget (Arnold & Gillenkirch,2015). The accounting theory has an important normative role in the evaluation of budget and control procedures to be adopted. It has assisted in making predictions of the likely outcome of budget action in a given set of circumstance and effect of any change in circumstances. Qi (2010) argues that accounting theory view a firm as a separate entity in which its activities are distinct from its owners. This principle serves as an impetus to the general philosophy of budget itself as a tool for effective management (Qi, 2010).

Budget as a tool for standard setting and performance measurement utilize several accounting concepts to a greater extent. Accounting theory has developed models in which standard can be set. Management accounting theory also provides several yardsticks to be used for control. That is variance analysis. Since budget is an instrument of plan. It provides a framework of given feed back to the management on the implementation of budget. When implementing the accounting theory historical data is instrumental since this data serve as an input for making forecast. The cost accounting theory developed by Wedgwood in early 20th century which stress on cost identification, allocation and revenue maximization has provided a basic insight and blue print in budget and control in organization. The matching concept in accounting also plays a role as reference issue in budget analysis (Arnold & Gillenkirch, 2015).

Theory of Control

Control theory dates from the 19th century, when the theoretical basis for the operation of governors was first described by James Clerk Maxwell.[2] Control theory was further advanced by Edward Routh in 1874, Charles Sturm and in 1895, Adolf Hurwitz, who all contributed to the establishment of control stability criteria; and from 1922 onwards, the development of PID control theory by Minorsky (1922). Although a major application of mathematical control theory is in control systems engineering, which deals with the design of process control systems for industry, other applications range far beyond this

Adequate control is very essential to every organization be it individual or government owned all over the world. This is because if there is no adequate control of resources in the organization, it will be practically impossible to monitor budgets. The theory of control specifies the obligations of government/ industries in providing social and basic amenities to the citizens. It indicates that government owned industries is a basic principle of control on those scarce resources they are meant to manage (Robinson, 2009). Shields and Young (1993) contend that government industries ought to provide both resources and employment to the citizens for meeting the laid down objectives. This implies that the government, board members and staff have joint responsibility to ensure proper accounting practices and timely budgetary implementation and appropriations by building effective management controls and directions. This study is built up in control because, state corporations are expected to live to its responsibility of establishing standards, adequate controlling mechanism and acceptable accounting practices. Government enterprises need not to have unethical persons acting outside controls as ineffective control system in every organization can negatively affect organizational profitability and sustainability as well as companies' resources and performance.

III. METHODOLOGY

The research design applied in this study is the survey research design. The survey method emphasizes quantitative analysis whereby data is collected through questionnaire, interviews, or from existing documents. The population of the study consists of all the key management and middle administrative staff in the five major government owned organizations in Nigeria that are very knowledgeable on the study's area of interest. Therefore, the population of the study consisted of 350 management and middle administrative staff from the five selected government organizations. The choice of the five government owned organizations was based on their nationalistic posture and practices. Considering that the population of the study is not large (only 350 Managers/Officers). There is no need to involve the study in random sampling. Rather the researcher conducted a census study. Using judgmental sampling technique, respondents were drawn from each of the government organizations into a sample size of 350 staff. The sample elements of the study were drawn from the Directors, Operations Managers, Supervisory Officers, Managers/Accountants, Internal Auditors and senior officers. The procedure for sample selection first involved the objective selection of the workers actively participating in controlling and management of the selected organizations.

The primary data was sourced through the use of the questionnaire. A questionnaire was used to elicit data from respondents on whom they were administered to. The method of gathering the data under this method involved e-mailing to the management and employees of the banks selected for the study, administering letters and questionnaire on them online, and requesting for their returning the filled copies of the questionnaire to the designated e-mail address.

In this study, percentages, ratios, frequency distribution, scaling, ranking and other statistical tools were used to analyze and achieve research objectives. Nevertheless, stepwise regression 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. Specifically, ordinary least square estimate was used for the analysis. Also, regression analysis (ordinary least square method - OLS) was used to test the hypotheses formulated in the study in order to determine the effect of the dimensions of the independent variables on the measures of the dependent variables. All these analyses were computed through the use of statistical package for social sciences (SPSS) IBM SPSS Statistics 22 version.

