

TITLE PAGE

**EVALUATION OF VALUE FOR MONEY AUDIT, AS A TOOL FOR FRAUD CONTROL IN
THE PUBLIC SECTOR (A STUDY OF POWER HOLDING COMPANY OF NIGERIA
ABUJA)**

BY

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ACC/2009/575

**APROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE
AWARD OF BACHELOR OF SCIENCE(BSC) DEGREE IN ACCOUNTING**

DEPARTMENT OF ACCOUNTANCY

FACULTY OF MANAGEMENT AND SOCIAL SCIENCES CARITAS UNIVERSITY

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AUGUST 2013

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DEDICATION

This project is dedicated to God almighty the giver of wisdom, knowledge and understanding, and my loving parents Mr. and Mrs. Christian Emele for their great support throughout my education.

ACKNOWLEDGMENT

I sincerely thank my project supervisor Mr. Obani Desmond for his kind patience, criticism, correction advice and all understanding which made this work a success.

I also acknowledge my lecturers Dr. Frank Ovute (H.O.D), Mr. Enekwe Chinedu, Prof. E.O. Nwadiakor, Mr. Agu Mr Ugwu James

This acknowledgement will be incomplete without the particular mention of my dearly beloved Father Mr. Christian Emele (Ezeadawi 1) for making my dreams a reality and my sisters Chioma and Uchenna and my lovely brother Joseph (Valentine) and also my loving mother Mrs. Patricia Okeke, Mom you are the best in the world. I also want to show my gratitude to my friends Ayodele, Eric, Mercy Basse, Manafa Uche, Okeja Emmanuel, Nwachukwu Emmanuel, Chiwendu, Jonson, Samson and also my baby King-George Jane and many other whom I may not mention their names.

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ABSTRACT

The scope of governmental auditing has been widened over the year by the demand for independent verification of information to the extent that it can no longer be limited to the audit of financial operations, but value for money audit which ensures that the activities and programs are carried out at low cost and high standard. Lack of commitment in cost efficiency to the overall achievement of goals by the managers in the public sector brought the need of this research work titled "Evaluation of value for money audit as tool for fraud control in the public sector". The aim was to ascertain whether government auditing achieves the purposes for which programs are authorized and funds released economically and efficiently in accordance with applicable law and regulations. A survey research design was adopted for the study with sample size of 100 respondents randomly sample and stratified from Audit and finance department of PHCN (Abuja). Three hypotheses were tested at 5% level of significance using the analysis of variance (ANOVA) statistics. it was found that value for money audit play a vital role in promoting the effectiveness and efficiency of activities in the public sector the researcher recommend that government should support the implementation of policies formulated to enhance value for money audit in the public sector.

CHAPTER ONE

1.1 BACKGROUND OF THE STUDY

Every sector of the economy both the private and the public sector has its own objectives and goals to achieve. For the public sector of the economy, their goal is to satisfy the social needs of the citizens and in the effort to achieve these purposes, auditing more often, play a vital role.

The size and scope of these sectors have sometimes made it clear for the executor to exercise personal and first hand supervision of operation. It is in this light that value for money audit established by management is initiated, for any organization to carry out its business efficiently and effectively, there must be some factors that must be put in place for the smooth running of the organization like materials, machines, human labor and money e. t. c.

Auditing is seen to play an intermediary function in between management and the resources of the organization. It is also fundamental to any business either the public or private sector, which will help the business to keep its adequate financial records. These financial records are kept in response to the demand by a system control which requires that the business enterprise must be

carried out in an orderly manner, ensure adherence to management policies, safeguard the assets and secure possibly the completeness and accuracy of the records. Irrespective of these facts of system of control established by the management of the organization, fraud still thrives.

In the early 1970s, the role of the state auditors began to change dramatically. Changes began in USA, Canada, and in several European countries. The representative of the people started demanding information on the efficiency and effectiveness of public expenditure.

In Nigeria no specific legislation has been put in place to empower auditors to carryout value for money audit. However, the 1999 constitution section 88 (2) empowered both the two federal house and the state house of assembly to conduct investigation to expose corruption, inefficiency or waste on the execution or administration of law within the legislative competence and in the disbursement or administration of fraud appropriated by it.

Therefore, fraud control has become increasingly important to managers of various governments in an organization. In general, financial statements fraud has always weakened investors' confidence in both private and public sector

investment. This is because 1 fraud against an organization reduces the net income by 1 and services to be provided to people in the case of public sector.

However, value for money audit will be wildly concerned with the economy and efficiency of an organization and the effectiveness of achieving its desired objective thereby controlling fraud to evaluate the effectiveness of the internal control system within the organization.

(BRIEF REVIEW OF THE FIRM, POWER HOLDING COMPANY OF NIGERIA, P H C N)

The history of electricity in Nigeria can be dated back to the end of the 19th century when the first generating plant was installed in Lagos in 1898. From then until the 1950, the platform of electricity development was in the form of individual electricity power undertaking scattered all over the towns, some of the few undertaking were federal government bodies under the public works department, some by the native authorities and others by the municipal authorities.

1.2 STATEMENT OF THE PROBLEM

Fraud is a complex phenomenon. It is rampant in both private and public sectors of Nigerian economy. In the public sector, value for money audit reports are mostly unqualified even in a glaring situation or cases of corrupt practice by the managers that means that auditors especially those in public establishment compromise their duties or their duties are influenced and threatened in the performance of their statutory functions.

Therefore these studies tend to find out why there are:

Improper methods of appointment of auditors

Inadequate internal control

Lack of independence of auditors

Untimely and unreliable financial statements

Lack of transparency and inadequate method of accountability

1.3 OBJECTIVES OF THE STUDY

This study tends to find out some of the objectives which will include:

1. To find out the effect of value for money audit in fraud detection and control in the public sector.

2. To find out the relationship between internal control and fraud detection.
3. To determine what extent is the value for money audit relevant to the effectiveness and control of an organization.
4. To find out why there is lack of transparency and inadequate method of accountability.
5. To find out why there is inadequate internal control system.

1.4 RESEARCH QUESTION

1. Is there any significant effect of value for money audit in fraud detection and control in the public sector?
2. Is there any alignment relationship between internal control and fraud detection?
3. To what extent is the value for money audit relevant to the effectiveness and control of an organization?
4. What are the causes of lack of transparency and inadequate method of accountability?

1.5 RESEARCH HYPOTHESIS

The hypotheses are stated in null and alternative forms.

Ho1: There is no significant effect of value for money audit in fraud detection in the public sector.

HA1: There is a significant effect of value for money audit in fraud detection in the public sector.

Ho2: There is no alignment between internal control and fraud detection.

HA2: There is an alignment between internal control and fraud detection.

Ho3: The value for money audit does not institute financial discipline in organization.

HA3: The value for money audit institute financial discipline in an organization.

1.6 SCOPE OF THE STUDY

Basically, the scope of this research work is on the value for money audit in the controlling of fraud, detection and financial crime prevention in our present day public sector using “power holding company of Nigeria” as a study. It focuses on the need for auditing and the importance of auditing in detecting and preventing fraud in other for organizations to ascertain their problems.

The population of study in selected staff in four of the units or department of the power sector namely the audit unit, finance, account and public relation department.

1.7 LIMITATION OF THE STUDY

Virtually every research work comprises of one limitation or the other. However during the course of carrying out this research work, a lot of set locks were encountered which include:

1. **Time constant:** there was limited time so the topic could not be broadened.
2. **Non-challant attitude of some respondent:** the response gotten from some of the staff of the power holding company poses another problem. Most of them due to lack of knowledge fear to provide information and also to protect their job due to corruption, they could only give information which concerns them most.

1.8 SIGNIFICANCE OF THE STUDY

1. There is need to inform the management in the business organization on the value for money audit as regard to fraud control , detection and prevention in

order that the auditor would be giving a maximum co-operation in the performance of his study.

2. It will also encourage the interest groups in the organization e. g potential investors, creditors' e. t. c.

3. It will enlighten the public on the topic and provide further literature in the field of auditing and investigation.

Also the research work will be handy and serve as reference for further researches concerning auditors and fraud control, and it will add to our knowledge generally.

