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INTERNAL AUDIT RE-ENGINEERING AND PERFORMANCE OF GOVERNMENT ENTITIES IN NIGERIA

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Abstract

Effectiveness of Internal audit operations has become a subject of debate in recent times going by the level of infractions on financial transactions in Nigerian public sector. Regardless of the formidable institutional and regulatory framework put in place to enhance internal audit performance, the domain is still facing critical challenges bordering on financial infractions. The general objective of this study therefore, was to investigate the impact of internal audit re-engineering (IAR) on performance of government entities' in Nigeria. The study applied mixed method approach with a sample size of 306. Quantitative data was analysed using Partial Least Square-Structural Equation Model while qualitative data was analysed with thematic/NVIVO. Findings indicated that there is an existence of a significant influence of the IAR on the performance of government Entities in Nigeria even though, digitalisation of internal audits functions, relevant qualifications as well as operational and financial independence of auditors need attention to improve entities performance. The study therefore, recommends that government should embark on the holistic re-engineering of the whole internal audit functions by ensuring digitalization of the entire internal audit system, qualification and experience of internal audit staff as well as operational and financial independence be ensured as these would translate to higher significant impact on the performance of government entities in Nigeria.

Key Words:-Integrated, Performance, Entities

1. Introduction

The enormous chain of definitions of Internal Auditing (IA) have over the years developed as a result of unstable preference and needs of stakeholder, emerging trends regarding management of risk, as well as requests from the board, audit committee, senior management, regulatory authorities and supreme audit agencies (Ndegwa & Mungai, 2019). IA has had to evolve to not only enhance operational efficiency and compliance with internal controls, but also enable value preservation and creation (Akaniyene, 2015).

It is important to note that internal audit (IA) is not a new idea, even if Fülöp and Szekely (2017) highlighted the evolution of the role and responsibilities of the internal auditing function (IAF). From simple financial record audits to the detection of fraud and corruption, it has developed over time. Today, IA makes it possible for the entire organization to manage governance, risk, compliance, save resources, and verify and analyze data (Protiviti, 2016).

Following World War II, the internal auditing profession progressively advanced alongside management science (Wood, 2009). It shares many

conceptual similarities with quality assurance, banking compliance activities, and financial auditing by practicing accounting firms (Ramamoorti, 2003). The idea that was sometimes referred to as "the father of contemporary internal auditing" was principally developed by Lawrence Sawyer between 1911 and 2002, while some of the audit technique underlying internal auditing is drawn from management consulting and practicing accounting professions (IIA, 2013).

Internal auditing is to help public sector entities' achieve their goals (Plicher et al, 2013). If internal auditing in the public sector is effectively thought out, it will enhance workflow and act as an important guideline for public governance (Baharud-din et al, 2014).

Enhancing the competence of the public sector is a crucial task and goal of internal auditing. However, it appears that Nigeria's public sector lacks an internal auditing system that is up to date and effectively operating. In fact, the majority of Nigeria's public organizations have an internal audit department, division, or unit, depending on the situation. However, there has been little empirical research and academic study on the modernization of internal auditing in Nigeria's public sector.

The majority of the literature on Nigeria that is currently available focuses on the definition of internal auditing in general and discusses its significance in the Nigerian context, but it doesn't go deeply enough into the analysis to address the reasons why the public sector hasn't yet implemented an IA system to monitor the performance of public institutions and guarantee the quality of policy deliverables. Additionally, current research compares institutions in the public and private sectors despite the fact that these two groups have different characteristics.

