



Is the auditor truly a watchman or a gate keeper in Nigeria?

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Abstract

This study conceptually appraised the legal and regulatory instruments that created the Internal Audit Unit in the Nigeria Public Sector finance and the environmental operational analysis of the Internal Audit as well as the offices of the Auditors-General of the States and the Federation. Also, the perception of fraudulent practices among staff of MDAs has necessitated this study to ascertain if the Internal Auditor is really a Watchman or Gatekeeper in line with Section 85(5) of the 1999 Nigerian Constitution as amended. The study employed conceptual review of the extant laws, circulars and related studies on the subject matter. The study revealed the lack of independence and security for the Auditors, ambiguous clauses prone to manipulation by officials in the current laws regulating the public sector financial operation and the offices of the Internal Auditor and Auditor-General. The study recommends the establishment of Audit Service Commission to handle operational matters relating to recruitment, training, and welfare, disciple of Internal Auditors and staff of the Auditors-General in Nigeria. Also review of the Audit Act, the Financial Regulation Law and other extant laws to guarantee Auditors independence, capacity and capability to detect and report fraudulent practices in the Public Sector finance management.

Keywords: Accountability, Gatekeeper, Independence, Transparency, Watchman, Public sector, Financial regulation.

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Contribution of this paper to the literature

The present Laws partially guaranteed the Auditor-General as a person his work security but do not protect others working in the Auditor General's office. Also the Internal Audit reports to the Accountant General instead of the Auditor General for proper financial coordination and control in the Public Sector in Nigeria.

1. Introduction

The Nigeria public is awash with complaints over the way the public wealth of the nation is managed by politicians and government officials. There is also widespread unemployment among the teeming youth's population in the country. In fact, the country's Gross Domestic Product per capita which was last recorded as 2,416.36 US dollars in 2023 is equivalent to 19 percent of the world's average, (Trading Economics, 2024). Also, the fuel subsidy removal and the deregulation of the foreign exchange rate in 2023 has also further impacted very negatively on the nation and according to National Bureau of Statistics data, 131 million Nigerian are classified as multidimensional poor while 71 million live in extreme poverty, (Punch Newspaper, 2023). In his commentary on Nigeria poverty rate, Ubanagu (2023) posited that Tonye Cole while campaigning for governorship election in Rivers State quoted data from the World Bank Poverty Clock which reported about 40.7 percent of Nigerians are estimated to live below the international poverty line by the end of 2024. The Country therefore with this awful distinction of being the world capital of poverty with 71 million people living in extreme poverty and a total of 133 million people classified as multi-dimensionally poor according to National Bureau of Statistics data is ascribed in many quarters as a failing State.

In spite of the huge yearly government budget and expenditure, the public is very dissatisfied as there are no significant impacts in the economy and infrastructural development. Many budget heads are not attended to but still the yearly budget estimates are exceeded by the government. In an editorial "Stop Corruption: Confronting the odious bribery of Nigeria's public officials" reported on the report of the National Bureau of Statistic (NBS) in collaboration with the United Nations Office on Drugs and Crime (UNODC) on Corruption in Nigeria: Patterns and Trends survey that showed that a staggering sum of ₦721 billion was paid as bribes to Nigerian public officials in 2023, (Premium Times, 2024). The report highlighted bribes were reported as having been paid in offices and on the streets especially during procurements, payroll preparation, retirement documentations among others. The cancer is so daunting that the Economic and Financial Crime Commission (EFCC) Chairman in his interaction with officials of Revenue Mobilization, Allocation and Fiscal Commission (RMAFC) stated how unspent budget allocations are moved to private accounts in commercial banks before midnight at the end of budget cycle and yet those involved are rarely brought to book, (Premium Times, 2024). Nigeria presently ranks 145 out of 180 nations in Transparency International's (TI) Corruption Perception Index.

There is thus the public anger of government officials carrying out budget padding, inflated contracts, the release of public funds for unexecuted contracts/services and lack of value for money on government projects' executions and fictitious payments for services not rendered. By Section 85(5) of the 1999 Constitution as amended, the Auditor General is empowered power to conduct periodic checks of all government statutory corporations, authorities, agencies including all persons and bodies established by an Act of the National Assembly. Section 85(6) stated the Auditor General in the course of this function shall not be subject to the directive or control of any other authority or person.

However, control or directive from any other authority or person may be direct or indirect on the activities and person(s) carrying out the function of the Auditor General. Therefore, Internal Audit which is a unit of the Auditor General responsibilities and as one of the gatekeepers by Public Sector Financial Regulations should be saddled with the responsibility to ensure every revenue and expenditure transaction in government MDAs conform to the laid down rules as enshrined in the Public Procurement Act, the Financial Regulations Act and the Audit Act. The Internal audit should play a crucial role in mitigating the risks associated with an echo chamber effect at the executive level. As an objective or independent Unit in function, internal audit should evaluate and provide assurances on the adequacy and effectiveness of governance, risk management and control processes. The Unit should facilitate transparency, accountability, challenging the status quo and encouraging a culture of honest feedback and continuous improvement. Its work is essentially in bridging the gaps and helping to prevent the adverse effects of sycophancy and personal gains. Therefore, Internal Auditors as Gate Keepers are presumed to fail when they verify or issue statements that they know or through reasonable effort should know is false or misleading.