1.9 DEFINITION OF TERMS

Auditing: An independent examination of an expression of opinion on the fundamental statement of an entity by an appointed auditor (Ihe and Umeaka 2006)

Economy: An organized scientific study of the problem by which scarce resources which have alternative uses are allocated among competing wants with the objective of maximizing welfare (Nnamocha 2002)

Efficiency: Is the maximization of the ratio of output to input or the relationship between resources consumed in the process of generating effective output and output so produced (Norbert 1999)

Effectiveness: Refers to the degree to which the resulting output satisfied predetermined organization objectives (Norbert 1999)

Internal control system: The whole system of control financial and otherwise established by management in order to carry out the business of an enterprise in an orderly and efficient manner (Chukwu 2005: 17)

Management: An applied discipline concerned with the achievement of organizational objectives (Norbert 1999)

Public sector: The portion of an economy in which the activities are under the control and direction of the state (Ihe and Umeaka 2006:1)

Private sector: that portion of the economy in which the activities are under the control and direction of a non- governmental economic unit (Ihe and Umeaka 2006:2)

Fraud: Refers to intentional act by one or more individual among management, those charged with governance, employees, or third parties

involving the use of deception to obtain an unjust or illegal advantage (Anesike
2009)

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.0 Overview: According to Anosike (2009), the term “audit” was carried from a Latin word “audore” meaning “to hear”. The idea of audit/auditing emanated from the ancient civilization of romans and Egyptians. During that era or ancient times, the account of an estate or domain, were checked over by those in authority. Thus, the idea of stewardship accounting which had its origin in the fact that wealthy men or business promoters or owners employed “stewards” to manage their properties and account for them. Such practice brings a lot of suspicion amongst stewards and the estate owners. This in fact gives rise to modern auditing. In the early days of auditing the prime qualification for the position of auditor was “reputation”, a man known for this integrity and independence of mind would be sought for this honored position. The matter of technical skill, ability is entirely secondary.

The word auditor soon acquired a secondary meaning i.e. section 358, sub section 1.6 of companies and allied matters decree (C A M D) of (1990); defines as an auditor as an accountant who has undergone training and a member of

recognized accountancy bodies resident in Nigeria, established from time to time by act or decree and who is carrying on professional practice.

2.1 DIFFERENCE BETWEEN INTERNAL AUDITING AND INTERNAL AUDITOR

According to Azubuike (2005: 84) internal audit is the function of records, appraising the producers and organization of a business and review effectiveness of the system of internal check. Okereke (2000: 24) defines internal auditing as a control function aimed at evaluating the adequacy and effectiveness of other control.

In an organization, the internal audit function is carried out specially the assigned staff called the internal auditors. The power and authority of the internal auditor depends to a large extent on management and level of incumbent in the management structure.

According to Okereke (2000:24) internal constitute, the evaluation of the internal control system of an organization which include internal checks (that is checking of the day to day transaction) it operates continuously as part of the routine system where the work of one person is proved to be independent to the work of another, the objective being easily detection and prevention of fraud.

2.1.1. THE NEED OR OBJECTIVES OF INTERNAL AUDITING IN POWER SECTOR

Fundamental to any business undertaking is the keeping of any financial records. The need for internal audit cannot be overlooked since it is a type of control measures and evaluate the effectiveness of other types of countries.

According to Ihe and Umeaka (2006: 392), the objectives of internal auditing programmers of the power sector are as follows:

- i. To determine the level of adequacy of the system of internal control.
- ii. To investigate compliance with financial memorandum and other circulars.
- iii. The business of the organization is carried out in an orderly and efficient manner.
- iv. Records are complete and accurate.
- v. Assets are safeguarded.
- vi. Adherence to laid down policies and procedures.

Internal audit assures the management that the representatives that reach them are reliable and that loop holes for errors and fraud are eliminated. It reviews the financial records in relation to the performance of the organization,

policies, practice, plans and points out defects, rejected situations or problems and make suggestions base on careful analysis.

2.2 DIFFERENCE BETWEEN EXTERNAL AUDITING AND EXTERNAL AUDITOR

According to Okereke (2000:37), external auditing is an audit carried out by certified public accountant who is an independent contractor who after adequate examination and investigation offer a professional opinion as to whether the firm's financial statement present the result of the operation and financial condition of the firm.

External audit are preformed to verify that the financial statement of an entirely are correctly presented. It does not involve an actual accounting but rather external audit is an independence review of financial document provided to the audit in the local government, an external audit include a review of the budget, the allocation of fund and the actual expenses to ensure that the budget revenues and expenses were correctly complied and used.

According to Azubuike (2005:10) the appointment of an external auditor is one outside the organization and according to statutory requirements. External audit are conducted once a year at the end of the company's or governments

fiscal year and financial report, which is one of the documents verified in an external audit.

2.2.1 OBJECTIVES OF EXTERNAL AUDITING

- i. To ensure that the programmer and activities are conducted in an effective, efficient and economic manner with regard to the law and standards.
- ii. To ensure that funds, poverty and personnel are adequately controlled and utilized in an effective, efficient and economic manner.
- iii. To ensure that the accounting system complies with prescribed principles standard and requirements.
- iv. To ensure that all revenues collected are properly accounted for. The need for external audit are not limited to these alone because third part accountant preform external audit, they represent an unbiased view of an entity's financial studding. This independent review will ensure that tax payers that budgeted funds are going to be spent appropriately and the revenues are not over projected.

2.3 QUALITIES OF AN AUDITOR

According to Okereke (2009: 9), the qualities or characteristics required of an auditor are:

- i. Integrity: this is a skill of dealing with people so as to prevent hurting or offending them unjustly. By being tactful, an auditor can obtain more information and explanation.
- ii. Independence: before an auditor can give an unbiased opinion, he has to be independent of all the parties involved in the account he is examine.
- iii. Competence: he must be able to perform his work in accordance with the generally accepted best practice and procedures of the day. The knowledge of accounting and auditing standard are inevitable.
- iv. Inquisitiveness: an auditor has a broad and inquiring mind in order to be prepared to ask and for the information and explanation that he or she needs.

AUDITORS RIGHT

According to the provisions of the companies Act 1990 provides the auditor with the following rights:

- i. Right to access all the whole books, records and vouchers of the company.
- ii. A right to attend all general meeting held during his tenure of office.
- iii. Whereby there is a proposed resolution to remove the auditor or appoint another auditor, the company act gives the auditor to be removed a right to demand that those members who receives the initial notice of proposing to remove him and who are entitled to attend and vote at the meeting.
- iv. Under the rules of common law, it would appear that the auditor has a right of lien over his report where the company fails to discharge his full obligation.

DUTIES OF AN AUDITOR

The main duty of an auditor is to report the members of the account examined by them, and on every balance sheet, profit and loss account and group account lay before the company in a general meeting during his tenure of office.

CAMD 1990 provides that the responsibility of companies auditors in preparing their report to carry out such investigation that may enable them to form an opinion as the following matters whether:

- i. A proper accounting record has been kept by the company and proper returns for their audit have been received from branches not visited by them.
- ii. The company's balance sheet and profit and loss account are in agreement with accounting records and returns.
- iii. It is also the duty and responsibility of the auditors to ensure that what he or she is reporting upon does not only show true and fair view but also comply with CAMD (1990) and other relevant status.

2.4 VALUE FOR MONEY AUDIT AS A TOOL OF FRAUD CONTROL

According to Anosike (2009:122), since fraud has been an intentional act by one or more individuals among management, thus changed with governance, employees, or third parties involving the use of deception to obtain an unjust or illegal advantage. The auditor's responsibility towards fraud is to design his work so that he will have reasonable expectation of detecting those who might impair the truth and fairness of the financial statement. The 1998 exposed draft on fraud and irregularities stating that "if any such act were committed by the company or its employer, the auditor will only be responsible for detecting these to the extent that they have a material effect on the fundamental statement".

However, the auditor therefore plans his audit so that he will not be held liable for not trapping down ingenious and carefully laid down scheme of fraud where there is nothing to arouse his suspicious.

