Value for Money Audit and Good Public Governance: Stakeholders' Perception in Nigeria

MICAH Ezekiel Elton Mike Ph.D. [1], IBITOMI Taiwo Ph.D.[2] , & IBRAHIM Surajudeen[3]
[1] Department of Accounting, Air Force Institutes of Technology, Kaduna
[2] Department of Business Administration, Achievers University, Owo, Ondo State
[3] Department of Accounting, University of Ilorin, Kwara State

Citation: Micah, Ezekiel Elton Mike; Ibitomi, Taiwo; Ibrahim, Surajudeen (2022) Value for Money Audit and Good Public Governance: Stakeholders' Perception in Nigeria, *European Journal of Accounting, Auditing and Finance Research*, Vol.10, No. 6, pp.31-45

ABSTRACT: *Over the past decades, public sector performance has been at the forefront of the public management debate. Along with the advent of economic and budgetary crises, and new performance management reforms, the public sector has been under constant pressure around the world to deliver good governance and restore voters' faith in government institutions through the lenses of the value for money audit 6Es (Economy, Efficiency, Effectiveness, Environment, Equity and Ethics). It is against this backdrop, this study primarily assessed stakeholders' perceptions of the impact of value for money audits on good public governance in Nigeria. Different stakeholders who benefit from government actions in Nigeria make up the study's population while purposive sampling was used to choose 150 respondents and for analysis, the study employed ordinal logistic regression. The findings demonstrated a positive association between good governance and independent variables (economy, efficiency, effectiveness, equity and ethics audit), with marginal impact coefficients of .606, .059, 1.048, 0.30 and .053, and p-values of .000, .045, 0.21, .001 and 0.033 respectively. It is concluded that routine value for money audit is found to strengthen good governance in the Nigeria public sector. The study recommended that the government should continue to reduce costs through periodic economic audits and efficient audit, as this will improve the quality of governance in the public sector. More so environment, equity and ethics should be giving emphases.*

KEYWORDS*:* Value for money audit, economy audit, efficiency audit, effective audit, and good governance

INTRODUCTION

In any country around the world, the public sector or service symbolizes the government apparatus that formulates and implements public policies. The public sector's working mechanism is built on a web of interconnected relationships of accountability, transparency, public resources, public services, good governance, sustainability, and stakeholders. In this regard, the value for money audit plays a vital role in establishing and maintaining this interconnected relationship (Shittu, 2020). Many nations including Nigeria are modernizing their public sector to meet the overall public mandate of a more accountable, efficient, and transparent government. Citizens are increasingly empowered to demand responsibility from their governments as a result of globalization and the revolution of information. A framework for evaluating government performance for public service delivery or good public governance is essential for such accountability to be successful.

Moreover, over the past decades, public sector performance has been at the forefront of the public management debate. Along with the advent of New Performance Management (NPM) reforms and more recent economic and budgetary crises, the government has been under constant pressure around the world to deliver good governance in the quest of greater efficiency and effectiveness, as well as to restore voters' faith in government institutions (Raudla, Taro, Agu & Dougla, 2015). Many countries' Supreme Audit Institutions (SAIs) which is regarded as Office of the Auditor-General for the Federation in Nigeria has adopted the practice of value for money audit also known as performance audit in response to the emergence of performance movements. The adoption of value for money audit in the public sector, as Tudor (2007) pointed out, is one of the most significant new additions to the audit's conventional duty. This new type of audit arose primarily in response to the public and Parliament desire for greater information on the "3E" (Economy, Efficiency and Effectiveness) in the use of resources by public managers operating.

Establishing a decent public sector practice based on the 3E’s principle has been one of the Organization’s for Economic Co-operation and Development (OECD) countries' NPM doctrine's recommended practices. Countries such as the United Kingdom and the Netherlands, in particular, have fundamentally established the regular practice of conducting value for money audits as a norm in order to ensure that the E’s are ensured in the core public sector (Alwardat, Benamraoui & Rieple, 2015). As a result of this principle, public sector auditors face not only the challenge of ensuring that financial statements dutifully comply with various financial and legislative requirements, but also a new mandate of extending their operations to the management of government programs and activities in order to ensure that performance is promoted and safeguarded through the lenses of the value for money audit (Abuakar, Saidin & Ahmi, 2017).

Despite efforts of the Nigeria government to give good governance and strengthen public service delivery through establishment of Economic Financial Crime Commission (EFCC), ICPC, Code of Conduct Bureau (CCB), enactment of Fiscal Responsibility Act, Public Procurement Act, Audit Ordinance and adoption of International Public Sector Accounting Standards (IPSAS), the public sector criticism still persist. Because of ongoing failures in governance, corruption, and poor resource management, good governance in public sector has become an issue in Nigeria. Furthermore, Nigerians continue to feel that the public sector is affected by spiteful and cruel individuals, which has eroded public confidence in government institutions.