While many research findings have emphasized the significance of technology, it has not been adequately taking advantage of by many public sector entities' in many developing countries including Nigeria (Fülöp & Szekely, 2017). Historically, IA has primarily used productivity software like the MS Office Suite majorly for report writing only; however, currently, emerging trends reveal that it needs to use mainstream technology to add value through automated work paper management, automated control testing, continuous risk monitoring, risk-based audit planning and scheduling, knowledge management, data mining

and analytics, graphical audit reporting, issue tracking, and improved audit execution and documentation. Technology that can assist develop a consolidated, single view of risk, while supporting organizational objectives and coordinating governance, risk management, and compliance activities, holistically. All these elements point to a future with flexible risk-based audit plans and an IA function that is agile and aligned with organizational objectives which are obviously missing in today's internal audit practices in Nigeria. Indeed, aside from the fact that the internal audit system of practice is outdated (Salawu 2012), it is in the Nigeria public sector that you find internal auditor getting involved and engaging in rudimentary accounting functions which by implication, is a compromise of the already shaky independence at both financial and operational level (Torough, 2011).

The general objective of this study is to investigate the impact of internal audit re-engineering on the performance of public sector entities' in Nigeria.

2. Literature Review

2.1 Conceptual Issues

Internal Audit Re-Engineering (IAD)

The dynamic nature of business atmosphere is responsible for persuading organizations to evaluate their manners of doing business to be in tandem with the change. One of the mechanisms to respond the changing environment is reengineered structure and process (Gupta, 2001). Organizations has been modifying and refining their way of achieving their purpose by rearranging their structure of roles and relationships and their managerial process (Miles, Snow & Coleman, 1979). In the changing business environment value adding internal audit plays a great role by assisting its customers to achieve their objectives (Gupta, 2001) which in turn determined by the effectiveness of the function (Mihret & Woldeyohannis, 2008; Mihret, James & Mula, 2010).

Internal audit reengineering can be used in the same sense as business process re-engineering which considers internal audit function as a business process; it aims to create sufficient discontinuity in its history and experience to enable it to think outside the box and start perceiving itself in a much broader role (Gupta 2001). Thus, internal audit reengineering changes the

existing activity and leads to the new approach of doing business. Gupta (2001) define internal audit reengineering as Optimal restructuring of the internal audit function to re-relevance its core and support business process to help organizations achieve their business objectives in risk intelligent way. The definition highlighted that the intent of internal audit reengineering is to model the function in the way favorable to provide the expected service from the function there by to help to achieve organizational objectives.

Reengineering the function of internal audit may not be an easy task to cope with the changing environment. Gupta (2001) noted that Internal audit reengineering is neither easy, free, a quick fix, nor initially successful. It is realistically difficult, will come at cost, and must be done with a long-perspective. Short term results are fleeting and can discourage even the best of the intentions. However, internal audit reengineering can succeed and produces superior results. The radical approach may not be entirely necessary, but its elements are worth thinking about. Reengineering management thinking is the first essential element in leading change. Reengineering how entity staff thinks about their profession and job is the second element in meeting the competitive challenge. With all these in place, internal audit can secure for itself a vital place in the brave new world of globalization, the information superhighway, business consolidations, deregulation, and competition for resources (Gupta (2001)).

Thus, reengineering of the internal audit function is not a quick fix to make the function effective rather it requires a great effort to achieve effectiveness. Drivers of Internal audit reengineering. There are factors that lead to the reengineering of internal audit function. Gupta, (2001) identified that change in business risk profile and the related control structure of business organization, treat of outsourcing and to achieve efficiency and effectiveness as causes of internal audit reengineering. Business process reengineering and organizational transformation have thrust risk and control issues to the forefront as never before. Hence, the internal audit function is required to cope with the change and engages in the reengineering of its function. In addition, the treat of outsourcing from alternative internal audit function may lead to the reengineering of the function to provide better service.

Furthermore, the need to provide the required value adding service in cost efficient way may lead to the reengineering of internal audit function.

Internal audit reengineering basically changed organizational setting and has low influence on internal audit quality and auditee attribute and there is no influence on management support (Asmamaw 2011). Since the effectiveness of internal audit function is mainly influenced by management support and internal audit quality (Mihret & Yismaw, 2007), internal audit reengineering has low contribution to the effectiveness of the function.

The Internal Audit Department (IAD) is an internal function set up to provide independent assurance on internal controls put in place by management on the business processes to detect specific risks and prevent them from happening. Internal audit is considered an integral part of the Company's Risk Management Framework. The Institute of Internal Auditors (IIA) is the foremost international professional association for internal auditing. The IIA's globally accepted definition of internal auditing states that:

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes." (Milwaukee IIA. 2018).