Model Specification

$Y = b_o + b_1x_1 + b_2x_2 + b_3x_3 + e$ -------------(1)

AFD = f (RA, AS, AI)

Where;

AFD = Aggregate fiscal discipline

RA = Risk assessment

AS = Asset safeguard

AI = Auditors' independence

Statistical Model Specification

This study used caggregate fiscal discipline, allocative efficiency and operational efficiency as the dependent (criterion) variables while risk assessment, asset safeguard, auditors' independence and professional competence were used as independent (predictor) variables. The model is therefore specified thus:

$Y_1 = b_o + b_1x_1 + b_2x_2 + b_3x_3 + e$; for hypotheses

Where;

Y = Aggregate fiscal discipline

X_1 =Risk assessment

X_2 = Asset safeguard

X_3 = Auditors' independence

b_o = The parameter which represents the intercept, b_1, b_2, b_3 = the regression parameters were used in determining the significance of the effect of each of the independent variables x_1, x_2, x_3 on the dependent variables Y. e = Random disturbance term. These include the variables which (although not specified) in this model may also affect internal audit practices and public expenditure management (Akujuru & Enyioko, 2018). They include government policies, political instability, corruption, environmental marketing problems etc. The effects of internal audit practices on the dependent variables were measured in interval and ratio scaling. The coefficient of determination (R^2) was used to measure the rate at which the independent variable was explained by dependent variables. The a priori expectations for the coefficients are as follows: $\beta_0>0$; $\beta_1>0$; $\beta_2>0$; $\beta_3>0$

IV. RESULTS AND DISCUSSIONS OF FINDINGS

Risk assessment as a Dimension of Internal audit practices

Table 1 gives the detailed analysis on how risk assessment as a dimension of internal audit practices has been examined to determine its effect on public expenditure management of government organizations and to show its descriptive statistical outcome based on the questions deposed.

Table 1: Risk assessment as a Dimension of Internal audit practices

S/N	Question Items on Risk Assessment	N	$\bar{X}$	SD
1	To what extent does your organization use risk assessment to achieve auditing objectives?	310	2.848	1.225
2	To what extent are staff in your organization very skillful in risk assessment activities?	310	3.271	1.128
3	To what extent does risk assessment offer veritable opportunities for achieving internal audit practices in your organization?	310	2.819	1.647
4	To what extent does your organization introduce any controlling measures through risk assessment?	310	3.074	1.536
5	To what extent do customers talk good about your organization's willingness to use the best risk assessment instruments for auditing activities?	310	3.377	1.098
	Grand mean and standard deviation =		**3.078**	**1.362**

Source: Survey Data, 2021, and IBM SPSS Statistics 22 Window Output

Keys: VLGE = very large extent, LGE = large extent, MDE= moderate extent, LWE = low extent, VLWE: very low extent, S.D: standard deviation.

Table 1 shows that five question items represent a dimension in the 5-point scale. The data revealed that with the mean and standard deviation scores of 2.848±1.225, the respondents disagreed that to a large extent public organization use risk assessment to achieve auditing objectives. Also, with the mean and standard deviation scores of 3.271±1.128, the respondents agreed that to a large extent staff in government organizations are very skillful in risk assessment activities. The data also revealed that the respondents disagreed that to a large extent risk assessment offer veritable opportunities for achieving internal audit practices in government organizations with the mean and standard deviation scores of 2.819±1.647. With the mean and standard deviation scores of 3.074±1.536 the respondents indicated that to a large extent government organizations introduce any controlling measures through risk assessment. Finally, the data in Table 1 revealed that with the mean and standard deviation scores of 3.377±1.098, the respondents agreed that to large extent customers talk good about public organizations' willingness to use the best risk assessment instruments for auditing activities.

Asset Safeguard as a Dimension of Internal Audit Practices

In order to ascertain the extent to which asset safeguard as a dimension or component of internal audit practices affects public expenditure management of government organizations, the study used 5 question items on the 5-point scale as shown in Table 1.