In light of the aforementioned issues, this study primary objective is to assess stakeholders' perceptions of the impact of value for money audits on good public governance in Nigeria. The study's specific objectives are to:

i. investigate stakeholders' perceptions on the impact of economy audit on good public governance in Nigeria.
ii. analyze stakeholders' perceptions of the impact of efficiency audits on good public governance in Nigeria.
iii. examine what stakeholders think about the influence of effectiveness audits on good public governance in Nigeria.
iv. survey stakeholders' perceptions on the impact of (environmental, equity and ethics) audit on good public governance in Nigeria.

More so, the following null (H_0) hypotheses are formulated in line with the research question:
H_{01}: Economic value for money audit is unrelated to good governance in Nigeria public sector.
H_{02}: Efficiency audit has no impact on good governance in Nigeria public sector.
H_{03}: The effectiveness audit has no influence on good governance in Nigeria public sector.
H_{04}: No significant relationship between environment, equity and ethics audit and good governance in Nigeria public sector.

VFM audit has become a crucial actor in measuring public sector performance (Alwardat, Benamraoui & Rieple, 2015), and it is now includes specific fund operations as well as every structure and all government activities (INTOSAI, 1997). Moreover, both international studies (Loke, Ismail & Abdulhamid, 2016; Glendinning, 2007) and local studies (Nwamgbebu, Oketa, Agba & Nwambe, 2019; Eze & Ibrahim, 2015; Ihendinihu, 2009) have tried to x-ray the existing relationship between VFM audit and good governance. However, there are still inadequate studies in this area locally. Unlike other local studies (Lateef, Rashid, Farouk & Olanipekun, 2021; Nkwagu and Nwamgbebu, 2019); Nwamgbebu et al., 2019; Eze & Ibrahim, 2015; Ihendinihu, 2009), in order to add value to the existing literature and fill the variable gap, other E's such as environmental, and equity will be considered for the study.

As averred by Gildenhuis and Rensburg (2017), value for money auditing has traditionally concentrated on the 'three Es' of economy, effectiveness, and efficiency. Recent arguments have called for the addition of a fourth 'E' to broaden the scope and increase its impact (Barr & Christie, 2014; INTOSAI, 2013; Brazilian Court of Audit, 2010). Advocates for expanding the 'three Es' argue that evaluation should include additional questions such as whether resources were used with environmental consideration (environment audit), distributed equally and equitably (equity audit), and if resources were deployed ethically (ethics audit) (Gheorghiu, 2012; Brazilian Court of Audit, 2010). According to an examination of the literature by Smith and Strydom (2013) of KPMG (South Africa), the environment, equity, and ethics were the most often adopted extra elements of value for money audit.

Finally, this study will also assist the Accountant General's Office and other relevant government entities in formulating policies and enhancing their operations.

LITERATURE REVIEW

Good Public Governance

Most dictionaries use the terms "government" and "governance" interchangeably to refer to the exercise of power in an organization, institution, or state. According to the UNDP (1997), governance is the exercise of economic, political, and administrative power at all levels of a country's affairs. It consists of the procedures, processes, and institutions that persons and groups use to express themselves, exercise their legal rights, fulfill their obligations, and arbitrate their disagreements. Governance as defined by Khalid, Alarm and Said (2016), is the process of making decisions as well as the process of putting those decisions into action. In addition, Nkana, Ekpu and Dode (2013) view governance as process of administering the affairs of the state.

While good public governance, according to Sharma, Sadana, and Kaur (2013) is an act of establishing the rule of law, enforces contracts and agreements between individuals, maintains law and order, ensures people's security, saves money and resources, defends the government, and properly delivers services to society. It also identifies the appropriate government size and makes the most efficient use of government resources. Said, Alam and Aziz (2016) defined good public governance as set of policies and processes that are implemented as demand by the governed. According to Yamit (2001), public sector governance can be a robust condition involving people, processes, and service delivery in order to meet the expectations of the general public. Governance can take many forms, including corporate, international, national, state and municipal (local). The government is a primary role in governance which other players rely on their position.

Furthermore, Saito (2021) view good public governance as a system of government that is transparent, responsive, capable and inclusive. Similarly, UNDP (1997) described good public governance as having participation, rule of law, transparency, responsiveness, equity, accountability, and strategic vision as characteristics or principles. Participation can take the shape of ideas, cash, manpower, or other helpful resources. Citizens' participation is widespread, spanning the stages of policy formulation, implementation, evaluation, and use of the outcomes. Accountability in public service, according to Ratminto and Winarsih (2006), comprises accountability for public service performance, accountability for public service expenses, and accountability for public service products. In accordance with the provisions of the legislation, the organizing public service should be accountable to the public unit and the supervisor / head of government agency services unit.

