

The Independence of Supreme Audit Institution in Mitigation Financial Fraud in Nigeria

Abstract

The subject of enquiry is to ascertain the independence of Supreme Audit Institutions in mitigating financial fraud in Nigeria. Regular audits of public financial account are entrusted in the Office of the Auditor-General in Nigeria. In addition, the increase in wastages and ineffective governance by agencies of the public sector, has brought enormous pressure on the supreme audit institutions. However, numerous challenges weakened the independence of Supreme Audit Institution (SAIs) to have effective performance in Nigeria. This includes insufficient funding, lack of knowledge and experience, the required enabling environment, adherence to international standards, appointment and promotion of Supreme Audit Institution (SAI) heads/leadership, among others. The argument of this study is anchored on the assumption that the process of appointing staff of the Supreme Audit Institution (SAI), deliberate under-funding of the institution and quality of external auditors hired can impair SAIs from carrying out their statutory duties effectively to achieve their set mandate. The study therefore is supported by agency theory and fraud triangle theory. Primary data source was used as data for analysis. A survey approach was used, through the administration of questionnaires to the staff in the Office of the Auditor-General, Ministries, Agencies and Boards in the Ondo State Government. A population of (200) respondents were sampled. Data analysis approach used for the test of each null hypothesis was Chi Square (X^2). The financial, political, administrative and organizational autonomy of SAIs in Nigeria should be strengthened to enable them act as the watch dog of public officers.

Key Words: Financial Fraud, International Congress of Supreme Audit Institution, Public Account Committee, Supreme Audit Institution

Introduction

The United Nations (UN), through its resolutions in its 2030 Agenda for Sustainable Development Goals (SDGs) in (2015), has recognised that strong and independent Supreme Audit Institutions (SAIs) have a vital role to play in strengthening citizens' trust by holding governments to account for the public funds they utilise and for the programmes they deliver. The Audit Office which is the supreme audit institution (SAI) in a Country, State or local Government as the case may be, has one head in their respective jurisdictions, often called the Auditor General of the Federation, Auditor-General for State and Auditor-General for Local Government respectively. The role of these heads of SAI is to audit parliamentary authorizations of expenditures, annual accounts of government and public bodies, and in some special occasions also undertakes compliance and performance audits, and reports its findings to the House Committee on Public Account of Parliament.

Transparency International (2018) posited that the Supreme Audit Institution (SAI) which is regarded as the Office of the Auditor-General in Nigeria is expected to serve as an authority that is saddled with the responsibility of providing unbiased and objective assessment of whether public funds are effectively managed to achieve intended objective. That is, the conduct of regular audits of public financial account is entrusted to the Office of the Auditor-General in Nigeria. In addition, the increase in wastages and ineffective governance by agencies of the public sector, has brought enormous pressure on the supreme audit institutions to reduce this deficiency in order to promote good governance and economic development.

However, numerous challenges also weaken the independence of Supreme Audit Institution (SAIs) to have effective performance in Nigeria as stated by Ijeoma & Nwifo (2015). This includes insufficient funding, lack of knowledge and experience, the required enabling environment, adherence to international standards, appointment and promotion of Supreme Audit Institution (SAI) heads/leadership, among others.

The Supreme Audit Institution is expected to be independent and apolitical in order to perform its constitutional role effectively so as to ensure that public funds are properly utilized, effectively managed and timely publication of financial reports in public domain. Unfortunately, the influence of political actors in the appointment and promotion of Supreme Audit Institutions officers have hindered the independence of SAIs to perform its statutory duties. This has impaired public expectation towards SAI in terms of combating fraud through prevention and detection of any form of corruption in the Nigerian public sector. In addition, the issue of under-funding is another major challenge facing the SAIs. Otusanya (2010).

“The Independence of Supreme Audit Institution in Mitigation Financial Fraud in Nigeria” is aimed principally at supporting the Government in combating economic and financial fraud by empowering the Offices of the Auditor-Generals who are the Supreme Audit Institutions in Nigeria with possible collaboration with Economic and Financial Crimes Commission (EFCC) and other anti-corruption agencies.