In simplest terms, the duties of an internal auditor according to Diamond (2002) are to: Objectively review an organization's business processes; Evaluate the efficacy of risk management procedures that are currently in place; Protect against fraud and theft of the organization's assets; Ensure that the organization is complying with relevant laws and statutes; Make recommendations on how to improve internal controls and governance processes; Auditing Statutes.

Internal Audit provides valuable evidence-based assurance to assist in achieving effective control in government entities, however, the demands and challenges for internal audit have substantially increased and major developments have included the introduction of independent audit committees, the adoption of international standards, and the increased

professionalization of the function. As well, increased sophistication of audit methodologies, particularly in terms of effectively leveraging large data volumes, has added to audit complexity (IMF 2002).

In modernizing internal audit in the public service therefore, the internal audit has to be strengthened with the audit environment framework that covers three (3) categories of objectives which include the Operating, Reporting and Compliance Objectives of an entity.

2.2 Theoretical Review

Institutional Theory

Institutional theory was developed by Powell and DiMaggio (1991) that defined it as an emerging perspective in sociology and organizational studies, which they term the 'new institutionalism', as rejecting the rational-actor models of Classical economics. Instead, it seeks cognitive and cultural explanations of social and organizational phenomena by considering the properties of supra-individual units of analysis that cannot be reduced to aggregations or direct consequences of individuals' attributes or motives. Institutional theory attends to the deeper and more resilient aspects of social structure (Scott, 2004).

It considers the processes by which structures, including schemas, rules, norms, and routines, become established as authoritative guidelines for social behavior. It inquires into how these elements are created, diffused, adopted, and adapted over space and time; and how they fall into decline and disuse. Although the ostensible subject is stability and order in social life, students of institutions must perforce attend not just to consensus and conformity but to conflict and change in social structures (Scott, 2004).

Corporate entities' also face institutional pressures from their most important peers: peers in their industry and peers in their local (headquarters) community to the extent that corporate philanthropic donations are largely driven by isomorphic pressures that companies experience from their industry peers and local peers (Marquis & Tilcsik (2016). Powell and DiMaggio, (1991) also submit that Non-governmental organisations (NGOs) and social organizations can also be susceptible to isomorphic pressures.

Institutional theory focuses on important characteristics of social structure. It reflects on the processes by which structures, including schemes; norms, routines, and rules become recognized as guidelines determining social behaviour. This encompasses the process of creating, adopting and adapting a reforming process of the re-engineering of Internal Audit which at all levels of government entities' in accordance with the philosophy of this study. Scott (1995) argued that institutions as social structure is highly flexible and operates in levels of human social life and relationship hence no single and universally accepted definition exist for institution.

In support of Institutional Theory and the relevance of its application as an underpinning framework theory to this study, Rowan, (1977) examined the growth of three administrative services in California public schools (school health, psychology, and curriculum) from the standpoint of institutional theory. The study found that when there is a high level of consensus and cooperation within the institutional environment, diffusion of innovative structures is steady and long lasting. However, when the institutional environment is contentious and unfocused, adoption of innovative structures is slow and tentative, the situations that described the challenges being faced by the government entities that warranted the financial management reforms across the public sector of the economy.

From the foregoing, it is clear that the variable in this study displayed government genuine intention and strategy to re-engineer the public financial management system to attain a reasonable tolerance level of transparency, accountability and good governance which the citizenry have been yearning for a long time ago (Adhitya Ginanjar & Kassim, (2019)

2.3 Empirical Review

Internal Audit Re-Engineering

Ozuomba, Nwadior and Ifureze (2016) studied the effectiveness of audit as a tool for improving institutional governance and accountability in the Public Sector. Data were analysed using Anova and the study found out that the internal audit can effectively check fraud and fraudulent activities in the Imo State Public Sector and a significant number of internal audit departments functioning effectively exist. The study

failed to indicate the degree of audit functionality with respect to modern audit process