At both the national and state or local levels, good governance must be transparent to the public. Transparency is critical at the regional level to assist the implementation of regional autonomy. According to Widodo (2002), transparency in public service refers to procedures/ordinance requirements, turnaround time, time / tariff data, and other items linked to the process of delivering information and services that are open to the public. The responsiveness is concerned with the ability of service providers to respond to users' expectations, desires, aspirations, and requests.

Fairness/justice is described as providing every person of society with an equal opportunity to increase their well-being. The goal of this principle is to ensure that the interests of people, who are disadvantaged, such as the poor and weak, are nevertheless taken into account when making decisions. In the context of public services, public service organizers are required to provide special treatment to members of a specific community, such as people with disabilities, the elderly, pregnant women, children, victims of natural disasters, and victims of social disasters, in accordance with the law and at no extra cost.

Value for Money Audit (VFMA)

The International Conference of Supreme Audit Institutional (INCONSAI, 1986) defined value for money auditing as a style of audit that focuses on the economy, efficiency, and effectiveness of government administration. Value for money auditing is described by the International Standards of the Supreme Audit Establishment as an impartial evaluation of the efficiency and effectiveness of public sector policies and activities that are important to the economy (Kells & Hodge, 2009). It can also be defined as an evaluation of government programs to see how scarce resources are used economically, efficiently, and effectively (Waring & Morgan, 2007). Jeppesen, Carrington, Catasus, Johnsen, Reichborn-Kjennerud & Vakkuri (2017) viewed VFM audit as a government-run review process that encompasses a wide range of operations and can be conducted in a variety of ways.

A great strategy to demonstrate an empirical viewpoint of a performance audit is to use an institutional approach to VFM audit. This type of institutional examination of performance audit led to the conclusion that it is a far more sophisticated method to review than any other type of audit. It is not the same as other sorts of audits, such as financial audits to determine the accuracy of financial statements or compliance audits to ensure that financial and operational controls and activities comply with applicable laws, directives, policies, or standards. Because financial audits focus on public sector financial accounts, the choice of where to undertake financial audits is usually quite clear, or in certain situations, such audits may be required. Because there are no legal rules or norms for conducting a VFM audit, each SAI must make its own judgment. Education, property and finance, law, health and social security, and culture are the key, but only a few areas of the public sector where VFM audits can be conducted (Vasiliauskien & Daujotait, 2019).

Elements of Value for Money Audit

In addition to the regular 3E’s (economy, efficiency and effectiveness), environment, equity and ethics element of value for money audit will be discussed. However, the three components will be evaluated in relation to three unique phases of a public service programme. Economy is a crucial requirement that assesses government actions in accordance with strong administrative principles and practices, as well as management policies (Waring & Morgan, 2007). It also entails obtaining resources at the lowest possible cost while keeping the organization's goals in mind. The difficulty is that, in the public sector, the goal of lowering purchasing costs frequently results in a significant drop in the quality of acquired resources, which has a detrimental impact on effectiveness and efficiency (Marchi & Bertei, 2016).

The efficiency element looks into how human, financial, and other resources are used, as well as knowledge systems, performance metrics, and monitoring arrangements, and the methods used by audited firms to fix known flaws (Waring & Morgan, 2007). (Mihaiu *et al.*, 2010) assert that efficiency has two aspects of analysis (operational or management efficiency and allocated efficiency. The former is based on a comparison of output/input ratios to industry standards. Similarly according to Van Dooren, Bouckaert and Halligan (2015), there are two types of efficiency that can be investigated (output and input efficiency). Output efficiency attempts to maximize output with a given quantity of input, while input efficiency aims to minimize input. Allocated efficiency occurs when inputs are used in the most efficient proportions possible, given their respective costs and manufacturing technologies.

Moreover, the success of a corporation is measured by whether or not it accomplishes its goals. Of course, specifying the relationship between production and outcome throughout the planning phase is critical. Managerial effectiveness and policy effectiveness are two types of effectiveness. The managerial effectiveness assessment looked at whether the processes, programs, and/or policies are working. It also focuses on actions related to relationship management. Policy effectiveness, on the other hand, is determined by whether or not output produces meaningful results that reflect input and output efficiency (Marchi & Bertei, 2016). With regards to environment audit, it is the assessment of whether suitable and proper attention has been given to how resource usage affects environment. There has been a steady emphasis of the need to provide a sustainable environment, in aggregation with environmental audit over the last two decades (Gildenhuis & Rensburg, 2017). According to United Nation Global Compact (UNGC)(2014), environmental performance audits can help to improve program management while also improving environmental quality. Sustainability is recognized as a core element of integrated thinking and reporting on a global scale. The overarching goal is to promote sustainability and ensure that natural resources are preserved for future generations.