2.0 Literature Review

2.1.1 Conceptual Review

“Audit” Services – “The Audit Universe”

“Audit” is defined in the Ondo State Government Audit Manual (2017) as an independent, unbiased systematic examination of records, documents, information and data in order to provide a sufficient basis to the auditor to conclude on the objective of the assignment, such that;

- the level of fairness of disclosure and representation made by audited entities (departments, ministries, agencies, schools, hospitals etc.) against prescripts (Accounting Framework, IPSAS)
- the level of compliance to rules and regulations (for example the PFMA).

Such an examination includes activities such as inspection, observation, recalculation, interviews, third party confirmation and analytical reviews. These activities should be carried out with a high degree of skepticism and professional judgment.

The embedded skills associated with maintaining the requisite degree of professional skepticism and demonstrating consistency in the exercise of professional judgment are acquired, first through professional training and secondly through practical coaching received from competent and knowledgeable internal mentors that are committed to the sustained development of experienced auditors that are professionally competent and confident. The auditor should compile a portfolio of evidence to illustrate the nature, timing and extent of work performed that supports his conclusion. This portfolio of evidence is referred to as Working Papers. Ondo State Government Audit Manual (2017).

2.1.2 Advisory and Consulting Services

The Auditor-General, and the professional staff engaged for purposes that are legislatively mandated, are regarded as specialists in the public financial management sector, which as an operational environment is strictly regulated by law, international standards and oversight structures. These attributes, knowledge, expertise and experience result in ad hoc requests being made to the Auditor-General on a periodic basis to perform special assignments, which are usually specific in detail and limited in scope.

These assignments are not regarded as audits, however the results may be used in the financial audit process, especially for evaluating the risk profile of an entity. The scope, timing, timeframe and skill requirements for such ad hoc assignments are seldom generic and as such all detailed procedures etc. need to be agreed upon in advance with the party, entity or function requesting the assignment.

2.1.3 Operational Mandate and Obligations

Section 12[I] of the Ondo State Audit Law (2021) sets out in detail the duties and functions of the Auditor-General in terms of Sections 125 (1-6) of the Constitution of the Federal Republic of Nigeria (1999). This section states the Duties And Functions Of The State Auditor-General who shall perform the duties as stipulated in terms of section 125 (1-6) of the Constitution. Pursuant to this, the Auditor-General shall audit and report on:

- (i) The accounts, financial statements and financial managements of Ministries, Departments, Agencies, State Funded Public Schools/Health Institutions, the Legislative and Judicial arms of the State Government.
- (ii) The Consolidated Financial Statements, as submitted by the Accountant-General (as provided for under the Constitution and any other Law).
- (iii) The Accounts, Financial Statements and Financial Management of all State Government Counter-part funded or donor funded projects.
- (iv) All procurement of goods and services in so far as they are funded by State Public Funds.
- (v) Performance of all State funded programmes/projects
- (vi) Pension, Gratuities and Superannuation Schemes to the extent of the States' contribution to such schemes.
- (vii) Special investigations and forensic matters.
- (viii) Classified expenditure
- (ix) Subsidy Schemes
- (x) Disaster related aid
- (xi) Environmental impact of Government projects and other related activities.
- (xii) Other emerging audit(s).
- (xiii) Such audits as may prove necessary to safeguard government assets.

2.1.4 Compiling the Audit Assertion Matrix

The Ondo State Government Audit Manual (2017) states that assertions are those statements made and/or implied by management of an audited entity (DMA) regarding the reasonability of disclosure and reporting when presenting a set of Annual Financial Statements to be audited. The Annual Financial Statements as a whole i.e. Presentation and disclosure – Assets, liabilities and transactions are presented in the annual financial statements in a manner that is fair and consistently accumulated, correctly classified and presented in terms of the adopted accounting framework. The Component Specific assertions are explained below:

- (a) **Completeness of Recorded Transactions:** All transactions should be accounted for and recorded in source documents and Prime Books of entry. Any transactions that are not identified and therefore not entered on a source document (or directly into the application system) are evidence of incomplete transaction.
- (b) **Validity:** Performance occurred Assets & Liabilities exists; all transactions actually occurred and were duly authorized with an evidence of observation (physical verification) and third party confirmation. For instance a confirmation of existence of all employees who are on duty unless on leave
- (c) **Proper Amount:** The accuracy of the source documents should be ascertained. Any amount captured inaccurately into the subsidiary ledgers and the processing of such transactions would entail that inaccurate (i.e. summarising, calculating, casting and posting) adjustments are made to the subsidiary or general ledger.
- (d) **Proper Period (“Cut off”):** Transactions are recorded in the period they occurred, in line with the accounting policy (cash basis vs accrual basis).
- (e) **Regularity “Compliance”:** Transaction occurred without following all prescribed rules and regulations, legal requirements. Source documents and secondary supporting evidence should be available to confirm level of compliance.
- (f) **Valuation:** That assets and Liabilities are correctly valued as per the adopted accounting policy by applying impairment.
- (g) **Disclosure (“Classification”):** All transactions, assets and liabilities processed, recorded and/or accounted for in line with prevailing Accounting policy. Ensure that expenditures, Revenue, Liabilities and Assets are classified appropriately

2.1.5 The International Supreme Audit Institution (SAI) Architecture

The International Organisation of Supreme Audit Institutions (2010) operates as an umbrella organisation for the external government audit community. It provides a framework for SAIs to promote development and transfer of knowledge, improve government auditing worldwide, and enhance the professional capacities, standing and influence of member SAIs in their respective countries. Through its committees and working groups, documents and conferences, it provides forums for government auditors from around the world to discuss issues of mutual concern and keep abreast of the latest developments in auditing and other applicable professional standards and best practices. Its day-to-day operations are managed through the INTOSAI secretariat based in Vienna.

The key decisions of the organisation are agreed every three years through the International Congress of Supreme Audit Institutions (INCOSAI). The INTOSAI Strategic Plan has four main objectives or work streams:

- professional standards;
- knowledge sharing;
- capacity development; and
- model international organisation.

INTOSAI (1977) has produced two key documents which define what is meant by independent SAIs. The first, agreed in 1977 and known as the “Lima Declaration”, determines the principle of independence of government auditing in methodological and professional terms.

The second INTOSAI (2007) known as the “Mexico Declaration” was agreed 30 years later in 2007 and defines these requirements in more concrete terms identifying eight pillars underpinning the independence of external government auditing. In addition, in November 2010 INTOSAI endorsed a package of high-quality standards – the International Standards for Supreme Audit Institutions (ISSAI) for public sector operations which correspond to the private sector auditing standards - the International Standards for Auditing (ISA).

INTOSAI’s capacity development work is overseen by the INTOSAI (2010) Capacity Building Committee. The key activities of this committee include:

- i. the production and dissemination of best practice guides for SAIs – available in Arabic, English, French, German, Spanish and Russian, for example: SAIs are also members of the following regional SAI organisations:
- ii. African Organisation of Supreme Audit Institutions (AFROSAI) – and its English and French regional sub-groups – the African Organisation of English-Speaking Supreme Audit Institutions (AFROSAI-E) and the African Organisation of French Speaking Supreme Audit Institutions (CREFIAF);
- iii. Arab Organisation of Supreme Audit Institutions (ARABOSAI);
- iv. Asian Organisation of Supreme Audit Institutions (ASOSAI);
- v. Caribbean Organisation of Supreme Audit Institutions (CAROSAI);
- vi. European Organisations of Supreme Audit Institutions (EUROSAI);
- vii. Organization of Latin American and Caribbean Supreme Audit Institutions (OLACEFS); and
- viii. Pacific Organisation of Supreme Audit Institutions (PASAI).

2.1.6 Perpetration of Financial Crime

It's common and rampant in public sector and it is the basis of slow development in Nigeria public sector environment. (Mukoro, Yamusa and Faboyede, 2013) posited that financial crime includes money laundering, bribery, looting, embezzlement, fraud; tax evasion, foreign exchange malpractice and oil bunkering. Financial crimes are aggravated by financial need caused by greed, gambling, debts, business reversals, poor investments or trying to maintain a lifestyle well beyond one's means. The first and most sophisticated way to carry out a financial crime in many companies is through the manipulation of financial records and accounting in government establishment. The judgment of Transparency International is a reflection of what the nation has given to the world-419, money laundering, inflated contracts, scam mails, illegal oil bunkering, and disappearance of ships etc. All these crimes harm Nigerian economy in no small measure.