When the auditor encounters evidence that material fraud may exist, it is discussed with the appropriate management level. The auditor attempt to obtain sufficient evidence as to the existence is effects of this abnormally by

extending his auditing procedure. It would be seen that audit gives reasonable assurance in value for money audit as a troll of fraud control when:

- i. Fraud materially affects the financial statement.
- ii. Auditors follow the current auditing standards.
- iii. Auditors carry out their audit work exercising required level of skilled care.
- iv. Proper audit plan so as to uncover weakness in internal control system.

2.4.1 VALUE FOR MONEY AUDIT OBJECTIVES

The primary objectives of value for money audit are:

- i. To provide the appropriate authority with the independent information and advice about how economically, efficiently and effectively department agencies and other central government public bodies have used their resources.
- ii. Encourage audited bodies to improve their performance in achieving value for money and implementing policy.
- iii. Identify good practices and suggest ways in which services could be improved.

2.4.2 IMPROVING VALUE FOR MONEY AUDIT

According to Enendu (2010:8) improving values for money audit are:

- i. Measurement of performance.
- ii. Price inflation attracts 7 years in jail and a fine of 1 million naira (this is economic element of value for money audit).
- iii. Introduce competition bench marking.
- iv. Apply techniques for waste reduction.
- v. Value analysis.

2.5 PROBLEMS AND PROSPECT OF VALUE FOR MONEY AUDIT

i. **The industry: Operating equipment:** According to Enendu (2010:19), it has been severally observed that the economic, socio-political and regulatory environment in which public sector operates has remained unstable. The major concern here is that power sector faced with increased uncertainty and inability to make long time business plans. The three tiers of government exhibit uncertain fiscal indiscipline which makes monetary policy in effective and compels monetary authorities to impose on liquidity management, instrument that is more than prudential on public sector.

ii. **Weak corporate governance:** A notable feature of the public sector is low ethical standard and transparency. This also manifested in the rising cases of unwholesome practice being recorded. Another dimension of the weak corporate governance issue is managerial incompetence of the top management of some public sector as evidence in weak internal control system.

2.5.1 CAUSES OF FRAUD IN THE PUBLIC SECTOR

i. **The absence of a well-designed system of internal check:** These circumstances are created by the inability of the public sector of design and establish procedures.

ii. **The absence of internal audit:** every organization needs an internal audit and when there is none, fraud is mostly to be perpetuated.

iii. **Undue reliance placed by management upon the integrity of staff:** These results to a situation where management depends on the truth they will get from staff. It is this undue dependency on the staff that will lead to fraud, since the staff knows that the figures they will present will not be questioned and will be accepted by the management.

Furthermore, Anyanwu (2006) the causes of fraud include:

- i. **Poverty:** majority of public sector staff and Nigerian's public servants in general are among the poorest people and some of them are being pushed to commit fraud in order to survive and feed their family who are leaving in abject poverty.
- ii. **Poor salary:** salaries of the public servants are being delayed and insufficient to cover their minimal standard of living so they utilized any available opportunity to commit fraud in order to gain extra income.
- iii. **Inflation:** the salary of the public sector staff cannot cater for them with the current inflationary trend in the country, which erodes purchasing power and so means of survival including fraud are being resorted to.
- iv. Social values in Nigeria are obviously related to wealth accumulation and this leads to wide spread of moral decadence, cheating, abuse of office, and inflation cost of contracts to accommodate kick back and kick fronts.

2.5.2 PREVENTIVE MEASURES OF FRAUD IN THE PUBLIC SECTOR

The following recommendation aimed at enhancing the effectiveness of audit functions and to minimize the incidence of fraud as:

- i. **Adequate internal control system:** This internal control system ensures that no single individual has sole control over a complete circle of work or transaction and there should be a check and balances.
- ii. **Operating procedure manual:** procedure should be reduced to writing. Organization should have procedure in other to promote efficiency among the staff.
- iii. **Internal audit department:** according to Okereke (2000), the local government should make sure that they have an internal audit section. It has been stressed by finding of this study that complete absence of internal audit services is one of the major causes of fraud.
- iv. **Modernization of the accounting system and automation of the audit process:** in other to enhance promptness report, the accounting system of power sector should effectively be computerized while the audit process should be automated with the ICT revolution and computer based economy in view.

- v. Exposed to modern skills and the use of computer software.

2.6 OTHER PREVENTIVE MEASURES

According to Anyanwu (2006), fraud can be prevented through:

- i. **Continuous compares of figures:** the variation in figures should be studied and the cause should be identified.
- ii. **Prevention through the use of artificial machineries:** the use of punch card methods makes it difficult to alter records and the use of accounting machines that prepares a number of documents at the same time and also militates against fraudulent alternations.
- iii. **Prevention through personnel management:** since human beings commit fraud through human weakness, personnel management plays a vital protection against fraud.

2.6.1 INTERNAL AUDITOR'S ROLE IN FRAUD CONTROL

According to Carl and Richard (2005), internal audit professional should play an integral role in the organization fraud fighting effort, reports also indicates that fraud scheme was identified by internal auditors at more than twice the rate of external auditors.

These proactive measures can serve as an integral part of the internal auditor's regime in fraud prevention, detection control and reporting.

- i. **Perform employee background checks:** performing employee reference and checks organization can help to minimize the treat of theft and other wrong doing.
- ii. **Increase the use of analytical review:** by conducting financial analysis, internal auditors revealed un-expected or absence of relationship that should be present. Auditors should analysis several years of financial statement data by using various analysis, ratio (vertical) analysis or common size statement, budgetary comparison and review general ledger an journals entries.
- iii. **Perform contact review:** according to Carl and Richard (2005), review of organization contracts can help identify possible contract fraud such as conflicts of interest and kick back among them employees. A review of public records may whether an employee has a covert ownership interest in a contractor.
- iv. **Conduct an economic espionage threat analysis:** to protect sensitive information, organization internal auditors perform analysis that gauges threat to intellectual assets. The analysis to be made include the

assessment of what assets are owned and how it could be misappropriated.

- v. **Increase internal control evaluation and testing:** internal control is an integral part to effective and corporate governance and represent an area in which the audit department can add value and help the organization accomplishes its goal and objective for this process to be successful, internal auditors should work with external auditors to ensure that controls are being tested and all regulatory requirement are met.

2.6.2 FRAUD CONTROL METHODS

According to Conan Albrecht and Steve (2001), strategic fraud control typically being with indication or normally, something isn't right such as anonymous tips, unusual financial statements relationships. These indicators often called "red flags" provide predication that fraud may exist. Auditors investigate these indicators with additional research, computers or interviews to determine whether red flags represent real fraud or are being caused by other factors. These are the steps involved in strategic fraud control model:

- i. Understand the business.

- ii. Identify possible fraud that may exist.
- iii. Catalog possible fraud symptoms for each type.
- iv. Use technology to gather data about symptoms.
- v. Analyze results and refine results.
- vi. Investigate symptoms.
- vii. Automate detection procedures.

2.7 CORE OF VALUE FOR MONEY AUDIT

The framework of economy, efficiency and effectiveness.

- i. **Economy:** according to Okonkwo (2001: 7), economy is the organization study of the process by which scarce resources are allocated among alternative and competing wants with the objective of obtaining a maximum satisfaction of these wants. Nnamocha (2002), economy is an organized scientific study of the process by which scarce resources which has alternative uses are allocated among competing wants with the objective of maximizing welfare. Auditors try to determine whether the resources have been acquired in the right amount, right place at the right time, of the right kind and at the right cost. These presume that

there are standards available to judge whether consideration of economy were kept in view in acquiring resources.

- ii. **Efficiency:** according to Alugbuo (2004:67), efficiency is all about minimizing waste in the process of transforming inputs into outputs and in delivering them to customers. Efficiency is important because it helps keep down the cost of producing outputs. The guidelines of efficiency are usually spelt out through various policy instruments such as budgets. It's often necessary for auditors to develop such standards or criteria if they do not exist. Therefore, auditors often have to work with the auditee management and other specialist. To identify or develop efficiency standards or criteria.
- iii. **Effectiveness:** according to Norbert (1999), refers effectiveness as the degree to which the resulting outputs satisfied predetermined organizational objectives. Effectiveness is also the end results of the total management process for an organization are being effective. By being effective, an organization should be able to provide outputs that customers and the publics in the external environment will desire value and accept and afford. Effectiveness includes being able to meet budgeted targets. The type of interrelationship between among these

three elements is that all of them should be in place before the assessment of value for money can be said to be complete. Right things should be done using the right method at the minimum cost. For instance, as much as effectiveness is linked with the achievement of set objectives, it is also important to expect that the objectives are achieved by the application of the right methods, that is, efficiency. The use of a sledge hammer to kill a housefly, though effective is not efficient.