Equity on the other hand is related to the fairness and impartiality with which public monies are used, i.e., is the process of selecting beneficiaries of funding fair and free of bias (Murdock, 2017; Smith & Strydom, 2013). Several scholars, including Kells and Hodge (2009), believe that equity should be one of the concepts of a value for money audit. According to Baker, Dross, Shah, and Polastro (2013), including equity as the fourth 'E' will address distributional issues as well as make it easier to ensure the inclusion of all communities, beneficiaries, genders, disabilities, and ethnicity in all projects, programs, and other initiatives. As asserted by Hanwright (2013), by adding this 'E' to the principles of value for money audits, certain concerns arise, such as "have funds or services been divided equally among all citizens, areas, provinces, or municipal areas?"
While ethics/professionalism is the traits of honesty and integrity in personal conduct, as well as devotion to duty as a manager of public funds, are referred to as ethics (Smith & Strydom, 2013). Murdock (2017) averred that, in the context of value for money auditing, ethics refers to the extent to which public officials in charge of resource management carry out their duties with honesty and integrity, as well as adhere to moral duty and obligation. Kells and Hodge (2009) support the notion that ethics is a value for money audit element, stating that ethics in the management of public funds is a significant aspect of public accountability, and that any violation of ethical

standards has a negative impact on the program's outcome and effectiveness. However, as compared to equity, it may be argued that ethics has already been addressed as part of the evaluation of efficacy.

Theoretical Review

The study was anchored using agency theory as a theoretical foundation. Ross (1973) and Mitnick (1973), both separately and concurrently, were the first to formally propose agency theory. Ross is in charge of the theory of agency's origins, whereas Mitnick is in charge of the notion of agency's institutionalization. Under some assumptions, both approaches may be considered as complementary. The agency relationship, according to Jensen and Meckling (1976), is a contract in which a principal appoints another person (agent) to perform specified activities in exchange for a fee.

It's commonly used to look into knowledge asymmetry between principals (stockholders/public) and agents (management/executives). Economic resources are primarily owned by the public, as represented by national and state legislatures, but they are administered and controlled by the executives. On a regular basis, the executive who serves as the agent must report to the public on how public resources are used. Administrators are forced to rely on third parties due to a lack of public oversight (auditors).

In the public sector, value for money audit is linked to agency theory since both encourage accountability and good governance (improvement). This can be accomplished through auditor-executive collaboration and executive execution of auditor recommendations.

Review of Empirical Studies

The impact of a value for money audit has been the subject of inconsistent findings in literature. Lateef *et al*. (2021) studied issues preventing SAIs from being independent and contributing to good governance in Nigeria's public sector with a self-administered questionnaire collected primarily from 150 senior and management personnel in the office of the Auditor General for the Federation and the National Assembly's Public Account Committees. The regression analysis revealed that both underfunding of SAI and the quality of external audit have a detrimental impact on good governance in the Nigerian public sector. Stefãnescu and Trincu-Drăgușina (2020) assessed the public sector management's perceptions of the influence of the Romanian Court of Accounts' performance audit missions on the activities of public institutions. Responses were obtained via questionnaires were analyzed and the results demonstrated that performance auditing contributes to improve the economic, efficiency, and effectiveness in the use of public resources, but its usefulness is inversely proportionate to the respondents' professional experience.

Though Nwamgbebu *et al*. (2019) found that the economy element in procurement and the effectiveness element in budget implementation have significant effects on the cost of governance in local councils in Nigeria, while the resources efficient uses has a significant effect on the cost of governance in local councils in Nigeria. Johnsen, Reichborn-Kjennerud, Carrington, Jeppesen, Taro and Vakkuri (2019) investigated the influence of a performance audit carried out on public administration in four northern European nations (Sweden, Denmark, Norway and Finland) using polling techniques and regression analysis. According to the findings, the audited entities had a favorable opinion of these initiatives in terms of utility, modifications, improvements, and, to some extent, accountability.

Nkwagu and Nwamgbebu (2019) seek to determine the effects of value for money audits on Local Government Service Delivery in Ebonyi State, Nigeria. The study used a cross-sectional survey design and hypotheses were tested using multiple regression analysis. The findings revealed that the efficiency principle in resource utilization has a positive significant influence on local government service delivery, but the economy principle in procurement and the effectiveness principle in budget implementation have no significant effect. Likewise, Okolo, Irem, and Ugwuoke (2019) examined the effects of value for money auditing in Ebonyi State in terms of assuring efficient and effective accountability of public funds, as well as how value for money auditing aids in improving accounting system transparency. The survey method was used as the research design, and the hypotheses were tested using the chi-square statistical technique. It was discovered that value for money audit has a significant impact on ensuring that public funds are effectively and efficiently accounted for.