Ribadu (2004) stated that all these crimes continued in the system in spite of Government's landscape steps to tackle them, because many people in power want the old dispensation to continue. He reiterated that there are those whose lives thrive on corruption, while there are those even though they are paid to check the activities of the culprits, yet are willing to share in the proceeds with the event that they themselves become culprits. These economic and financial crimes are the greatest threat to national economy and development as the nation has nothing to show for its huge earnings from oil.

Waziri (2009) stated that corruption afflicts virtually all parts of the Nigerian public establishment. It has eaten deep into Nigeria value system and is now threatening to spread to the culture as public adulation for wealth has increased. The society no longer asks questions as to how people came by their questionable wealth. In its 2004 report on worldwide corrupt practices, transparency International survey covered 146 countries, which rated Nigeria as the third most corrupt country, beating Haiti and Bangladesh to the second and last positions respectively.

The focus of the Transparency International 2004 report was more on the oil sector as a revenue source for most oil producing countries. According to Owolabi (2007), Peter Eigen, chairman of Transparency International Board of Directors observed in 2004 that in oil producing countries, public contracting in the oil sector is plagued by revenue vanishing into the pockets of western oil executives, middlemen and local officials. He suggested that oil companies could help fight corruption by making public details of payments made to government and state-controlled oil firms. That access to vital information will minimize the opportunity for the payment of

kickbacks to secure oil tenders, a practice that has blighted the oil industry in transition and post war economies. That Eigen said further that reconstruction will be wrecked by a wasteful diversion of resources to corrupt elites unless there are strict anti-bribery measures.

The long years of military rule had entrenched corruption in Nigeria; almost becoming institutionalized. Corruption reached its zenith during the reign of General Abacha who was acknowledged to have stolen between 4 and 5 billion USD between 1994 and 1998, surpassing all records of state thieving within such a short period. Law and order collapsed and the rule of law took a back seat in the face of tyranny, despotism and impunity. All law enforcement and other watchdog institutions were so compromised that they now served the needs of the corrupt rather than those of the society they were set up for as stated by Akomaye, 2007. Nigeria was assessed by many risk rating agencies as too risky a jurisdiction for quality investment. Foreign Direct Investment (FDI) took flight in spite of ceaseless flow of petrodollars, the economy plummeted, and witnessing double digit inflation and poverty became pervasive particularly in the Niger Delta giving rise to crises that severely threatened state security by Niger Delta avengers and other societal vices created to threaten the security of the state.

2.1.7 Supreme Audit Institutions in Nigeria

Nigeria adopts the Westminster system which is typically marked by SAI's interactions with the parliament. The SAI is a core element of parliamentary oversight and there is a close relation between the public accounts committee (PAC) that reviews the audit report and the SAI. The SAI is dependent on the parliament to act upon its reports for audits to be effective, implying that with an impotent legislature that do not fully discharge its duties the value of the SAI's work is considerably reduced (Vibeke & Lise 2005). The office of the Auditor-General has no judicial function itself but its findings may be passed on to legal authorities for further action indicating another relational factor determining its functioning. There are strong safeguards of the tenure of the Auditor-General and generally he can only be removed by an act of parliament.

(Odia 2014) record that the SAI in Nigeria is headed by an Auditor-General who is personally responsible for his office, generating a hierarchical organisational structure. The main weakness of the Westminster model is that a great deal of authority is centralized on the Auditor-General and there is the risk of abuse of power in the wrong hands. Moreover, where the legislature is corrupt and weak, they may fail to instill public accountability. The legislature may not support or follow-up the reports and opinions produced by the Auditor General of the Federation (AuGF) thereby making the system ineffective.

The SAIs in Nigeria shall within ninety days of receipt of the Account-General's financial statement,

submit his reports to each house of the National Assembly and each House shall cause the reports to be considered by a committee of the House of the National Assembly responsible for public accounts (Izedonmi,2000).