Also the application of value for money concept to auditing leads to the concept of value for money (VFM) audit. It is applicable to both the private and public sector, but more emphasis has been placed on its application to the public sector. Value for money audit recognizes that the primary responsibility for securing value for money lies with the management of the spending agency or establishment. Developed countries have given legislative backing to value for money audit while such backing is found to be lacking in developing countries. For instance in Nigeria, Johnson (1999) stated that: "value for money audit is currently the subject of much discussion in the public sector, some taking the view that it represents a new concept".

In seeking if the 1999 constitution has made any legislative commitment to the concept of value for money audit, Afemike (2004) concluded that: in spite of the poor state of legislative commitment to the value for money audit, it has been observed that the auditor-general of the federation has included it in his scope of responsibilities. Value for money audit (VFMA) is carried out with a view to ascertaining whether the establishment pursues optimal values with adequate consideration for economy, efficiency and effectiveness in its quest for request management. It is related to the extent to which funds are spent economically, efficiently and effectively. It is also referred to as comprehensive audit or efficiency audit.

Johnson (1999) opined that value for money auditing is a blend of both conventional auditing, that is, as far as economy and efficiency are concerned and management consulting (in the area of effectiveness audit). In countries where there are specific statutory provisions, on the functions of the government auditor, the responsibilities of the auditor general are well stated to include value for money, whereas in the absence of such provisions, the auditor general will at best be doing what he understands to be his responsibilities. Consequently the audit

queries issues to the accounting officers may be misconstrued and not treated in the most appropriate manner.

2.7.1 Value for money audit concept:

According to Johnson 1999 concept of value for money in public sector should be put to the best possible use and that those who conduct public business should be accountable for the economical, efficient and effective management of the resources entrusted to them. Public sector managers have an obligation to demonstrate that resources such as people, goods and money are used as productively as possible, which is, with due regard for value for money, in achieving the intended results. Although there may be no reason to believe that problems exist, an objective review and resulting recommendation can be of benefit to the organization being reviewed.

A value for money audit has a broader scope than a financial statement audit. It calls for a variety of techniques in examining both financial and management controls and could well require a

multidisciplinary audit team. The more obvious areas covered by value for money auditing are the following:

- i. Financial planning, budgeting and controlling.
- ii. Human resource management (that is, planning, development, appraisal).
- iii. Planning, acquisition and utilization of physical assets such as properties, plant and equipment.
- iv. The development of management information systems necessary to plan, operate and control an organization.

A value for money audit may be conducted by internal auditors reporting to management or by external auditors providing an independent report to those to whom management is recognized as being accountable. These may be legislators, elected representatives, senior administrators and the general public. This statement is directed to the external auditor and the term "value for money audit" in the rest of this statement as defined in tone with the recommendation of the public account committee.

2.7.2 SCOPE AND EMPHASIS; ACCORDING TO FRANCOIS BOISCHAIR (2008)

The auditor objectives in carrying out the value for money audit as envisaged in this statement is to obtain assurance by the examination of the financial and other information that the statutory board has made proper arrangement for securing economy, efficiency and effectiveness in its use of resources. However, the scope of each value for money audit can be modified. In any case, the term of the engagement should be clearly set out in the engagement letter.

The achievement of economy, efficiency and effectiveness depends upon the existence of sound arrangement for the planning, appraisal, authorization and control of the use of resources. It is the management responsibility to establish these arrangements and to ensure that they are implemented and effective. The auditor's responsibility is to verify independently that these arrangements are in place.

The value for money audit may be seen as comparing the following three stages:

- i. Acquiring data on the procedures of the statutory board.

- ii. Ascertaining and reporting on the extent of compliance with these procedures.
- iii. Reporting finding and recommendation for improvement or further action.

According to François Boisclair (2008); the consensus is that value for money audit truly helps elected officials improve the quality of public services.

Value for money audit (VFM) auditing, also called management auditing, examines the ability of government organization to discharge their responsibilities and control their costs by ensuring that resources are managed at the lowest cost and that activities are organized efficiently. It also deals with accountability in these areas. To fully understand the need for value for money auditing in the public sector, the role of financial auditing in the private sector needs to be examined concurrently.

2.8AUDITING AND VALUE FOR MONEY

Audit of public sector organization are normally carried out by the office of the auditor general for the federation, or approved firms of accounts.

The approach to value for money includes:

- i. Undertaking studies which make recommendation for improving economy, efficiency and effectiveness.
- ii. Preparing statistical profile of each organization, which contrasts cost and other data with national average. These may be involved in national newspapers in order to inform consumers.
- iii. Encouraging organization to learn from each other, thus disseminating best practices.
- iv. Undertaking local projects.
- v. Assessing the effectiveness of management arrangements. Value for money auditing (VFM) is concerned with obtaining the best possible combination of services from the least resources. In Nigeria value for money auditing had its origin from the office of the auditor general for the federation in the early 80s as a means of controlling the volume of expenditure and ensuring that the money was spent efficiently. Its success leads to its use in the federal, state and local government, government parastatals and the organized private sector. In the private sector, it is the internal auditor who has brought it under the wing of operational audit.

2.8.1 STEPS INVOLVED IN CARRYING OUT VALUE FOR MONEY AUDIT:

According to Howard Leslie (1982), the following are involved in carrying out value for money audit:

1. Initial analysis of financial statement.
2. Management and system review.
3. Planning, coordinating and controlling the audit.
4. Conduct compliance test.
5. Test for value for money e.g.
 - Economy: Is expenditure reasonable and rational enough.
 - Efficiency: was the set objective achieved.
 - Effectiveness: was cost minimized and benefit maximized.
6. Report writing.

2.8.2 Public sector audit:

according to Daniel, G.I (1999) public sector audit has its own characteristics, which differentiate it from its private sector equivalent. These include: a wider scope, including reviewing the regularity, probity

and value for money with which public sector services are provided. Auditor not being appointed by the organization itself and thus generally having a higher level of independence than the private sector and the audit report being provided to parliament are made available publicly. Audit independence is generally considered to be an important aspect of the auditor-general. Unfortunately for most countries this is an ideal which has to work for.

2.9 PROCEDURES FOR VALUE FOR MONEY

Value for money is the concept that seeks the maximization of the use of scarce resources for the welfare of the public by ensuring that activities and programs are carried out at low cost and high standards. In order to achieve this phenomenon, three elements are usually covered and these are: economy efficiency and effectiveness. These were the key elements of the view expressed by both the United States comptroller-general and the United Kingdom comptroller-general and auditor-general about three decades ago.

The value for money audit suggests those procedures designed to assist management establish necessary control to ensure that the desired

objectives are met at the desired level of efficiency and effectiveness. Though this emphasis cost saving but that may not be the overriding objectives. Value for money may not be applied to both private and public enterprise, but it is particularly relevant in the public sector. Its application in the public sector is designed to provide to the oversight bodies an assessment of the performance of the operating arm with information, observation and recommendations designed to promote answerable, honest and productive government. It encourages accountability and best practices.

The procedure for value for money is to assess the economy, efficiency and effectiveness with which government acquires and applies the resources to benefit the wellbeing of the citizens. Economy does not necessarily imply the cheapest price while the measure of effectiveness is subjective, often involving the perception of the recipient of government services. The value for money audit may not be sensitive to certain political realities such as labor agitation. For instance, where the value for money review clearly reveals over-staffing in public services, some other non-financial consideration may shape government reaction to a

recommendation to downsize staff strength. However, a value for money review will certainly focus on the areas of:

- i. Corporate structure
- ii. Information systems
- iii. Management style
- iv. Authorization procedures
- v. Segregation of duties
- vi. Resource utilization
- vii. Effective supervision.