Correspondently, Nsiah-Asare (2016) explored how to ensure VFM in government procurement. The study collected data using a structured questionnaire and a purposive sampling strategy. According to the findings, poor mechanisms for monitoring and reviewing procurement regulations, as well as inadequately skilled employees in public sector procurement, are significant challenges in public procurement. Respondents in Malaysia's National Audit Department were given a postal questionnaire to fill in Loke *et al*. (2016) study. The findings revealed that the vast majority of public sector auditors's lightly agreed that value for money audit increases public accountability, economy, effectiveness, and efficiency of government institutions using descriptive statistics (mean score and ranking).

The influence of VFM audit on public sector organizations in Estonia was explored by Raudla *et al*. (2015). According to the findings of a poll of 118 Estonian public officials, auditees can see performance audit as beneficial even if it does not result in particular policy or organizational environmental practice changes. Eze and Ibrahim (2015) looked into value for money auditing as an essential technique for spending management. The desktop analytical technique revealed that value for money audit processes have an impact on an organization's smooth operation and growth. This is in line with Reichborn-Kjennerud (2013) study, which looked at auditees' evaluations of the value for money audit's utility. The study used questionnaire compiled by 353 experienced public workers to investigate the impact of value for money audits. According to the result, value for money audits has no impact on government efficiency, effectiveness, or accountability. Ihendinihu (2009) assessed the application of value for money auditing as a control measure for government projects and programs. The data was analyzed using descriptive, regression, and t-test methodologies, and the results revealed that VFM audit is performed at a very low level in Nigeria, with no significant link between VFM audit compliance and procedures and standards.

Glendinning (2007) talked on the implications of VFM for government activities in the UK and developing countries, as well as the problems that can occur during a VFM audit. The study found that the UK government's spending has dropped after VFM was established. Similarly, the study of Johnsen, Meklin, Oulasvirta, and Vakkuri (2001) revealed that value for money audits is a useful tool in public administration using simple sampling approach.

METHODOLOGY

The study's model is express as:
Good Governance in the Public Sector = *f* (economy, efficiency, effectiveness, environment, equity, ethics audit)

This is econometrically represented as follows:
$GG = \beta_0 + \beta_1 ECN_i + \beta_2 EFC_i + \beta_3 EFV_i + \beta_4 ENV_i + \beta_5 EQT_i + \beta_6 ETH_i + \mu_i$
Where; ECN = Economy; EFC = Efficiency; EFC = Effectiveness; ENV = Environment; EQT = Equity; ETH = Ethics; μ_i= Random error term; β_0= constant; β_1 to β_6 = estimated coefficients
To get first-hand information from the field, the study used a survey research design, with 6 groups of stakeholders responding to a structured questionnaire on a scale of 1 to 5, "1" means "strongly disagree," "2" means "disagree," "3" means "undecided," "4" means "agree," and "5" means "strongly agree." Each group has distinct needs, resulting in differing perspectives on the impact of value for money audits on the quality of public sector governance. Internal auditors in government MDAs, audit partners in accounting firms, academics, non-governmental organizations, and financial analysts are among the groups.

Because the study's population is unknown, and even its size is difficult to anticipate, the study employed a pragmatic approach to selecting its sample. A purposive sample survey was used to choose 30 respondents from a group of five, bringing the total number of respondents to 150. As it is seen from the data set, the dependent variables were ranked, the outcome variables were categorical, and the data were on a scale of measurement, the study employed logistic regression to analyze the data. The logistic regression describes the relationship between a set of explanatory variables and categorical dependent variable.

DATA ANALYSIS AND INTERPRETATION

The Reliability of the Study Instruments

According to Creswell (2010), research instrument reliability which is represented by Cronbach's Alpha can be defined as the stability and consistency of developed instrument. As asserted by George and Mallery (2003), the rule of thumb for reliability test is figure ≥ .9 is excellence, ≥ .8 is good, ≥ 7 is acceptable, ≥ .6 is questionable, ≥ .5 is poor, and < .5 is unacceptable. From Table 1, Cronbach's alpha coefficient was used to determine the reliability and internal consistency of the 5-item Liker scale. Thus, the results indicate that scale has good reliability and internal consistency with Cronbach's alpha coefficient = .801.

Table 1: Reliability Statistics

Cronbach's Alpha	No. of Items
.801	24

Source: Field Work (2022)

Model Fitting Information

This is the likelihood ratio test of a study model (Final) against one in which all the parameter coefficients are 0 (Null). Since the significance level of the test is < 0.05 (.000) in Table 2, it is in the right place to conclude that the final model is outperforming null, that is, the model is very good finding on how well does the model fits the data.

Table 2: Model Fitting Information

Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept	84.222			
Final	42.071	42.149	6	.000

Source: Field Work (2022)

The Goodness of Fit Test

In order to see if the observed data contradicts the fitted model, this study employed Pearson's chi-square statistic for the model as well as a chi-square statistic for the deviance. From table 3, the null hypothesis is rejected because the data are consistent with the model assumptions because the significance value is greater than 0.05 (0.569) for Pearson and (0.218) for deviance.