Likewise, Maliki, Mohammed, Eriyatno and Trias (2016) examined the effectiveness of government internal audit systems in order to enhance the professionalism of government internal auditors and the maturity of the management processes that they audit. The instruments used for the research were regulatory analysis, survey, and in-depth interviews. The survey involved 205 Chief Audit Executives (CAE) of Government Internal Supervisory Apparatus (GISA) in national government and regional governments, and was conducted on-line or on paper. The survey was complemented by in-depth interview with 24 (twenty-four) senior stakeholders representing practitioners (the CAE of GISA units), internal users (governors, mayors and heads of regional planning agencies), external users (Indonesia's Supreme Audit Board, SAB), regulators, and associations of professional internal auditors, both private sector (IIA) and Public Sector (AAIPI).

Sulaiman and Mahmoud, (2018) investigate the effects of internal audit independence and objectivity on internal audit effectiveness in the Malaysian context. A quantitative method was applied based on a questionnaire which has been distributed to the internal auditors who are members of the Institute of Internal Auditors Malaysia (IIAM). A valid 119 responses have been collected. A Structural Equation Modeling technique (SEM) was employed using SmartPLS 3 to analyze and interpret the data. The findings revealed that internal audit independence was positively affecting internal audit effectiveness. However, the effect of internal audit objectivity does not appear in the relationship with internal audit effectiveness.

Ezekiel, (2019) investigated the effect of internal audit quality on corruption in Nigerian public sector. The study used 160 respondents of the internal auditors in public sector organization in Lagos State. Data for the research was obtained through the administration of questionnaire. Multiple Regression Analysis was used to analyze the data. The findings of the study showed that the independent variable; internal audit quality (which is proxy by the Internal Auditors' independence, competency and integrity) has a significant effect on corruption and can help in checkmating corruption in the public sector.

Okee and Fred, (2021) reviewed the challenges of internal audit function in Nigerian Public institutions.

Specifically, it identified the various challenges that the internal auditor faces in executing their functions in the institutions as well as suggest ways of which they can be mitigated to achieve better performance in the institutions. Content analysis and extensive literature review were employed for this paper. The paper discovered that internal audit functions in the Nigerian institutions have not been effective due to several challenges: Administrative challenges, Political challenges and Compliance challenges and thus have hampered the effective and efficient performance of the public sector towards service delivery. Further, there are faulty structure of the internal audit function which hampers the independence of internal auditors in the performance of their duties; problems of the domineering presence of the executive; lack of continuity of programs due to change of government or change of governance as well as non compliance to internal controls measures by the senior management team of the entities amongst others, with these the public sector generally will continue to suffer in terms of resources management and better service delivery. This implies that government as part of the management of those institutions should ensure that proactive action is taken in other to enhance the internal audit function that will lead to better service delivery, resources management and ultimately, better performance of the organization..

Izedonmi and Olateru-Olagbeg, (2021) empirically examined the impact of internal audit quality on public sector management in Nigeria. Specifically, the study examined the relationship that existed between some variables of internal audit such as financial controls, management controls, public sector efficiency and public sector management. Simple percentage, descriptive statistics and categorical (general) least square were used as data analysis techniques. The findings of the study revealed that; internal audit quality such as internal audit competence (COMP), internal objectivity (OBJEC), internal audit challenges (CHAL), and internal audit performance (PERF) had a positive and statistically significant relationship with financial controls in the selected public entities in Nigeria. Internal audit quality such as internal audit competence (COMP), internal audit objectivity (OBJEC), internal audit challenges (CHAL), internal audit performance (PERF) had a positive and a statistically significantly relationship

with the effective management controls in the selected public entities in Nigeria. Internal audit quality such as internal audit competence (COMP), internal audit objectivity (OBJEC), internal audit challenges, internal audit performance (PERF) had a positive and statistically significant relationship with public sector service delivery in the selected public sector entities in Nigeria.