It is instructive to note that since Nigeria embraced democracy in 1999, corruption has been thriving among public officials owing to the fact that the SAIs have been found wanting and the legislature have failed to carry out their oversight functions on the executives and sanction them accordingly (Odia, 2014).

In the past there have been series of corrupt cases in Nigeria. In recent cases, the Maina gate came into light where N1.3 trillion meant for pension funds was diverted by the former head of the Presidential Task Force on pension reform headed by AbdurashheedMaina under former President GoodluckJonathan; there has also been a fresh case of NNPC scam subsidy payments to the tune of \$25 billion , the Lawal gate where a total sum of N223 million for the award of contracts under the presidential initiative on the north east was fraudulently used for the cutting of grass at internally displaced camps by the former Secretary to the Government of the Federation, BabachirLawal.

The Dasuki gate where funds meant for the purchase of military weapons / arms to fight insurgencies to the tune of N2.1 billion were diverted towards prosecuting the 2015 general elections by the former National Security Adviser SamboDasuki; the Oke gate where huge amount of money in both foreign and local currencies to the tune of N13 billion was fraudulently stocked in an apartment in Ikoyi which belonged to the National Intelligence Agency under the leadership of the then DG, AyodeleOke among others are high corrupt cases in Nigeria which are still lingering today without headway due to the weakness of SAIs in enhancing public accountability.

2.1.8 Public Accounts Committee (PAC)

Public Accounts Committee (PAC) is a committee of the House of Assembly responsible for public accounts in accordance with Section 85 (5) of the 1999 Constitution. The PAC is required to deliberate on the Auditor-General's report, consider all the queries raised by him in his report, compile a comprehensive report and recommendations for submission to the whole House (Ogiedu&Izedonmi, 2013). It is a committee of the National Assembly and the States House of Assemblies responsible for the review of the Auditor-General's report. The PAC is also

responsible for handling queries raised by the Auditor-General in his report (Akhidime&Izedonmi, 2013). The committee performs the following functions:

- To sit and deliberate on the Auditor-General's reports submitted to the legislature.
- To summon the Accounting officers to appear before the Committee, to offer explanations on the observations raised by the Auditor-General.
- To examine any officer on oath if need be.
- To enforce audit sanctions as required.
- To recommend to the executive any sanctions to be taken on any erring officers.
- To carry out any other duties as required by the legislature.

It is obvious from the foregoing that it is the PAC that reviews the report prepared by the Auditor General and then recommend appropriate sanctions accordingly. However, experience has shown that members that constitute the PAC are not even vast with accounting and auditing skills and experience. In most cases they don't even have degrees in accounting that will enable them analyse the report of the SAI. This has gone a long way in affecting the quality of its reports because membership of the committee is highly political than with experience on accounting and auditing.

2.2 Theoretical Framework

The argument of this study is anchored on the assumption that the process of appointing SAIs head, deliberate under-funding of the institution and quality of external auditors by the SAIs can impair SAIs from carrying out their statutory duties effectively to achieve their set objectives. The study therefore is supported by agency theory and fraud diamond theory.

2.2.1 Agency Theory

The agency theory disclosed that individual pursue their self-interest when they are delegated and entrusted with responsibilities. As stated by Abdullah and Valantine(2009), opportunistic behavior (self-interest) succumbed because the principal and the agent are having different aspirations and pursuits. This relates to the current study that Federal Government of Nigeria and the representative of the government have principal-agent relationship where the resources of Nigerian are expected to be entrusted by the Federal Government into the hands of the representatives according to constitutional provisions and financial regulations in the country. However, the principal does not have basis for trusting the agent since his interest and information are quite different from his agent. Hence, the financial regulations and constitutional

authority are to regulate the actions of the Federal Government. Meanwhile, the lack of quality external auditors and under-funding of the institutions hindered the roles and responsibility of detecting fraud most especially at a time of increasing incidence of fraud which is highly questionable. This indeed creates a weakness since the Federal Government is responsible for deciding on what should be given to SAIs to perform their constitutional audit functions. This is capable of protecting their financial interest, if they are involved in any financial fraud and other irregularities. Therefore, the study argued that the influence of the politicians on the appointment of SAIs officers and the deliberate under-funding of SAIs are capable of obstructing the SAIs from uncovering fraud and as such, this constitute a threat to the independence of SAI in Nigeria. Hence the resources entrusted into the hands of the agents (the representatives) by the principal the (Federal Government) are squandered because the same agent are responsible for appointing and providing minimal funding for the Supreme Audit Institutions.