Table 3: Pearson and Deviance Test

	Chi-square	Sig.
Pearson	33.711	.569
Deviance	29.077	.562

Source: Field work (2022)

Pseudo R-Square

The coefficient of determination of the study is calculated using Pseudo R^2. It summarizes the proportion of variance in the outcome that can be accounted for by the explanatory variables and what constitute a good R^2 value depends on the nature of the outcome and the explanatory variables. As shown in Table 4, the pseudo R^2 values 69% (Cox & Snell), 74.9% (Nagelkerke) and 63.1% (McFadden) indicates that value for money audit elements (economy, efficiency, effectiveness, environmental, equity and ethics) explains a relatively high proportion of the variation between factors that influence good governance in public sector. As expected there numerous factors that can influence good governance, some of which will also be important predictors.

Print ISSN: 2053-4086(Print),
Online ISSN: 2053-4094(Online)

Table 4: Model Summary

Cox & Snell	Nagelkerke	McFadden
.690	.749	0.631

Source: Field Work (2022)

Test of Parallel Lines

The test of parallel lines tests the assumptions of proportional odds and compares the estimated model with one set of coefficients for all categories to a model with a separate set of coefficients for each category. It also helps to evaluate if parameters assumption are the same for all categories are sensible. Table 5, the proportional odds assumption of study model seems to have held because the significance of the study Chi-Square statistic is .504 which is greater than 0.05. This implies using ordinal logistic regression is in order.

Table 5: Test of Parallel Lines[a]

Model	-2 Log Likelihood	Chi-Square	Df	Sig.
Null Hypothesis	34.111			
General	31.907	2.204	6	.504

The null hypothesis states that the location parameters (slope coefficients) are the same across response categories

Source: Field Work (2022)

Regression Analysis

The influence of each predictor is summarized in Table 6 and the covariates coefficients sign and the relative values of the coefficients for factor levels might provide useful information about the model's predictors' impact. The influence of value for money audit on good governance in public sector in Nigeria is shown in Table 6 using ordinal logistic regression. The regression equation established that, taking other element constants, for every one unit increase of economy VFM audit element, there is a predicted increase .285 in the log odds of being at a higher level of good governance in public sector. More generally, this indicates that there is an increased probability of falling at a greater level on the good governance as values rise on a VFMA element. This is similar to the result of efficiency, effectiveness, equity and ethics where there are predicted increases .606, .059, 1.048, 0.30 and .053 in the log odds of being at a higher level of good governance in public sector. It can be seen that all the variables (economy, efficiency, effectiveness equity and ethics) concur with a priori expectation with positive sign except environment element where negative coefficients (-.482) is depicted.

However, as shown in Table 6 for the significance level, the test for economy, efficiency, effectiveness, environment and equity have significance of less than 0.05, indicating that the observed effect is not attributable to chance. This indicates that the elements of value for money audit are determinants of providing good governance in Nigeria.

Table 6: Parameter Estimates

GGPS	Estimates (Coefficients)	Std. Error	Wald	df	Sig.
Economy	.606	.262	5.499	1	0.000
Efficiency	.059	.289	.041	1	0.045
Effectiveness	1.048	.268	15.391	1	0.021
Environment	-.482	.279	3.100	1	0.124
Equity	.030	.016	3.583	1	0.001
Ethics	.053	.015	12.775	1	0.033

Source: Field Work (2022)

DISCUSSION OF FINDINGS

The finding of the study that showed positive and significant relationship between economy, efficiency, effectiveness, and equity value for money audit and good governance in public sector led to the rejection of null hypothesis (H_{01}, H_{02}, H_{03}, H_{05} and H_{06}). More so, findings of the study are buttress with previous findings. The result of the relationship between economy, efficiency and effectiveness value for money audit and public sector governance quality is in consonance with the finding of Stefănescu and Trincu-Drăgușina (2020); Nwamgbebu *et al*. (2019); Okolo *et al*. (2019); Johnsen *et al*. (2019) that showed positive association between value for money elements and good governance. On the contrary, the study of Reichborn-Kjennerud (2013); Nkwagu and Nwamgbebu (2019) found no relationship between economy, efficiency and effectiveness, and good governance in public sector governance.

Moreover, Eze and Ibrahim revealed that value for money audit processes have an impact on an organization's smooth operation and growth. Similarly, Nsiah-Asare (2016) found significant relationship between ethics/professionalism and good governance while Stefănescu and Trincu-Drăgușina (2020) study depicted otherwise. Ihendinihu (2009) revealed that VFM audit is performed at a very low level in Nigeria, with no significant link between VFM audit compliance and procedures and standards.

Finally, in tandem with the agency theory, the theory assumed agency problem between the voters/tax payers/general public and elected/appointed office holders. The former wants quality governance/ selfless service while later could exhibit self-interest. Carrying out value for money audit periodically bridge the gap in good governance and self-interest.