Table 2: Asset Safeguard as a Dimension of Internal audit practices

S/N	Question Items on Asset Safeguard	N	$\bar{X}$	SD
1	To what extent does asset safeguard offer veritable opportunities for internal audit practices in your organization?	310	2.581	1.416
2	To what extent does quality of your staff inputs in auditing engender the asset safeguard of your organization?	310	2.842	1.319
3	To what extent does passing auditing information in the Asset safeguard lead to the achievement of the expected auditing results in your organization?	310	2.258	1.304
4	To what extent does your organization give rooms for staff to suggest new ways or approach to asset safeguarding of your organization?	310	2.745	1.224
5	To what extent does asset safeguard become everybody's business in your organization?	310	2.023	1.125
	Grand mean and standard deviation =		**2.490**	**1.316**

Source: Survey Data, 2021, and IBM SPSS Statistics 22 Window Output

Keys: VLGE = very large extent, LGE = large extent, MDE= moderate extent, LWE = low extent, VLWE: very low extent, S.D: standard deviation.

As shown in Table 2 above, the responses of the respondents have indicated the mean and standard deviation scores of 2.581±1.416, showing that the respondents collectively disagreed that to a large extent government organizations asset safeguard offer veritable opportunities for internal audit practices. Also, with the mean and standard deviation scores of 2.842±1.319 it is quite obvious that the respondents indicated on the aggregate disagreement that to large extent quality of staff inputs in auditing engender the asset safeguard in government organizations. As to the extent to which the passing of auditing information in the asset safeguard lead to the achievement of the expected auditing results in government organizations, the mean and standard deviation scores of 2.258±1.304 indicate aggregate disagreement. The data additionally revealed that the respondents disagreed that to large extent public organization give rooms for staff to suggest new ways or approach to asset safeguarding; this is shown by mean and standard deviation scores of 2.745±1.224. Finally, the mean and standard deviation scores of 2.023±1.125 indicate that the respondents disagreed that asset safeguard become everybody's business in government organizations.

Auditor independence as a Dimension of Internal audit practices

Table 3 shows the descriptive statistical results on the effect of auditor independence as a dimension of internal audit practices on public expenditure management of government organizations. The outcomes from the five question items on the 5-point-scale show a distribution indicating that auditor independence is a veritable platform for internal audit practices and it leads to public expenditure management of government organizations.

Table 3: Auditor independence as a Dimension of Internal Audit Practices

S/N	Question Items on Auditor independence	N	$\bar{X}$	SD
1	To what extent does auditors' independence directly influence the performance of your organization?	310	2.903	1.385
2	To what extent does your organisation's auditors' independence contribute to aggregate fiscal discipline?	310	2.658	1.152
3	To what extent are there are opportunities to develop the staff to allow for the auditors' independence in your organization?	310	3.026	1.811
4	To what extent does your organization provide for auditors' independence that encourage efficient auditing activities?	310	3.158	1.216
5	To what extent does your organization usually allow for the auditors' independence?	310	3.084	1.146
	Grand mean and standard deviation =		**2.9658**	**1.416**

Source: Survey Data, 2021, and IBM SPSS Statistics 22 Window Output

Keys: VLGE = very large extent, LGE = large extent, MDE= moderate extent, LWE = low extent, VLWE: very low extent, S.D: standard deviation.

Table 3 shows that the mean and standard deviation scores of 2.903±1.385 as indicated by the respondents imply that to a low extent auditor independence directly influence the performance in government organizations. Also, the mean and standard deviation scores of 2.658±1.152 imply that the respondents were in disagreement to the fact that public organization auditor independence contribute to aggregate fiscal discipline. The data revealed that the mean and standard deviation scores of 3.026±1.811 as indicated by the respondents show that to a moderate extent there are opportunities to develop the staff to allow for the auditor independence in government organizations. The mean and standard deviation scores of 3.158±1.216 depict moderate agreement by the respondents regarding the extent to which government organizations provide for auditor independence that encourage efficient auditing activities. The respondents were inclined to the moderate extent option as revealed in the mean and standard deviation scores of 3.084±1.146 indicating that to a moderate extent public organizations usually allow for the auditor independence.