2.2.2 Fraud Triangle Theory

According to Donald Cressey(1950) created the concept of the fraud triangle according to which fraud can be the function of three factors- Motive, Opportunity, and Rationalization.

- (a) **Motive:** A motive is a kind of personal pressure for doing something not acceptable by the society. Individual motivation for committing any infraction is premised on such behavior as psychotic, egocentric or ideological foundations.
- (b) **Opportunity:** An opportunity is an open door for relieving the pressure in secret by violating trust. The violation may be a circumvention of internal control policies and procedures, or it may be simply taking advantage of an absence or lack of control in an organization.
- (c) **Rationalizations:** Rationalization is the justification an individual would use to commit fraud. The vast majority of individuals committing frauds are first time offenders, and don't view themselves as criminals, but rather ordinary, honest people who are just the victims of unfortunate circumstances.

The main concern of SAI is that the external auditors are basically at the last line of defense after the fraud had been committed. The scrutiny of SAI is for a limited period of time and so the employee red flags may not be of much help to SAI. However, the employee red flags are good indicators for the managers/ high officers who are watching the employees for extended period of time.

This theory revealed that the interrelationship of the above elements can prompt an individual to commit fraud. This theory relates to this study because the Federal Government have been accused of influencing the appointment, promotion and deliberate under-funding of the SAI because of their intention to commit fraudulent acts. This is because their budget is directly controlled by the Federal Government. The influence of appointment, promotion and deliberate under-funding of the SAI to enable the coverage of fraud is a function of opportunity, self-interest, rationalization and capability. This theory support the fact that underfunding the SAI at a time of increase in recorded cases of fraud is a deliberate action and it is like trying to use one fraud to cover others. Hence, the devices used by the politicians to cover their frauds are stemmed from the pursuance of self-interest and this self-interest is implicit in the agency and fraud diamond theories as already explained.

3.0 Methodology

Primary data source was used as data for analysis. A survey approach was used, through the administration of questionnaire to the staff in the Office of the Auditor-General, Ministries, Agencies and Boards in the Ondo State Government. A population of (200) respondents where sampled, which represents 50% of the total population intended for this project and is consistent with the 5% requirement of sample size suggested by Krejcie and Morgan,(1970).

The 200 respondents where selected based on random and sometime judgemental sampling, this is because not all the respondents had their main offices at the central location. In the process of distributing the questionnaires, a planned but unstructured interview was conducted with some of the auditors, reason being that the auditor further took time to explain the nitti gritty behind the answers they provided and proper notes were taking by the researcher.

A survey with sampled questionnaires was carried out on the field and the concentration was at the Office of the Auditor-General and twenty ministries where both internal and external audit department/unit were conspicuous. Each ministry had a finance and audit department with irregular and unequal staff population across each ministry. The Accountant and audit staffs were used in the study based on their suitability, due proper recognition and understandability of terms used in the questionnaire, this staff could easily relate to these questions and could give appropriate feedback. Few questionnaires were given to administrative staff and it was observed they were reluctant to put pen to paper as a result of the sensitive terms used such as 'fraud'. Out

of a total of 250 questionnaire, 230 where successfully distributed and 200 where received which hold a response rate of 100%.

4.0 Results

4.1 Data Presentation

This chapter deals with the presentation, analysis and interpretation of the data collected during the field survey. Since the data used in this research were obtained through questionnaires, it is necessary to analyse them using appropriate statistical methods so as to draw reasonable conclusions. The research hypotheses were tested using chi-square (X^2) at 0.05 level of confidence. Each of the questions were presented in a tabular form with further analysis in percentages and meaningful interpretation given as follow.