2.9.1 VALUE FOR MONEY AUDIT TECHNIQUES

According to Johnson (1999) the techniques for carrying out a value for money audit can be outlined as follows:

- i. Analysis of performance indicators such as financial ratios and unit costs of the establishment, with comparative figures for the previous periods and in respect of similar establishment. A trend analysis should be done, and significant differences highlighted through the trend analysis should be investigated further. This initial analysis is aimed at identifying the areas in need of specific attention.

- ii. Analysis of planning and control processes for the purpose of ascertaining how the establishment has been monitoring performance against the plan, reviewing and reporting its operating results and how members and officers has been alerted of the need for remedial action whenever required.
- iii. Management and system review for the purpose of investigating the ways in which objectives are established, policies implemented and results monitored. This will enable the value for money auditors ascertain how efficiently these processes have been carried out without necessarily having concern themselves with the review of the objectives and policies.
- iv. Efficiency assessment may involve specific investigation into a few activities with high unit cost, or poor performance measures or suspected poor management with a view to ascertaining the reasons for the adverse performance indicators and identifying the appropriate remedial action.
- v. Reporting on the value for money audit: it is very important to discuss the draft report in detail with the officers (service managers) and committee members before it is finalized and presented.

2.9.2 VALUE FOR MONEY REVIEW TEAMS

According to Afemikhe (2004) value for money review teams can be used can be used to conduct performance review in government offices and parastatals. These teams are either on full-time or part-time basis. Though the large organization may have adequate resources to justify a full time value for money review team, there are arguments against having such a team. For instance, one major disadvantage of having a full-time value for money review unit is that the staffs are often reluctant to submit recommendations that could affect the career of their colleagues negatively, that is, fellow officers or on sensitive issues.

An example of an organization that has an in house value for money committee structure is the Nigerian National Petroleum Corporation (NNPC). This corporation has three tier values for money committee structure in the review of its upstream joint venture companies. As reported by Afemikhe (2004, pp. 232-3), these committees are:

- i. An operational value for money committee within national petroleum investment management services (NAPIMS)-an NNPC strategic business unit that works on a day to day basis with the joint venture companies. This committee reports directly to NAPIMS chief executive.
- ii. A technical value for money committee at the corporate level which liaises with the NAPIMS value for money auditors on technical value for money matters and reports to the corporate value for money audit committee.
- iii. A corporate value for money audit committee which is headed by a group executive director and reports directly to the groups managing director and the group executive committee.

2.10 PETROLEUMS OF VALUE FOR MONEY AUDIT IN THE PUBLIC SECTOR:

According to Enendu (2010:19), the following problems have generally been associated with the application of value for money audit in the public sector:

- i. Inadequacy in the means of measuring the corporate objectives in the public sector. To what extent is the welfare of the public maximized.
- ii. Lack of a complete view of the report of activities and state of affairs in the public sector resulting from the non-use of actual basis of accounting.
- iv. Continuous gap in professional skill requirements for the auditor-generals offices.
- v. Inadequacies in the accounting and internal control system in the public sector.
- vi. Lack of commitment to the overall achievement of goals by the managers in the public sector.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 INTRODUCTION:

According to Anyanwu (2002), research methodology refers to the ways in which a researcher utilize in administering and collecting of data in order in order to get necessary information in a research work.

This chapter highlights the methods and procedures adopted in carrying out the study of two types of data collection produce were employed in this work, they are personal interview and questionnaire some relevant publications were studied, seminars, journals and some textbook provided in this research work.

3.1 RESEARCH DESIGN

Research design provides the glue that holds the research project together. A research design is used to structure the research to show how all major part of the research project work together and also tries to address the central research questions that were used.

According to Anyanwu (2000:4) defined research design as the frame works that indicates the type of information that is needed for the research, the source of such information and method of its collection.

According to Baridam (1994:44) research design could therefore be seen as a framework or plan that is used as a guide in collecting and analyzing the data for study. The study was designed in a manner that would enable sufficient data collection and at the same time achieve the objective. Having verified the problems and developed empirical question and hypothesis, the researchers engage into a field work to obtain relevant primary data for the execution of study. In addition, literature served useful guidelines and assistance. Definitely, this is a survey research. Survey research is the method of gathering data from respondents to be the representative of some population using an instrument composed of closed structure or open ended items (questionnaire).

NOTE: In this research, survey design was used to, so as to ensure originality and reliability. That is, to ensure that all information gotten were from primary source and not secondary data.

3.2 SOURCES OF DATA

The researchers made use of both the primary and secondary data collection sources:

- i. **The primary data sources:** these include data generated through oral interview and questionnaire process. They consist of responses elicited from respondents that completed and returned the questionnaires.
- ii. **The secondary data sources:** these include data generated through journals, textbook, seminars, articles, newspapers which served as reference material in the literature review to a large extent.

3.3 AREA OF STUDY

The emphasis here is on organization under study, which is power holding company of Nigeria (PHCN).

3.4 POPULATION OF THE STUDY

The population of the study here is on selected staffs in four of the unit or department of the power sector namely: audit unit, finance, account, and public relation department. The population of the study is 133

3.5 SAMPLING SIZE AND TECHNIQUES

The sample size for those project works are determined objectively based on the population of study using “Yaro Yamane” values expressing which is giving as follows:

$$n = \frac{N}{1 + N(e)^2}$$

Where: N= the population of study

n=the sample size

E=the limit of error

1= constant

The researchers assumed 5% level of limit error would be used for this research work. Hence, the sample size is computed thus;

Note: the population of study is 133

$$n = \frac{N}{1 + N(e)^2}$$

$$n = \frac{133}{1+133(0.05)^2}$$

$$n = \frac{133}{1+133(0.0025)}$$

$$n = \frac{133}{1+0.33}$$

$$n = \frac{133}{1.33}$$

$$n = 100$$

3.6 SAMPLING TECHNIQUES

In other to minimize sampling errors, this study applied sample random technique in selecting and interacting with staff of power holding company of Nigeria. This to an extent will be an effective troll in making sure that there will be a high and positive response when the interview will be carried out.

3.7 INSTRUMENT FOR DATA COLLECTION

The researcher used questionnaires for the purpose of obtaining the desired result. Multiple choice and open ended questions were used in the questionnaire. They were used to assist the respondent in expressing their views which in turn helped this study to obtain the needed information.

3.8 RELIABILITY OF THE RESEARCH INSTRUMENT

This research instrument used is reliable because the information obtained has been tested over and over again and yet almost the same result was got hence, reliability.

3.9 VALIDITY OF THE RESEARCH INSTRUMENT.

This research work has been accorded with a close supervision as the supervisor has read, made all necessary correction in the areas where lapses occurred and after which the corrections have been made.

METHODS OF DATA COLLECTION

The researcher used questionnaire as the principal instrument of gathering data for this study. Questionnaire were administered to the staff of power holding company of Nigeria (PHCN), comprising both junior and senior staff

level of the PHCN to examine their views, knowledge and perception about the subject matter carried out in the PHCN.

In accordance to questionnaire administered, 133 copies of the questionnaire were administered to the respondents of the power holding company of Nigeria (PHCN), situated at FCT, Abuja. 100 copies of the questionnaire were responded to and returned. These responses were gotten from four departments of the company namely; the account department, audit unit, finance department and public relation department.

3.9 METHOD OF DATA ANALYSIS

The results of the questionnaire were analyzed by the use of tables. Simple percentages were computed and findings were presented, discussed and interpreted, deductive reasoning relevant to the research objectives and hypothesis were also used. The ANOVA statistical method was used in testing the hypothesis.