Aggregate fiscal discipline as a Measure of Public expenditure management of government organisations

Table 4 shows the descriptive statistical results on aggregate fiscal discipline which is measured with five question items on the 5-point scale. The response distribution as shown by the results is indicative that aggregate fiscal discipline will enhance public expenditure management of government organizations.

Table 4: Aggregate fiscal discipline as a Measure of Public expenditure management of government organizations

S/N	Question Items on Aggregate Fiscal Discipline	N	$\bar{X}$	SD
1	To what extent do internal audit practices lead to aggregate fiscal discipline of your organization?	310	2.606	1.655
2	To what extent are you involved in important auditing activities that improve aggregate fiscal discipline of your organisation?	310	2.719	1.371
3	To what extent does your organization consider the opinion of others before making important decision that affects aggregate fiscal discipline of the organization?	310	2.577	1.302
4	To what extent do senior auditing staff discuss issues concerning aggregate fiscal discipline in your organisation?	310	3.400	1.510
5	To what extent is aggregate fiscal discipline often used as a key performance index (KPI) to review the effectiveness and efficiency in your organization?	310	4.013	1.201
	Grand mean and standard deviation =		**3.063**	**1.522**

Source: Survey Data, 2021, and IBM SPSS Statistics 22 Window Output

Keys: VLGE = very large extent, LGE = large extent, MDE= moderate extent, LWE = low extent, VLWE: very low extent, S.D: standard deviation.

Table 4 shows the mean and standard deviation scores of 2.606±1.655 indicating that the consensus opinion of the respondents revealed a disagreement that to a large extent internal audit practices lead to aggregate fiscal discipline in government organizations. Also, the mean and standard deviation scores of 2.719±1.371 imply the respondents disagreed that to a large extent staff are involved in important auditing activities that improve aggregate fiscal discipline in government organizations. The statistical result of 2.577±1.302 (mean and standard deviation scores) show that the respondents disagreed that to a large extent government organizations consider the opinion of others before making important decision that affects aggregate fiscal discipline of the organization. Table 4.12 also reveals the mean and standard deviation scores of 3.400±1.510 implying that the respondents agreed that to a large extent senior auditing staff discuss issues concerning aggregate fiscal discipline in your organization. Finally, the mean and standard deviation scores of 4.013±1.2011 show that the respondents agreed that to a large extent aggregate fiscal discipline is often used as a key performance index (KPI) to review the effectiveness and efficiency in public sector.

V. TEST OF HYPOTHESES

The study has sought in chapter one to determine the effect of internal audit practices on public expenditure management of government organisations in Nigeria. As a result, five research questions and thirteen hypotheses were raised to that effect. The study analysis tested the outcomes on the examined dimensions and measures of the variables in terms of causal effect. Therefore, this section tested and interpreted the hypotheses formulated in this study.

Test of Hypotheses One, Two and Three

Three hypotheses have earlier been raised to determine the effect of internal audit practices on aggregate fiscal discipline. In line with this objective, the study formulated the following hypotheses:

$Ho_{1:}$ Risk assessment has no significant effect on aggregate fiscal discipline

Ho_2: Asset safeguard has no significant effect on aggregate fiscal discipline

Ho_3: Auditor independence has no significant effect aggregate fiscal discipline.

The data in Table 5 have been used to test hypotheses one, two, three and four in this study.

Table 5: Results of Internal Audit Practices (IAP) and Aggregate Fiscal Discipline (AFD)

Internal audit practices (Independent Variables)	Unstandardized Coefficients		Standardized Coefficients	t – value	Significant/ Probability Value	Decision
	B	Std. Error	Beta			
(Constant)	-0.701	0.149		-4.690	0.000	
Risk assessment (H_1)	0.708	0.077	0.482	9.183	0.000	Significant
Asset safeguard (H_2)	0.394	0.083	0.277	4.735	0.000	Significant
Auditor independence (H_3)	-0.016	0.093	-0.010	-0.177	0.860	Insignificant
Source: Survey Data, 2021, and IBM SPSS Statistics 22 Window Output (Appendix I) a. Dependent Variable: Aggregate fiscal discipline						
b. Predictors: (Constant), Auditor independence, Risk assessment, Asset safeguard						