Table 1: Population of Respondents

Details	Number of Questionnaires	Percentage (%)
Properly completed and returned questionnaires	200	80
Not Returned Questionnaires	50	20
Total	250	100

Source: Researchers' Computation

From the above table 80% of the questionnaires were successfully completed and returned. This depict that the society is sensitive and supportive to a meaningful research of this nature.

Testing of Hypotheses

The following table shows the hypothesis to be tested with the questions as analysed:

Statistical test known as Chi-Square (X^2) denoted by the following formula is used for testing the hypothesis.

$$X^2 = \frac{\sum(O - E)^2}{E}$$

Where;

O = Observed frequency

E = Expected frequency

X^2 = Chi-square

Hypothesis 1:

Research Hypothesis: There is strong agreement that the Supreme Audit Institution is being under-funded which would affect the prevention of financial fraud.

Statistical Hypothesis Question: The under-funding of the Supreme Audit Institution does not significantly affect the prevention of financial fraud.

Null Hypothesis (Ho₁): That the under-funding of the Supreme Audit Institution does not significantly affect the prevention of financial fraud.

Table 2: There is strong agreement that the Supreme Audit Institution is being under-funded which would affect the prevention of financial fraud.

Responses	O	E	O – E	(O – E) ²	$X^2 = \frac{\sum(O - E)^2}{E}$
Strongly Agreed	20	50	-30	900	18
Agreed	60	50	10	100	2
Disagreed	120	50	70	4,900	98
Undecided	0	50	-50	2,500	50
Total	200	200			168

Source: Researchers' Computation

$$E = \frac{200}{4} = 50$$

$$\text{Degree of freedom} = (4-1)(2-1) = 3$$

$$\text{Level of Significance} = 0.05$$

$$\text{Calculated Chi-Square (X}^2\text{)} = 168$$

$$X^2 \text{ at } 0.05 = 7.815$$

Decision

Calculated chi-square is 168 which is higher than the table value of 7.815, hence the null hypothesis is rejected.

Hypothesis 2:

Research Hypothesis: There is strong agreement that the quality of Auditors hired would affect the prevention of financial fraud.

Statistical Hypothesis Question: High quality of external auditors hired will not significantly affect the detection and prevention of fraud.

Null Hypothesis (Ho₂): That the high quality of external auditors hired will not significantly affect the detection and prevention of fraud?

Table 3: There is strong agreement that the quality of Auditors hired would affect the prevention of financial fraud.

Responses	O	E	O – E	(O – E) ²	$X^2 = \frac{\sum(O - E)^2}{E}$
Strongly Agreed	0	50	-50	2,500	50
Agreed	60	50	10	100	2
Disagreed	140	50	90	8,100	162
Undecided	0	50	-50	2,500	50
Total	200	200			264

Source: Researchers' Computation

$$E = \frac{200}{4} = 50$$

$$\text{Degree of freedom} = (4-1)(2-1) = 3$$

$$\text{Level of Significance} = 0.05$$

$$\text{Calculated Chi-Square (X}^2) = 264$$

$$X^2 \text{ at } 0.05 = 7.815$$

The calculated chi-square is 264 which is higher than the table value of 7.815, hence the null hypothesis is rejected.

Hypothesis 3:

Research Hypothesis: There is strong agreement that the appointment of officers of the Supreme Audit Institution by the executive may affect the detection and prevention of financial fraud.

Statistical Hypothesis Question: The appointment of officers of the Supreme Audit Institution by the executive may not affect the detection and prevention of financial fraud.

Null Hypothesis (Ho₃): That the appointment of officers of the Supreme Audit Institution by the executive may not affect the detection and prevention of financial fraud.

Table 4: There is strong agreement that the appointment of officers of the Supreme Audit Institution by the executive may affect the detection and prevention of financial fraud.

Responses	O	E	O – E	(O – E) ²	$X^2 = \frac{\sum(O - E)^2}{E}$
Strongly Agreed	40	50	-10	100	2
Agreed	20	50	-30	900	18
Disagreed	140	50	90	8,100	162
Undecided	0	50	-50	2,500	50
Total	200	200			232

Source: Researchers' Computation

$$E = \frac{200}{4} = 50$$

$$\text{Degree of freedom} = (4-1)(2-1) = 3$$

$$\text{Level of Significance} = 0.05$$

$$\text{Calculated Chi-Square (X}^2\text{)} = 232$$

$$X^2 \text{ at } 0.05 = 7.815$$

The calculated chi-square is 232 which is higher than the table value of 7.815, hence the null hypothesis is rejected.