Test statistical (ANOVA) -f- distribution

$$F = \frac{TMS - TRSS / (R - 1)}{EMS / (N - R)}$$

Where:

$$\text{EMS} = \text{Error mean square} = \frac{TSS}{(N-r)}$$

$$\text{TSS} = \text{Total sum of square} = \sum X^2 - \frac{\sum x^2}{n}$$

$$\text{TRSS} = \text{Treatment of sum of squares} = r [\sum x^2 - (\sum x^2)]$$

$$\text{ESS} = \text{Error sum of squares} = \text{TSS} - \text{TRSS}$$

$$\text{TRMS} = \text{Treatment mean square} = \frac{\text{TRSS}}{r-1}$$

$$\text{TRSS} = \text{Treatment of sum of square} = r [\sum x^2 - (\sum x^2)]$$

$$\text{ESS} = \text{Error of square} = \text{TSS} - \text{TRSS}$$

R= Number of rows of distribution

N= Number of sample observation

$$\text{DF} = \text{Degree of freedom} = [r-1][N-r]$$

Level of significant to test (x) = 5%

NOTE: Let $SA = x_1$, $A = x_2$, $D = x_3$, $SD = x_4$, $UD = x_5$

DECISION RULE

If the value of F calculated is greater than F tabulated, we reject the null hypothesis and accept the alternative hypothesis.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 DATA PRESENTATION

The presentation of data collected means the way of presenting and arranging the different forms of data obtained through various data collecting techniques to enable the researcher perform analysis and exact new meaning from it. The data collected will be presented in simple table. The data analysis was based on the answers to the key question received from the various departments. The key questions in the questionnaires will be analyzed by the use of simple percentage. A total of 133 questionnaires were distributed and a total number of 100 were returned.

These responses gotten from the questionnaire are presented in a tabular form, analyzed in percentage and expressed on the 5 points rating scale.

The analysis of variance (ANOVA) was used in testing of the hypothesis and the interpretation of the outcome of these data.

4.1.1 RESEARCH QUESTION I

Is there any significant effect of value for money audit in fraud detection and control in the public sector?

Table 4.1.1: responses on the significant effect of value for money audit in fraud detection and control.

TABLE 4.1.1 (A)

RESPONDENTS	SA	A	D	SD	UD	TOTAL
Account department	40	9	7	3	—	59
Audit unit	15	3	1	1	1	21
Financial department	10	2	—	—	—	12
Public relation	5	2	1	—	—	8
Frequency	70	16	9	4	1	100

Source: field work (survey) 2013

Table 4.1.1 (B)

Respondent	Frequency	Percentage
SA	70	70%
A	16	16%
D	9	9%
SD	4	4%
UD	1	1%
Total	100	100%

Source: extract table 4.1.1(A) field work. 2013 out of the total of 100 respondents, 70% of the respondents strongly agreed to the above questions, 16% of the respondents agreed to the above questions, 9% of the respondent disagreed to the questions, 4% of the respondent strongly disagreed to the question, 1% of the respondent are undecided of the question.

Comments: responses of respondents on the significant effect of value for money audit performance in fraud detection and control in the public sector. 70 respondent representing 70% of the study population

commented that value for money audit performances enhance fraud control and minimizes the occurrence of fraud. 16 respondent representing 16% of study population comment that value for money audit performance encourage transparency and accountability and discourage fraud manipulation.

4.1.2 RESEARCH QUESTION II

Is there any significant relationship between internal control and fraud detection?

Table 4.1.2: responses on the significant relationship between internal control and fraud detection?

Table 4.1.2 (A)

Respondents	SA	A	D	SD	UD	Total
Account department	42	8	5	2	1	58
Audit unit	10	6	4	2	1	23
Financial department	5	4	2	1	—	12
Public relation department	3	2	1	1	—	7
Frequency	60	20	12	6	2	100

Source: field survey: 2013

Fig. 4.1.2(B)

Respondent	Frequency	Percentage %
SA	60	60%
A	20	20%
D	12	12%
SD	6	6%
UD	2	2%
Total	100	100%

Source: extract table 4.1.2 (A) field survey out of a total of 100 respondent, 60% of the respondent strongly agreed to question, 20% of the respondent agreed to the above question, 12% of the respondent agreed to question, 6% of the respondent strongly disagree to the question and 2% still undecided.

Comment: this shows that there is a segment relationship between internal control and fraud detection.

4.1.3 RESEARCH QUESTION III

To what extent is the value for money audit relevant to the effectiveness and control of organization?

Table 4.1.3: Responses on the extent to which value for money audit is relevant to the effectiveness and control of organization.

Table 4.1.3 (A)

Respondents	SA	A	D	SD	UD	Total
Account departments	42	8	4	—	—	54
Audit unit	14	5	3	2	—	24
Financial departments	10	3	1	—	—	14
Public relation departments	3	2	1	1	1	8
Frequency	69	18	9	3	1	100

Source: field survey: 2013

Table 4.1.3 (B)

Respondent	Frequency	Percentage %
SA	69	69%
A	18	18%
D	9	9%
SD	3	3%
UD	1	1%
Total	100	100%

Source: extract table 4.1.3 (A) field survey: 2013

Out of total 100 respondents 69% out of the respondents strongly agreed to the question, 18% of the respondents agreed to the question, 9% of the respondents disagreed to the question, 3% of the question strongly disagreed to the question and the remaining 1% was undecided.

Comment: this shows that the extent of value for money audit is relevant to the effectiveness and control of an organization.

4.1.4 RESEARCH QUESTION IV

What are the causes of lack of transparency and inadequate method of accountability?

Table 4.1.4: responses on the causes of lack of transparency and inadequate method of accountability.

Table 4.1.4 (A)

Respondents	SA	A	D	SD	UD	Total
Account department	50	7	5	—	—	62
Audit unit	11	3	1	—	—	15
Financial department	6	5	3	1	—	15
Public relation department	3	2	1	1	1	8
Frequency	70	17	10	2	1	100

Source: field survey: 2013

Table 4.1.4 (B)

Respondent	Frequency	Percentage %
SA	70	70%
A	17	17%
D	10	10%
SD	2	2%
UD	1	1%
Total	100	100%

Source: extract table 4.1.4 (A) field security

Out of a total of 100 respondent, 70% respondent strongly agreed to the question, 17% of the respondent agreed to the question, 10% of the respondent disagreed to the question, 2% of the respondent strongly disagreed to the question and 1% of the respondent are undecided.

Comments: this shows that causes of lack of transparency and inadequate method of accountability are effective.

4.2 TEST OF HYPOTHESIS

According to Anyanwu (2002) a typical hypothesis is simply a restatement of a research question in a declarative format. According to Iwagwu (2004) threw more light on it when he stated that hypothesis is simply an assertion, a claim or a proposition made about a population which is subject to test to determine its validity or otherwise. He further stated that hypothesis testing is an investigation to determine whether the difference between the sample statistics and the hypothesis sized population parameters can be attributed to sampling error or whether the claim has been eradicated.

Here, three hypotheses stated in chapter one has been derived from the analysis table 4.1.1, 4.1.2 and 4.1.3 used analyzing the four researches question respectively, using the one-way ANOVA model.

Table 4.2: ANOVA Table [Extract]

Source of variation	SS	DF	MS	F-Value
Between treatment	TRSS	(r-1)	$\frac{TRSS}{DF}$	TMS
Within treatment	ESS	(N-r)	$\frac{ESS}{DF}$	EMS
Total	TSS	N-1		

4.2.1 TEST OF HYPOTHESIS I

Ho1: There are no significant effects of value for money audit to fraud detection in the public sector.

Ha1: There is a significant effect of value for money audit to fraud detection in the public sector.

4.2.1 (A) contingency table

Respondents	X1	X2	X3	X4	X5	Total
Account department	40	9	7	3		59
Audit unit	15	3	1	1	1	21
Financial department	10	2				12
Public relation department	5	2	1			8
ΣX	70	16	9	4	1	100
$\overline{\Sigma X}$	17.5	4	2.25	1	0.25	25
$\overline{\Sigma X^2}$	306.25	16	5.06	1	0.06	328.37
ΣX^2	1950	98	51	10	1	2110

Source: Extract from table 4.1.1 field survey: 2013

$$\bar{X} = \frac{100}{20} = 5$$

$$TSS = \Sigma X^2 - \frac{(\Sigma X)^2}{N}$$

$$2110 - \frac{(100)^2}{20}$$

$$2110 - 500$$

$$=1610$$

$$TRSS = r [\sum X^2 - \frac{(\sum X)^2}{n}]$$

$$5 [328.37 - \frac{4(5)^2}{5}]$$

$$5 [328.37 - 20]$$

$$5 [308.37]$$

$$= 1542$$

$$ESS = 1610 - 1542 = 68$$

Displaying them in the ANOVA Table as shown in table 4.2.1

4.2.1 (B) ANOVA table [Extract]

Source of variation	DF	SS	MS	F- Value
Between treatment	(5-1) 4	1542	$\frac{1542}{4}$ =386	$\frac{386}{5}$ = 77.2
Within treatment	(20-5)	68	$\frac{68}{15}$ =5	
Total	19	1610	391	77.2

Source: Extract table 4.2.1 (A) field survey: 2013.