3. Methodology

3.1. Research Design

This study applied mixed method approach as a convergent parallel where questionnaire and interview survey research methods were used to collect data. The primary data was collected through a properly structured questionnaire (quantitative approach) and semi-structured interviews (qualitative approach) (Creswell, 2013; David, 2014). This approach enabled the researcher the opportunity of an interface interaction with the targeted respondents to source detailed information about their perceptions, candid opinion and share experiences on the subject matter of this study.

3.2. Sampling Technique and Sample Size

A sample size of 306 (three hundred and six) was derived using Krejcie & Morgan (1970) sample size determination table for the quantitative aspect while purposive sampling technique was adopted to select 3 (three) respondents for the interview (qualitative aspect) in accordance with Stephen, Jenn and Ann (2005) recommended threshold. Consequently, 3 (three) key respondents directly connected with the Government Integrated Financial Management Information System (GIFMIS) implementation were randomly selected. The selection was informed by the subjective nature of qualitative approach and on the basis of the researcher's experience and perceived judgment with the assurance that those respondents so selected would provide fact based responses on the Influence of Integrated Financial Management Information System (IFMIS) implementation and performance of government entities' in Nigeria. (Kombo & Tromp, 2009).

3.3 Method of Data Collection

Data for this study was collected through primary source with the administering of well-structured 5 (five) Likert Scale Questionnaire for the quantitative and for the qualitative approach, the targeted respondents were interviewed using semi-structured questions in order to have a proper understanding of the subject matter of the study.

3.4 Data Analysis and Technique

The study employed both descriptive and inferential statistical techniques to analyze the data collected from the survey. Descriptive statistics provides a snapshot of construct/variable using frequency, mean score and standard deviation to describe the socio - demographic characteristics of the respondents. The mean score and standard deviation was determined for each item used in the study to measure each construct on the research instrument which produced summary of responses upon which inferences were drawn. Diagnostic preliminary test of normality (skewness statistics and kurtosis statistics), linearity and multi-collinearity (correlation matrix, tolerance value, variance inflation factor) to fulfil the basic underlying assumptions of the regression analysis were conducted to confirm the nature of the data distribution for each construct (Pallant, 2010; Hair, Hult, Ringle, & Sarstedt, 2014)

The quantitative data obtained were analysed using Partial Least Square-Structural Equation Model (PLS-SEM) regression analysis to establish the relationship between the variables of the study. PLS-SEM allows great flexibility on how the equations are specified and can accommodate multiple related simultaneous equations thereby offering a number of advantages over more familiar methods, and provides a general framework for linear modeling (Kante, Chepken & Oboko, 2018). It is more suitable in a complex setting to validate large-hierarchical models by providing robust solutions (Chin, Peterson, and Brown 2008) and focuses on the prediction of a specific set of hypothesized relationships that maximizes the explained variance in the dependent variables (Hair, *et al*, 2014). The qualitative data collected for the study were analyzed using descriptive and narrative analyses. This method of analyzing qualitative data has history of simplicity in its application and reliability in its results

3.5. Model Specification

The study adapted the model of Effiong et al (2017) to establish the relationship between TSA, IPPIS, IFMIS and fraud management in Public Sector (FMPS) in Nigeria with linear regression model stated as:-

$$FMPS = b_0 + b_1TSA + b_2IPPIS + b_3IFMIS + \mu \dots\dots\dots (1)$$

Where: FMPS = Fraud management in Public Sector

TSA = Treasury Single Account

IPPIS = Integrated Personnel & Payroll Information System

IFMS = Integrated Financial Management Information System

μ = Error Term

The model specified in equation (1) above, was modified in order to achieve the objectives of this study as stated below:

$$GEP = \beta_0 + \beta_1 IAR_i + \mu \dots\dots\dots (2)$$

Where:

GEP = Government Entity Performance

IAR = Internal Audit Reengineering

Decision Rule

If the observed probability is greater than preferred level of significance (0.05), Null Hypothesis is accepted, but if otherwise, reject null hypothesis.