CONCLUSION AND RECOMMENDATIONS

This study assessed the relationship between value for money audit and good governance in Nigeria public sector. From the results it can be concluded that the presence of economy audit, efficiency audit, effective audit, equity audit and ethics audit promote better performance in terms of good governance in Nigeria. In other words, when all government programs are well-executed in connection to the 6Es listed, people's economic wellbeing will improve, resulting in happiness and contentment. It enhance enhances cost control and reduction, professional practices among those in arms of affairs, and just distribution of scarce resources. It is therefore recommended that government should persist in running their activities openly with just and professionalism because this could clean up government from corruption and inefficiency. More so, understanding government organization environment and culture is very important. This should be encouraged.

REFERENCES

Abubakar, A., Saidin, S. Z., & Ahmi, A. (2016). Performance management antecedents and public sector organizational performance: data screening and preliminary analysis. *International Journal of Academic Research in Business and Social Sciences*, *7*(9), 19-31.

Alwardat, Y. A., Benamraoui, A., & Rieple, A. (2015). Value for money and audit practice in the UK public sector. *International Journal of Auditing*, *19*(3), 206-217.

Baker, J., Dross, E., Shah, V. & Polastro, R. (2013). *Study: How to define and measure value for money in the Humanitarian Sector*. Swedish International Development Cooperation Agency: SIDA

Barr, J., & Christie, A. (2014). *Better value for money: an organising framework for management and measurement of VFM indicators*. Hove: ITAD

Brazilian Court of Audit. (2010). *Performance audit manual*. Brazil: Brazilian Court of Audit.

Eze, N. M., & Ibrahim, M. M. (2015). Value for money audit: a veritable tool for expenditure management. *International Journal of Financial Research*, *15*(2), 165-194.

George, D., & Mallery, P. (2003). *SPSS for windows step by step: A simple guide and reference*. Boston: Allyn & Bacon.

Gheorghiu, A. 2012. Performance auditing - a complex concept. *Hyperion International Journal of Econophysics and New Economy*, 159-176.

Glendinning, R. (2007). The concept of value for money. *International Journal of Public Sector Management*, *1*(1), 42-50.

Gildenhuis, C. E., & Rensburg, J. O. (2017). The fourth E of performance auditing. Southern African *Journal of Accountability and Auditing Research, 19*, 117-127.

Ihendinihu, J. U. (2009). Use of value for money audit as a control measure for government expenditure on projects and programmes in Nigeria. *Journal of Finance, Banking and Investment, 3*(1), 173-189.

International Conference of Supreme Audit Institutional (INCONSAI). (1986). *General Statement of Supreme Audit of Public Enterprises and Audit Quality*. Sydney: AGPS, Camberra.

International Organization of Supreme Audit Institutions (INTOSAI) (2004). *Performance audit guidelines. ISSAI 3000 – 3100*. Copenhagen: International Organization of SupremeAudit Institutions.

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency cost and ownership structure. *Journal of Financial Economics, 3*(4), 304-360.

Jeppesen, K. K., Carrington, T., Catasus, B., Johnsen, A., Reichborn-Kjennerud, K., & Vakkuri,J. (2017). The strategic options of supreme audit institutions: the case of four Nordic Countries. *Financial Accountability & Management, 33*(2), 146-170.

Johnsen, A., Meklin, P., Oulasvirta, L., & Vakkuri, J. (2001). Performance auditing in Local Government: An exploratory study of perceived efficiency of municipal value for money auditing in Finland and Norway. *The European Accounting Review, 10*(3), 583-599.

Johnsen, A., Reichborn-Kjennerud, K., Carrington, T., Jeppesen, K. K., Taro, K., & Vakkuri, J. (2019) Supreme audit institutions in a high-impact context: a comparative analysis of performance audit in four Nordic countries. *Financial Accountability & Management, 35*(2), 158-181.

Kells S., & Hodge G. (2009). Performance auditing in the public sector: reconceptualizing the task. *Journal of Contemporary Issues in Business and Government, 15*(2), 33-60.

Lateef, S. A., Rashid, N., Farouk, A. U., & Olanipekun, W. D. (2021). Does the independent of Supreme Audit Institutions matter on Good Governance? An insight from Nigeria Auditor-General for the Federation. *Universal Journal of Accounting and Finance, 9*(4), 712-721. doi: 10.13189/ujaf.2021.090417

Loke, C. H., Ismail S., & AbdulHamid, F. (2016). The perception of public sector auditors on performance audit in Malaysia: an exploratory study. *Asian Review of Accounting, 24*(1), 90-104.

Lukman, S. (2004). *Service quality management*. Jakarta: STIA-LAN Press.

Marchi, L., & Bertei, M. (2016). Performance audit in the public sector. What is the contribution to the performance management? *Journal of Management Control, 3,* 50-63.