The theoretical F at 5% and 4, is DF is F= 3.06

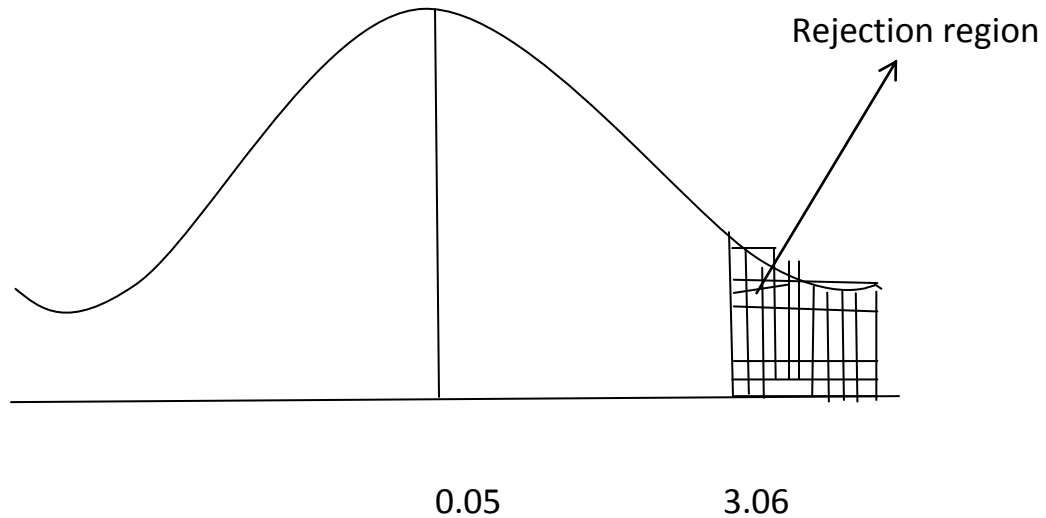
I.e. $\alpha = 0.05$

F(r-1) (N-r) (1- α) DF

F (5-1) (20-5) (1-0.05) DF

F (4, 15, 0.95) DF

CONCLUSION: Since F calculated is greater than F tabulated, we reject the null hypothesis and accept the alternate hypothesis. Then, the critical region is giving as



Source: Extract table 4.2.1 (B) showing the rejection region.

Decision: there is a significant effect of value for money to fraud detection in the public sector.

4.2.2 TEST OF HYPOTHESIS II

Ho2: there is no alignment between internal control and fraud detection.

Ha2: there is an alignment between internal control and fraud detection.

4.2.2 (A) Contingency table

Respondents	X1	X2	X3	X4	X5	Total
Account department	42	8	5	2	1	58
Audit unit	10	6	4	2	1	23
Financial department	5	4	2	1		12
Public relation department	3	2	1	1		7
ΣX	60	20	12	6	2	100
$\bar{\Sigma X}$	15	5	3	1.5	0.5	25
ΣX^2	225	25	9	2.25	0.25	261.5
ΣX^2	1898	120	46	10	2	2076

Source: Extract from table 4.1.2 field survey: 2013

$$\bar{X} = \frac{100}{20} = 5$$

$$TSS = \Sigma X^2 - \frac{(\Sigma X)^2}{n}$$

$$2076 - \frac{(100)^2}{20}$$

$$2076 - 500$$

$$= 1576$$

$$\text{TRSS} = r [\sum X^2 - \frac{(\sum X)^2}{n}]$$

$$5 [261.5 - \frac{4(5)}{5}]$$

$$5 (261.5 - 20)$$

$$5 (241.5)$$

$$= 1208$$

$$\text{ESS} = 1576 - 1208$$

$$= 368$$

4.2.2 (B) ANOVA table of values

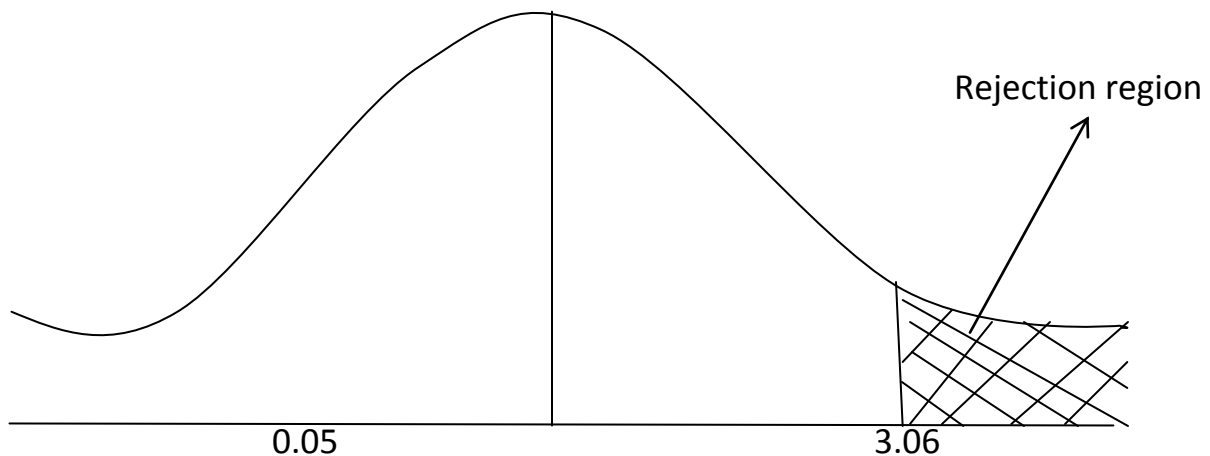
Source of variation	DF	SS	MS	F- value
Between treatment	(5-1) = 4	1208	$\frac{1208}{4}$ = 302	$\frac{302}{25}$ = 12.08
Within treatment	(20-5) = 15	368	$\frac{368}{15}$ = 25	
Total	19	1576	327	12.08

Source: extract table 4.2.2 (A) field surveys: 2013

The theoretical F at 5% and 4, is DF is F= 3.06

Conclusion: since F calculated is greater than F tabulated, we reject the null hypothesis and accept the alternate hypothesis.

Fig 4.2.2



Source: extract table 4.2.2 (B) showing the rejection region

Decision: there is an alignment between internal control and fraud detection.

TEST OF HYPOTHESIS III

Ho3: the value for money audit does not institute financial discipline in an organization.

Ha3: the value for money audit institutes financial discipline in an organization.

4.3.2 (A) Contingency Table

Respondents	X1	X2	X3	X4	X5	Total
Account department	42	8	4			54
Audit unit	14	5	3	2		24
Financial department	10	3	1			14
Public relation department	3	2	1	1	1	8
ΣX	69	18	9	3	1	100
$\Sigma \bar{X}$	17.25	4.5	2.25	0.75	0.25	25
$\Sigma \bar{X}^2$	297.56	20.25	5.06	0.56	0.06	323.49
ΣX^2	2069	102	27	5	1	2204