$Y_1 = b_o + b_1x_1 + b_2x_2 + b_3x_3 + e$ -------------(1)

{for testing H_1, H_2, H_3}

Y_1(Aggregate Fiscal Discipline) $_=$ -0.701+0.708RA +0.083AS - 0.016AI +e

t = (9.183) (4.735) (-0.177)

Table 5 above shows the results of the test of hypothesized statements - H_1, H_2 and H_3. The result of the hypothesis 1 tested, show positive and significant effect of risk assessment on aggregate fiscal discipline with t- value outcome of 9.183 @ p0.000< 0.05, meaning that risk assessment has positive and significant effect on aggregate fiscal discipline, indicating that the alternate hypothesis 1(Hi_1) has been accepted and null hypothesis 1(H_{O1}) rejected hence – “risk assessment has significant effect on aggregate fiscal discipline of government organisations”. The result of hypothesis 2 (H_2) revealed strong positive and significant effect of asset safeguard on aggregate fiscal discipline with t- value outcome of t = 4.735@ p0.001<0.05. By this result the null hypothesis 2(H_{O2}) has been rejected and alternate hypothesis 2(Hi_2) accepted hence – “asset safeguard has a significant effect on aggregate fiscal discipline of government organizations”. With respect to hypothesis 3 (H_3), the result in Table 5 revealed negative and insignificant effect of auditor independence on aggregate fiscal discipline with t-value outcome of -0.177 @ p0.860>0.05. Therefore, the null hypothesis 3 (H_{O3}) has been accepted and alternate hypothesis 3(Hi_3) rejected hence – "Auditor independence has no significant effect on aggregate fiscal discipline of government organizations".

From the inferential statistical analysis so far, it can be stated that:

1. Risk assessment as a dimension of internal audit practices has positive and significant effect on aggregate fiscal discipline which is a measure of public expenditure management of government organizations. This simply means that risk assessment as an instrument of internal audit practices influences aggregate fiscal discipline to elicit good public expenditure management of government organizations.
2. Asset safeguard as a dimension of internal audit practices has strong positive and significant effect on aggregate fiscal discipline. This simply means that asset safeguard as an organ of internal audit practices positively influences aggregate fiscal discipline which is a measure of public expenditure management of government organizations and it contributes to the success of organizational performance.
3. Auditor independence as a dimension of internal audit practices has negative and insignificant effect on aggregate fiscal discipline as a measure of public expenditure management of government organizations. This simply means that auditor independence is negative and insignificant to aggregate fiscal discipline as a measure of public expenditure management of government organizations.

Table 6: Summary of the Results on Test of the Research Hypotheses

Research Hypotheses	t-value	Significant/ Probability Value	Result	Decision
Ho_1: Risk assessment has significant effect on aggregate fiscal discipline	9.183	0.000	Positive and Significant Effect	Reject
Ho_2: Asset safeguard has significant effect on aggregate fiscal discipline	4.735	0.000	Positive and Significant Effect	Reject
Ho_3: Auditor independence has no significant effect aggregate fiscal discipline	-0.177	0.860	Negative and Insignificant Effect	Accept

Source: Survey Data, 2021, and IBM SPSS Statistics 22 Window Output

Table 6 has revealed in summary that the study rejected hypotheses: Ho_1 - Risk assessment has significant effect on aggregate fiscal discipline of government organizations; Ho_2 - Asset safeguard has significant effect on aggregate fiscal discipline of government organizations; Ho_3 - Auditor independence has no significant effect on aggregate fiscal discipline of government organizations;

VI. DISCUSSION OF FINDINGS

The findings of this study were drawn from the analyses of the results in the previous section. In this section, the study discusses the findings in order to draw the conclusions appropriately. This section deals with the effect of internal audit practices on aggregate fiscal discipline of government organizations in Nigeria.