4. Result and Discussions

4.1 Demographic Profile of the Respondents

The study population was 1504 while sample size is 306. Respondents' demographic details showed more male respondents (178) than female respondents (128). Majority of the respondents (195) are graduates, while 111 are post graduate degree holders as the highest educational qualifications. The result showed that majority of the respondents have the requisite knowledge about the subject matter as many of them possessed relevant professional qualifications as well as requisite experience on the job, and their opinion can be used to validate findings of this study.

4.2 Descriptive Statistics of Internal Audit Re-engineering (IAR)

The respondents' views on internal audit re-engineering shown in Table 1 based on questions from IAR1 to IAR14. The mean score for internal audit re-engineering ranges from 3.98 to 4.36, with standard deviations between 0.641 and 0.942, respectively.

Table 1: Descriptive statistics for Internal Audit Re-engineering

Items	N	Mean	Standard Deviation
IAR1	306	4.36	0.698
IAR2	306	4.24	0.821
IAR3	306	4.21	0.892
IAR4	306	4.17	0.768
IAR5	306	4.21	0.779
IAR6	306	4.25	0.906
IAR7	306	4.23	0.684
IAR8	303	4.24	0.641
IAR9	306	4.33	0.667
IAR10	306	4.26	0.681
IAR11	306	4.28	0.682
IAR12	306	4.19	0.911
IAR13	306	4.10	0.839
IAR14	306	3.98	0.942

Source: Author's Computation, 2022

The above result of respondents' views shows that entities' need to be headed by Directors having strong mandate and clear authority to perform their functions in entities, critical mass of qualified and experienced

auditors, entities' to operates with modern ICT equipments, auditors need to be independent under the direct control of the OAuGF, and qualified staff with

relevant skills is high at a mean score of 4.36 and standard deviations of 0.942,

4.3 Path Coefficients Results for Model

The Model was formulated upon the assumption that Internal Audit Re-engineering (IAR) will not influence the performance of government entities'. Upon this assumption, hypothesis H₀1 was formulated that IAR will not influence the performance (financial and non-

financial) of government entities'. As displayed in Table 2 the result shows that IAR influences both financial ($\beta = 0.331$, $p < 0.05$) and non-financial performance of government Entities ($\beta = 0.390$, $p < 0.05$). The above results imply that IAR plays greater roles in the re-engineering of government Entities internal audit and performance in the area of resource allocations and expenditure control and management which is in tune with the philosophy of institutional theory.

Table 2: Hypothesis Testing

					Confidence Interval	
	B	Std Error	T-Value	P Values	5.00%	95.00%
IAR -> FP	0.331	0.156	2.121	0.017	0.175	0.493
IAR -> NFP	0.390	0.127	3.073	0.001	0.101	0.533

Source: Author's Computation, 2022

The results in Table 2 implies that IAR plays greater roles in the modernisation of government Entities internal audit and performance in the area of resource allocations, expenditure control and management which is in tune with the philosophy of institutional theory.

4.4 Normality Test

This test is typically used to determine whether the data collected for the study is normally distributed; thus, in

this regard, the researcher used Skewness and Kurtosis statistics. As seen in table 3, all Skewness and Kurtosis values for the research variable is within Kline's (1998) recommended range of -3 to +3. The score on the variable is assumed to be normally distributed in many parametric statistics (in example, follow the shape of the normal curve). The findings in this investigation as shown in Table 3 that result is fairly normally distributed.

Table 3: Test of Normality

	N	Skewness	Kurtosis
Financial Performance	306	-1.217	1.156
Internal Audit Re-Engineering	306	-1.903	1.984
Non-Financial Performance	306	-1.454	2.263

Source: Author's Computation, 2022

4.5 Assessment of the Measurement Model

This study assessed the measurement model to determine the validity and reliability of the measurement items. The individual item loadings, internal composite reliability, convergent validity and discriminant validity were examined. All measurement model results measured variables measure what they are supposed to measure based on a grounded theoretical measure (Hair et al., 2016).