Source: extract from table 4.2.3 field survey: 2013

$$\bar{X} = \frac{100}{20} = 5$$

$$TSS = \sum X^2 - \frac{(\sum X)^2}{n}$$

$$2204 - \frac{(100)^2}{20}$$

$$2204 - 500$$

$$= 1704$$

$$TRSS = r [\sum X^2 - \sum x^2]$$

$$5[323.49 - 4(5)]$$

$$5(323.49 - 20)$$

$$5(303.49)$$

$$= 1517$$

$$ESS = 1704 - 1517$$

$$= 187$$

Displaying them in the ANOVA Table as shown in table 4.2.3

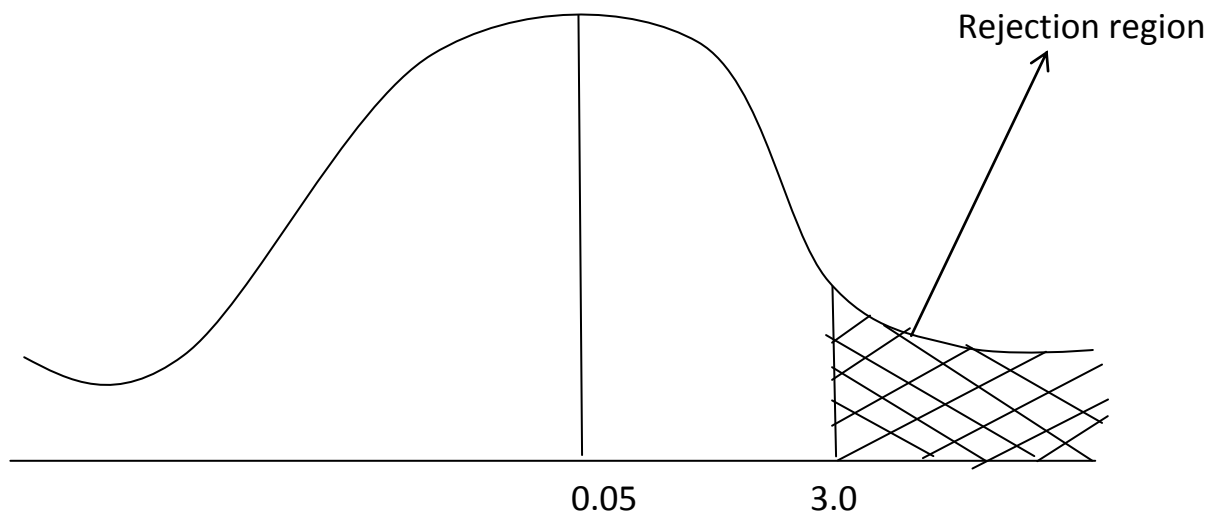
4.2.3 (B) ANOVA Table [extract]

Source of variation	DF	SS	MS	F – Value
Between treatment	(5 - 1) = 4	1517	$\frac{1517}{4}$ = 379	$\frac{379}{12}$ = 32
Within treatment	(20 - 5) = 15	187	$\frac{187}{15}$ = 12	
Total	19	1704	391	32

Source: extract table 4.2.3 (A) field survey: 2013

The theoretical F at 5% and 4, is DF is F = 3.06

Conclusion: since F calculated is greater than F tabulated, we reject the null hypothesis and accept the alternative hypothesis



Source: extract table 4.2.3 (B) showing the rejection region

Decision: the value for money audit institutes financial discipline in an organization.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Summary of research findings

This study was channeled towards the discovery of the various fraud detection and problems associated with the power holding company of Nigeria, Abuja. This objective was achieved through the research questions formulated from the statement of the problem as this enabled the researcher to design and collect responses from the distributed questionnaires brought out the following findings which are enumerated below.

- There is a significant effect of the value for money audit performance in fraud detection and control in public sector.
- Value for money audit plays a vital role in promoting the effectiveness and efficiency of activities in the public sectors.
- Fraud in the public sector could be reduced drastically through efficient operation of audit roles.

- Evaluation of the effectiveness of value for money audit in the actualization of organization, and appropriate motivation can aid improving the performance of these auditors.
- Political instability and inadequate policy implementation contribute to the magnitude of fraud prevention in the public sector.
- Inadequate internal control could be the cause of fraud in the power sector.
- Fraud detection and control is not the primary concern of value for money audit in the public sector.
- The extent of corruption prevailing in the public sector, places adverse influences on the value for money audit duties.
- Provision of effective internal control system in public establishments could enhance the performance of value for money audit, especially in the area of fraud control.

5.2 CONCLUSION

One of the major problems that confront value for money audit is devising ways of tackling the occasional and recurring menace of fraud that affects

business. Though the primary aim of value for money audit duties is not fraud detection and control but on the independent examination of financial records of an organization so as to express an opinion on whether or not such records were prepared in accordance with relevant statutes, as well as, represent a true and fair view of the state of affairs of the organization.

In the public sector, where the extent of fraud is high, the challenge on value for money audit by managers, and executives in ensuring a fraud less organization set-up is enormous. Government of various levels, who are the chief custodian of public goods, relies on the function of these values for money audit. In conjunction with other various machineries for crime control, to curb the magnitude of fraud prevailing in the public sector. In line with this development all states have established in them, the office of auditor general for power sectors affairs and other state parastatals.

In agreement to the above, Okereke (200:19) says that the main duty of an auditor is to report to the members the accounts examined by them

and balance sheet, profit and loss accounts and groups accounts laid before the organization in general meeting during his tenure of office.

5.3 RECOMMENDATION

Based on the findings, the following recommendation were made as these will go a long way in helping the power holding company in terms of fraud detection and control in the public sector. The recommendations are:

1. Value for money audit in public sector should be equipped, supported and protected so as to be effective and efficient in their act of fraud detection and control.
2. Government should create an agreement where those indicated by the auditor general for crime relating to fraud in spite of their status are brought into the book.
3. Policy formulated to enhance the extent of control in public sector should be implemented to the later, to ensure compliance.
4. Effective internal control should be pursued in the organization as a means of reducing the tendency of fraud commitment in the organization.

5. Sanctions should be meted unto auditors that show undue collaboration with any public staff or civil servants, for the purpose of perpetrating fraud in public sectors and beyond.
6. The level of effectiveness in value for money audit rules and duties could influence the extent of fraud in the public sector, this consideration should place out.

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APPENDIX i

Department of Accountancy,
Caritas University,
Amorji – Nike Emene Enugu,
Enugu State,
June 2013.

Dear sir/madam

I, Emele chidozie, a final year student of the above named university, am carrying out a research on the evaluation of value for money audit as a tool of fraud control in the public sector, (a study of power holding company of Nigeria Abuja).

The study is in partial fulfillment of the award of Bachelor of Science (B.Sc) degree in accounting. Please it is my desire to emphasize that the research work is purely for academic purpose. Your assistance is unavoidably needed in other to make this research work a success. I therefore promised that all information giving in this regard will be treated confidentially and strictly used for the purpose of this research.

Thank you for your anticipated corporation.

Yours faithfully

Emele Chidozie

APPENDIX ii

QUESTIONNAIRE

Instructions: please mark in the boxes the option of your choice.

1. There is a significant effect of value for money audit in fraud detection and control in the public sector.

(A) Strongly agreed (B) Agreed (C) Strongly disagreed

(D) Disagreed (E) Undecided

2. Value for money audit plays a vital role in promoting the effectiveness and activities in the offices.

(A) Strongly agreed (B) Agreed (C) Strongly disagreed

(D) Disagreed (E) Undecided

3. There is a significant effect between internal control and fraud detection.

(A) Strongly agreed (B) Agreed (C) Strongly disagreed

(D) Disagreed (E) Undecided

4. Value for money audit is influenced by material in carrying out their function.

(A) Strongly agreed (B) Agreed (C) Strongly disagreed

(D) Disagreed (E) Undecided

5. There is an effectiveness of the internal control system in the power holding company of Nigeria.

(A) Strongly agreed (B) Agreed (C) Strongly disagreed

(D) Disagreed (E) Undecided

6. How could you rate the extent by which value for money audit carry out their fraud detection and control performance?

(A) Strongly agreed (B) Agreed (C) Strongly disagreed

(D) Disagreed (E) Undecided

7. Value for money audit is bias and indecisive on most matter relating to fraud detection and control.

(A) Strongly agreed (B) Agreed (C) Strongly disagreed

(D) Disagreed (E) Undecided

8. The extent of corruption in the organization affects the value for money audit performance.

(A) Strongly agreed (B) Agreed (C) Strongly disagreed

(D) Disagreed (E) Undecided

9. There is frequent report of fraudulent activities by the auditors.

(A) Strongly agreed (B) Agreed (C) Strongly disagreed

(D) Disagreed (E) Undecided

10. There is no good relationship between the auditors and the management.

(A) Strongly agreed (B) Agreed (C) strongly disagreed

(D) Disagreed (E) Undecided

11. Do you agree that fraud is common among the staffs in the PHCN?

(A) Yes (B) No

12. The problem of fraud is as a result of poor standard of living in the society.

(A) Yes (B) No