Effect of Internal Audit Practices on Aggregate Fiscal Discipline of Government Organizations in Nigeria

The findings of the study revealed that government organizations engage in internal audit practices to achieve aggregate fiscal discipline. A critical appraisal of the finding reveals that risk assessment has positive and significant effect on aggregate fiscal discipline (t-value = 9.183); there is positive and significant effect of asset safeguard on aggregate fiscal discipline (t-value = 4.735); negative and insignificant effect of auditor independence as a dimension of internal audit practices on aggregate fiscal discipline (t-value = -0.177). In all, internal audit practices have strong positive and significant effect on aggregate fiscal discipline of government organizations. The full import of this finding is that government organizations use internal audit practices to maintain aggregate fiscal discipline of the organizations (Babatunde, 2013). Risk assessment is being extensively used by government organizations in collaboration with other internal audit practices' instruments, as they can be integrated with nearly every other tool or strategy to maintain aggregate fiscal discipline. Every public organization with a foresight for sustainable development tries to participate in risk assessment that communicates the prevailing objectives of government organizations towards aggregate fiscal discipline. In many cases government organizations introduce risk assessment that aims at linking compensation to performance measures against the budget, thereby making goals explicit, communicating goals, coding learning and clarifying performance measures for the staff of an organization (Karadag 2015).

The study found that asset safeguard offers veritable opportunities to optimize internal audit practices as it helps to build aggregate fiscal discipline and allocative efficiency as well as operational efficiency in government organizations. The implication of this finding is that government organizations successfully use risk assessments, asset safeguard and auditor independence to execute internal audit practices that lead to aggregate fiscal discipline (Mu'azu & Siti, 2013). In asserting this position, Abbott, Parker, Peter and Raghunandan (2013) insist that asset safeguard now largely falls under the remit of internal auditing. So there is little disbelief that the intended overall objectives differ little from traditional policy of government organizations. Also, Adeniji (2011) observes that the goal of risk assessment is to create confidence among all the stakeholders in the organization. For the surveyed government organizations there is a key target, the aggregate fiscal discipline agendum in order to maintain optimal performance, the study has revealed.

The study also found that government organizations introduce asset safeguard of interest in the organization in order to elicit good performance outcome in government organizations' activities. Therefore, government organizations are capitalizing on this new trend to present their new internal auditing strategy through digital compliant staff who have mastery of asset safeguard intricacies for aggregate fiscal discipline. Su, Baird and Schoch (2015), in this respect argue that stuffing and prescribing of auditor independence by government organizations offer a clear picture of how government organizations seek to project the organization. For dynamic government organizations, professional competence could best be described as "look at us".

Unegbu and Obi (2012), submit that auditor independence as internal audit instrument is part of the internal control system put in place by management of an organization to ensure adherence to stipulated work procedure and as aid to management. The findings of this study agree with the works of Ewa and Udoayang (2012), who posit that the aim of internal auditing is to improve public expenditure management and effectiveness through aggregate fiscal discipline maintenance. This means that identification of areas of weakness and suggestions for improvement are the main thrust of internal auditing. The study therefore concludes that:

a. As government organizations engage in risk assessment they achieve their aggregate fiscal discipline positively and significantly. This simply means that risk assessment as an instrument of internal audit practices influences aggregate fiscal discipline to elicit good public expenditure management of government organizations.
b. As government organizations safeguard their assets they positively and significantly encourage aggregate fiscal discipline. This simply means that asset safeguard as an organ of internal audit practices positively influences aggregate fiscal discipline which is a measure of public expenditure management of government organizations and it contributes to the success of organizational performance.
c. As government organizations encourage auditor independence it results to negative and insignificant effect on aggregate fiscal discipline of government organizations. This simply means that auditor independence is negative and insignificant to aggregate fiscal discipline of government organizations.