4.6 Qualitative Analysis

Theme: Internal Audit Re-Engineering and Performance

Audit reform is a major theme for the interview session. The respondents concur that the current audit reforms of the government have advocated for the modernised way internal auditing should be carried out in the MDAs. More so, that the result of the study has also confirmed positive influence on financial reporting reforms in the public sector when compared to the period before the reforms. It is expected that the internal auditing reform should bring about effectiveness, efficiency, and cost savings in the financial system reporting. For instance, respondent 3 mentioned that

...when we look at the public sector financial management reform with respect to financial reporting system in Nigeria before the reform we find out that many ministries departments and agencies are having financial statement that has not been prepared for a long time talk of auditing it with the coming of financial reporting reform which has brought what we called international public sector, accounting standard reform and it has gone a long way because of disclosure requirement that you find there it has gone a long way to assist the standardizing the financial reporting reform in public sector...

The respondent further stated that there is need for further standardization of the auditing through the digitalization and computerization of the audit process.

“when you look at the internal audit reform you will also discover that internal audit is now recognized for need of coming up through the digitalization of computerization of the audit system which should now make the auditing process in the public sector and reporting system to be in line with the achievement of the objectives of the federal government on the reforms agenda”.

Further on the digitalization of the audit process, respondent 1 also, corroborated the view of respondent 3. He stated that:-

“In the case of audit reform, digitalization would make the functions easier for auditors as they won't need to carry all paper work up and down all they have to do is to login GIFMIS platform once they login, all the details of the organization will be provided which can go through an audit process”.

4.7 Discussion of Findings

The specific objective was to investigate how internal audit re-engineering (IAR) impact on performance of government Entities in Nigeria. In spite of the fact that the study hypothesized that IAR has no significant impact on performance of government Entities in Nigeria, the findings depicted that a positive statistically significant relationship existed between the two variables with IAR explaining the mean score for internal audit re-engineering ranging from 3.98 to 4.36, with standard deviations between 0.641 and 0.942,

respectively. The Model was formulated upon the assumption that Internal Audit Re-engineering (IAR) will not influence the performance of government entities'. Upon this assumption, hypothesis H_01 was formulated that IAR will not influence the financial and non-financial performance of government entities' in Nigeria. As displayed in Table 2, the result shows that IAR influences both financial ($\beta = 0.331$, $p < 0.05$) and non-financial performance of government Entities ($\beta = 0.390$, $p < 0.05$). IAR plays greater roles in the modernisation of government Entities internal audit and performance in the area of resource allocations and expenditure control and management which is in tune with the philosophy of institutional theory.

The qualitative results corroborate the above findings that Audit reform is another major theme that emerged through the interview session. The respondents concur that the current audit reform of government would modernised the way internal auditing is carried out in the entities' however, aspects of computerized and independence environment to operate also require attention so as to reduce tendencies in the service to commit infractions. The findings of this study are in tandem with Samar (2016); Njiru & Bunyasi (2016); Sulaiman & Mahmoud, (2018); Ezekiel, (2019); Izedonmi & Adeparubi, (2021).

5. Conclusion and Recommendation

5.1 Summary

The general objective was to investigate how Internal Audit Re-engineering (IAR) impacts performance of government entities' in Nigeria. According to the objective, it was hypothesized that IAR has no significant impacts on the performance of government entities' in Nigeria. This notwithstanding, the results indicated that a positive statistically significant relationship existed between the two variables with IAR explaining the mean score ranging from 4.05 to 4.37, with standard deviations between 0.704 and 0.932, respectively. Similarly, the path model coefficient result also indicates that IAR is significantly related to both financial at ($\beta = 0.466$: $p < 0.05$) and non-financial performance of government entities' with ($\beta = 0.490$: $p < 0.001$).

Furthermore, the result of qualitative analysis corroborated the above findings on the first variable as well as confirming that some challenges abound in the

area of independence and none availability of modern equipment to work.

Arising from the result and findings, the study concluded that there is an existence of a significant influence of the IAR on the performance of government Entities in Nigeria even though, digitalisation of internal audit functions, relevant qualifications as well as operational and financial independence of auditors need attention to improve entities performance.

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