When a leader or a leadership team is surrounded with sycophants, an echo chamber effect is created as only agreeable opinions and feedbacks are voiced. This kind of environment limits the diversity of thoughts as dissenting viewpoints are discouraged or out rightly dismissed. This scenario leads to a distorted or inaccurate view of an MDA or entity's operations as the information reaching the head or leadership is overly optimistic or skewed. It breeds a culture of conformity i.e the "Is normal" syndrome mentality. In such situation, integrity and transparency is limited because employees are incentivized to agree with the status quo rather than propose novel solutions. This is the situation in Nigeria where government leadership is surrounded by "yes" people and thus is challenged by the Echo Chamber Effect and thus risks becoming insulated from the operational realities and challenges that the government and the general public faces. The consequence of this sycophantic behavior is the moral and motivation of employees who value transparency and meritocracy plummet as they witness the success of those who engage in the sycophantic behaviors and sharp practices.

The question therefore is does Auditors General's offices and Internal Audit units play a key role as gatekeepers against these distortions by these sycophants and breaches in controls in the Public Sector System? Is Internal Audit laws in operation effective in ensuring operational compliance in the Public Service? Is the public outcry of the corruption in the management of public sector finances the inefficiency and ineffectiveness of the Auditors-General offices and Internal Audit offices?

The independence of the Offices of the Auditor-General of the Federation and the States Auditors-General has been a subject of concern. The assurances offered the Auditors-General by the Constitution only guaranteed their

persons, but independence of their offices as entities comprising other individuals cannot ipso facto be said to have been secured by the Law. This is premised on the fact that the Auditors-General do not personally carry out the auditing and investigation of the accounts and processes of the Ministries, Agencies and Departments (MDAs) of the Government. They only act through officers (audit staff) whose operational security – job security and welfare is not protected or guaranteed in the Audit Act as is applicable to the Auditors General.

Second, the senior audit staff recruitment and reporting line renders put to question their independence. The Office of the Auditor-General is only permitted by the Public Service Rules to engage the services of personnel not above Level 06 while the power to recruit senior officers is reserved for the Federal Civil Service Commission for the federal government and States Civil Service Commission as regards States recruitment. Thus, officers from Level 07 and above are staff of the Federal or States Public Service Commissions to whom they are answerable to in discipline and control.

Thirdly the present practice where the office of the Auditor-General gets monthly allocations on warrants and releases from the Ministry of Finance and the Accountant General may impede the independence of the auditor, notwithstanding the provisions of Section 85 (6) and 125 (6) of the Constitution that stipulates that in exercise of his functions under this Constitution, the Auditor – General shall not be subject to the direction or control of any other authority or person. In the current scenario in Nigeria Public Sector, is the Internal Auditor a gatekeeper?

1.1. Statement of the Problem

According to [Ewa, Kechi, Adu, and Agida \(2017\)](#) government agencies' regulatory policies, implementation and enforcement are riddled with corruption. Nigerian government yearly expenditure is about 60% of the nation's total expenditure and so its implementation should have direct impact on the growth and wellbeing of the citizenry in the country. Although since the democratic rule in 1999, government yearly budget allocations have steadily increased but there is no reciprocity in the improvement in social services, poverty reduction, employment generation and infrastructural development. There are also no identifiable instances of adverse audit reports and implementation. According to [Kankpang, Ewa, Oti, Inyang, and Okon \(2020\)](#) in Nigeria as a result of socio-political and economic dynamics, there is a general upward trend in corruption and fraudulent practices as many are of the opinion that power, authority and recognition can be achieved through acquisition of wealth, legally or illegally. Also, with the recent devaluation of the national currency, high inflation and poor social services for the citizenry, people earnestly desire for wealth which according to [Kankpang et al. \(2020\)](#) is propelled by the need to take care of health, education, housing, security and other services which are primary responsibilities of governments, but which governments have failed and/or neglected to provide.

Nigeria presently ranks 140 out of 180 nations in Transparency International's (TI) Corruption Perception Index, ([TI, 2025](#)). Many of the corruption cases listed for prosecution are from the public service funds management and according to [Ewa et al. \(2017\)](#) are laced with weak audit evidences to effectively prosecute the cases. [Ewa \(2023\)](#) posits that most high-risk MDAs financial records are audited late and though the public suspect infractions and corruption in the Agencies, the audit reports hardly highlight fraudulent acts in the Agencies audit reports. [Ewa, Adesola, and Kankpang \(2019\)](#) study revealed inadequate capacity of the anti-corruption agencies workforce, non-commitment to integrity, ethical values, the rule of law, lack of openness, lack of transparency and accountability.