Summary of Finding

This study investigated the effect of internal audit practices on aggregate fiscal discipline of government organizations in Nigeria. 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:

a. Risk assessment has positive and significant effect on aggregate fiscal discipline of government organizations. Therefore, risk assessment influences aggregate fiscal discipline to elicit good public expenditure management of government organizations.
b. Asset safeguard strong positive and significant effect on aggregate fiscal discipline. This means that asset safeguard as an organ of internal audit practices positively influences aggregate fiscal discipline which is a measure of public expenditure management of government organizations and it contributes to the success of organizational performance.
c. Auditor independence has negative and insignificant effect on aggregate fiscal discipline as a measure of public expenditure management of government organizations. This simply means that auditor independence is negative and insignificant to aggregate fiscal discipline as a measure of public expenditure management of government organizations.

VII. CONCLUSION

The results from the study gave a clear indication that the 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 engage in risk assessment they achieve their aggregate fiscal discipline positively and significantly. This simply means that risk assessment as an instrument of internal audit practices influences aggregate fiscal discipline to elicit good public expenditure management of government organizations.

As government organizations safeguard their assets they positively and significantly encourage aggregate fiscal discipline. This simply means that asset safeguard as an organ of internal audit practices positively influences aggregate fiscal discipline 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 aggregate fiscal discipline of government organizations. This simply means that auditor independence is negative and insignificant to aggregate fiscal discipline as a measure of public expenditure management of government organizations.

VIII. RECOMMENDATIONS

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

a. Internal audit practice is a veritable phenomenon; it has proven to be very effective and efficient tool and should be viewed as a major actor in accounting profession. Public sector administrators should use risk assessment to their advantage by encouraging government organisations' staff and not just the accounting/auditing department to participate in internal audit practices which in turn covers more ground for the enhancement of aggregate fiscal discipline leading to proper public expenditure management of government organizations.
b. 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. The study recommends that 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.
c. 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.

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Regression

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Risk Assessment, Auditors' Independence, Asset Safeguard[b]	.	Enter

a. Dependent Variable: Aggregate Fiscal Discipline

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.860[a]	.739	.736	.665472

a. Predictors: (Constant), Professional Competence, Risk Assessment, Auditors' Independence, Asset Safeguard

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	383.371	4	95.843	216.421	.000[b]
	Residual	135.070	305	.443		
	Total	518.441	309			

a. Dependent Variable: Aggregate Fiscal Discipline

b. Predictors: (Constant), Risk Assessment, Auditors' Independence, Asset Safeguard

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.701	.149		-4.690	.000
	Risk Assessment	.708	.077	.482	9.183	.000
	Asset Safeguard	.394	.083	.277	4.735	.000
	Auditors' Independence	-.016	.093	-.010	-.177	.860

a. Dependent Variable: Aggregate Fiscal Discipline

Regression

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.661[a]	.437	.430	.440358

a. Predictors: (Constant), Risk Assessment, Auditors' Independence, Asset Safeguard

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	45.979	4	11.495	59.277	.000[b]
	Residual	59.144	305	.194		
	Total	105.123	309			

a. Dependent Variable: Allocative Efficiency

b. Predictors: (Constant), Risk Assessment, Auditors' Independence, Asset Safeguard

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.958	.099		19.813	.000
	Risk Assessment	-.194	.051	-.293	-3.799	.000
	Asset Safeguard	.077	.055	.121	1.407	.160
	Auditors' Independence	.229	.061	.304	3.734	.000

a. Dependent Variable: Allocative Efficiency

Regression

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Risk Assessment, Auditors' Independence, Asset Safeguard[b]	.	Enter

a. Dependent Variable: Operational Efficiency

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.696[a]	.485	.478	.524696

a. Predictors: (Constant), Risk Assessment, Auditors' Independence, Asset Safeguard

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	79.062	4	19.765	71.795	.000[b]
	Residual	83.968	305	.275		
	Total	163.030	309			

a. Dependent Variable: Operational Efficiency

b. Predictors: (Constant), Risk Assessment, Auditors' Independence, Asset Safeguard

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.041	.118		8.839	.000
	Risk Assessment	.318	.061	.386	5.227	.000
	Asset Safeguard	.400	.066	.501	6.097	.000
	Auditors' Independence	.067	.073	.071	.910	.364

a. Dependent Variable: Operational Efficiency