4.2 Discussion of Findings

Null Hypothesis (Ho₁) states that the under-funding of the Supreme Audit Institution does not significantly affect the prevention of financial fraud. Analysis of the hypothesis proved that the calculated chi-square (X²) of 168 was higher than the table value of 7.818 at a 0.05 level of significance. Hence the null hypothesis is rejected and the alternative hypothesis is accepted. It is therefore agreed that the under-funding of the Supreme Audit Institution would significantly affect the prevention of financial fraud.

Null Hypothesis (Ho₂) states that the high quality of external auditors hired will not significantly affect the detection and prevention of fraud. Analysis of the hypothesis proved otherwise as the calculated chi-square (X²) of 264 is higher than the table value of 7.818 at a 0.05 level of significance. Hence the null hypothesis is rejected and the alternative hypothesis is accepted. It is therefore proven that high quality of external auditors hired will significantly affect the detection and prevention of financial fraud.

Null Hypothesis (Ho₃) that the appointment of officers of the Supreme Audit Institution by the executive may not affect the detection and prevention of financial fraud. The hypothesis proved otherwise as the calculated chi-square (X²) of 232 is higher than the table value of 7.818 at a 0.05 level of significance. Hence the null hypothesis is rejected and the alternative hypothesis is accepted. It is therefore proven that the appointment of officers of the Supreme Audit Institution by the executive will affect the detection and prevention of financial fraud.

5.0 Conclusion

There is no doubt that lots of corrupt practices have thrived in Nigeria over the years due to the fact that SAIs in Nigeria have not been able to play its role efficiently and effectively. SAIs in other developed clime has played key roles in curtailing corrupt practices. Same cannot be said of Nigeria due to the various cases of corruption that are is still thriving.

The Maina gate which involved a sum N1.3 trillion, the Lawal gate to the tune of N223 million. The Dasukigate to the tune of N2.1 billion, the Oke gate to the tune of N13 billion among others are high corrupt cases in Nigeria which are still lingering today without headway partly due to the weakness of SAIs in enhancing public accountability.

The study established that SAIs in Nigeria have not performed creditably well in enhancing publicaccountability over the years spanning from the various cases of corrupt practices carried out by public officers since the inception of democracy in Nigeria in 1999 and which has continued unabated. The study concludes that the continuous reoccurrence of corrupt practices among public officers can be traced to the weakness of SAIs in Nigeria in performing their deterrence and prevention roles.

The Supreme Audit Institution should be supported by the Government in combating economic and financial fraud by empowering the Offices of the Auditor-Generals by possibly collaborating with other anti-corruption agencies. The Office of the Auditor-General should be given financial and administrative autonomy with prosecutorial powers to execute their duties.

The financial, political, administrative and organizational autonomy of SAIs in Nigeria should be strengthened to enable them act as the watch dog of public officers which in turn will foster public accountability and aid them in carrying out deterrence and prevention roles.

The Public Accounts Committee should complement the roles of SAIs by making adequate recommendations on the report of the SAIs and inviting those that have been found wanting to appear before them to give evidence under oath no matter the position they occupy.

That SAIs should be provided with the basic infrastructures that will enable them perform their responsibilities effectively and efficiently and they should also be armed with adequate manpower that are qualified to perform their assignments thus making them to provide quality reports.

That SAIs should be given the much needed cooperation by stakeholders such as civil societies, media and the general public. This will go a long way in giving SAIs the much needed confidence in carrying out their responsibilities.

That staffs of SAIs should be skilled with the use of ICT and other audit software since the auditees have already embraced ICT in the discharge of their responsibilities as this will go a long way in enhancing public accountability.

The Supreme Audit Institution in Nigeria should be supported by the Government in combating economic and financial fraud by empowering the Offices of the Auditor-Generals who are the Supreme Audit Institutions in Nigeria with possible collaboration with other anti-corruption agencies with adequate funding and prosecutorial powers.

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