Mihaiu D. M., Opreana A., & Cristescu M. P. (2010), Efficiency, effectiveness and performance of the public sector. *Romanian Journal of Economic Forecasting, 4,* 132-147.

Mitnick, B. M. (1973). *Fiduciary rationality and public policy: the theory of agency and some consequences*. New Orleans, Louisiana: American political association.

Morin, D. (2001). Influence of value for money audit on public administrations: Looking beyond appearances. *Financial Accountability and Management, 17*(2), 99-117.

Murdock, H. (2017). *Operational auditing: Principles and techniques for a changing world*. Boca Baton: CRC Press.

Nkana N. S., Ekpu F. S., & Dode R. O. (2013). *Citizenship and peace studies*. Uyo: University of Uyo.

Nkwagu, L. C., & Nwamgbebu, O. P. (2019). Value for money auditing and local government service delivery in Ebonyi State: a study of selected local government areas. *Academy of Accounting and Financial Studies Journal, 23*(5), 1-21.

Nwamgbebu, O. P., Oketa, C. E., Agba, C. C., & Nwambe, C. O. (2019). Effect of value for money on cost of governance in local councils in Ebonyi State, Nigeria. *International Journal of Academic Research in Accounting, Finance and Management Sciences, 9*(1), 170-178.

Okolo, M. N., Irem, E. N. & Ugwuoke, C. (2019). Value for money (VFM) audit and public sector performance in Afikpo North local government area of Ebonyi State, Nigeria. *International Journal of Public Policy and Administration Research, 6*(2), 147-156.

Ratminto, A., & Winarsih, A. S. (2006). *Service management: capital development conceptual, citizen's charter application and minimal service standards*. Yogyakarta: Student Library.

Raudla, R., Taro, K., Agu, C. & Douglas, J. (2016). The impact of performance audit on public sector organizations: the case of Estonia. *Public Organization Review, 16,* 217-233.

Reichborn-Kjennerud, K. (2013). Political accountability and performance audit: the case of the auditor- general in Norway. *Public Administration, 9*(3), 680-695.

Reichborn-Kjennerud, K., & Johnsen, A. (2018). Performance audits and supreme audit institutions' impact on public administration: the case of the Office of the Auditor General in Norway. *Administration & Society, 50*(10), 1422-1446.

Ross, S. A. (1973). The economy theory of agency: the principal's problem. *American Economy Review, 62*(2), 134-139.

Said, J., Alam, M. M., & Khalid, M. (2016), Relationship between good governance and integrity system: Empirical study on the public sector of Malaysia. *Humanomics, 32*(2), 15-171.

Saito, Y. (2021). *Is good governance a necessary precursor to peace*? Geneva: UNDP Publication

Sharma, M. P., Sadana, B. L., & Kaur, H. (2013). *Public administration, in theory and practice*. Marg Allahabad, New Delhi: Kitab Mahal.

Shittu, A. K. (2020). *Public service and service delivery. Springer Nature Switzerland AG 2020*. A. Farazmand (ed.), Global Encyclopedia of Public Administration, Public Policy, and Governance, 1-8. https://doi.org/10.1007/978-3-319-31816-5_4005-1

Ștefãnescu, A., & Trincu-Drăgușina, C. (2020). Performance audit in the vision of public sector management. The case of Romania Aurelia. *Accounting and Management Information Systems, 19*(4), 778-798. doi: http://dx.doi.org/10.24818/jamis.2020.04007

Smith, A., & Strydom, W. (2013). *Performance auditing: internal audit, risk and compliance services*. South Africa: KPMG Publications.

Štrangfeldová, J., & Štefanišinová, N. (2020). Value for money in organizations providing public education services and how to measure it. *Our Economy, 66*(2), 62-70.

Tudor, A. T. (2007). Performance audit in public sector entities - a new challenge for eastern European countries. *Transylvanian Review of Administrative Science, 19*, 126-141.

United Nations Development Program. (1997). *Governance & Sustainable Human Development*. NewYork: Oxford University Press.

United Nations Global Compact. (2014). *Guide to corporate sustainability: Shaping a sustainable future*. New York: United Nations.

Waring, C. G., & Morgan, S. L. (2007). *Public sector performance auditing in developing countries*. Altamonte Springs, FL: The Institute of Internal Auditors.

Widodo, J. (2001). *Good governance. Surabaya*: Ihsan Scholar.

Van Dooren, W., Bouckaert, G., & Halligan, J. (2015). *Performance management in the public sector*. England, UK: Routledge Publications.

Vasiliauskienė, M., & Daujotaitė, D. (2019). Performance audit: a cross-country comparison of practices of selected Supreme Audit Institutions. *Business: Theory and Practice, 20*, 352-362.

Yamit, Z. (2001). *Production and service quality management*. Yogyakarta: Ekonisia Press.