While [Dye and Stapenhurst \(1998\)](#) opined that polls in the developed countries indicate many citizens do not trust their government officials to act always in the public interest but have confidence in the independence of the Office of the Auditor General as a watchdog of the public interest and promoter of transparency and ethical behavior in their jurisdiction, the difference is the case in Nigeria where [Ewa et al. \(2019\)](#) posit that corruption is endemic and described as cancer in public institutions that are subjected to yearly audits without any tangible adverse audit reports and culpable Agencies officers charged to court. The public perception is that an unqualified opinion of an MDA audited financial statements means the MDA financial statement is devoid of fraudulent act and misstatement. This assertion is borne out of the notion that the primary function of audit is the reassurance of the credibility of the financial records and assurance of value for money on capital projects and programs of the MDAs.

This perception of fraudulent practices among officials in ministries, departments and agencies (MDAs) has necessitated this study to conceptually ascertain if the public sector auditors are really Gatekeepers in line with Section 85(5) and Section 125(5) of the 1999 Nigerian Constitution as amended.

2. Literature Review

2.1. Theoretical Framework

There are various theories that underpin the position and responsibility of an auditor globally. Among the theories is the Policeman theory and theory of lending credibility. The Policeman theory places the responsibility of an auditor as searching for culpable activities, discovering of financial and material infractions and preventing of discovered fraudulent activities in the system. An auditor under this theory acts as a policeman focusing on arithmetical accuracy and on prevention and detection of fraud. Here, the auditor's job is to focus on arithmetical accuracy and on the prevention and the detection of fraud in the accounting system audited.

The theory of lending credibility regards the primary responsibility of the auditor to be the addition of credibility or assurance to the financial transactions, statements or recordings of the entity. In this regard, the service that Internal Auditors are supposed to be selling to the public is credibility assurance or comfort of the financial report of the MDA. The Internal Auditor's responsibility and activities in the MDA increases the assurance, confidence and credibility of operational and financial activities of the MDA and the financial report presented by management. This is vital as the financial statements are channels used by management who are agent in the Agency theory to render their stewardship to the principal who in this case is the general public. The principal (general public) is perceived to make quality assessment or evaluation of the government MDA based on reliable and credible action of the Internal Auditor on the information which the audit report renders. The public expect the Internal Audit function should provide it with the assurance that the financial transactions and

information rendered is devoid of material misstatement, fraud and there is value for money in the projects and programs executed by the MDAs.

2.2. The Public Sector Audit

Public sector audit has changed within the last decade internationally. The traditional role of primarily providing an independent review of the accounts of public sector entities has changed. The push for good governance, transparency and accountability during the period and the push for justifiable allocation of resources by the society have necessitated auditors to enhance their audit scope to cover financial and performance audit functions. The financial audit involves the review of the accounts and the internal controls of the entity while the performance audit involves among other things, the MDA's programme efficiency, effectiveness and economy (value for money).

The Nigeria public finance is guided through the Finance (Control and Management) Act, Cap F26 Laws of the federation of Nigeria, 2004. The Act was reviewed to ensure accountability and transparency in the management of public funds, revenues, expenditures, assets and liabilities of the government of the federation and other related matters. Among the sections is the Internal Audit

2.3. Internal Audit

Section 41(1) stipulates "There shall be an internal audit in each public Institution which shall be independent in its operations and have free access to all records and documents of that public institution. The head and operational staff of an internal audit shall be deployed by the Accountant General from a pool of specialized treasury internal auditors. The head of an internal audit shall be directly responsible to the Accounting Officer of a public institution for a comprehensive audit of all the operations and activities of the public institution.

2.4. Functions of the Internal Audit

1. Ensure that internal control system in place is sufficient and functioning properly.
2. Carry out 100% prepayment, financial, management, risk-based and system audits.
3. Conduct special reviews, investigation and any other assignment as may be directed by the Accounting Officer.
4. Render monthly, quarterly and half yearly reports to the Accounting Officer and forward a copy to the Accountant General and Auditor-General.
5. Issuance of special reports when in his opinion, the attention of the Accounting Officer and that of Director of Finance and Accounts of the ministry need to be drawn to any irregularity in the accounting records or to any apparent weakness in the accounting procedure.
6. The Head of Internal Audit to draw up detailed internal audit instructions for the use of the staff, setting out concisely the nature and extent of the checks to be applied to each account or record.

By the provisions of the Act, the Internal Auditor in any Institution is deployed by the Accountant General from a pool of specialized treasury internal auditors and directly responsible to the Accounting Officer of a public institution for a comprehensive audit of all the operations and activities of the public institution. This implies that the internal auditor is answerable to the Accounting Officer (Permanent Secretary for ministries, Executive Chairman, Director General Executive Secretary or its equivalent) for extra-ministerial departments of the Institution in which he/she operates. The line of reporting as enshrined in the law runs contrary to international best practices and the private sector Code of Corporate governance. The Internal Auditor should have been made to be answerable to the Auditor-General or Audit Commission like the Audit Committee in the private sector as stipulated in the 2019 Nigeria Code of Corporate Governance. [Melinda \(2024\)](#) posit that internal auditors must be equipped with adequate competence in carrying out their duties by being given regular training and the department must be directly under top management to create audit independence. The lack of defined security guarantee also in the financial regulation to protect the Internal Auditor against possible persecution from the top management renders the office vulnerable. Similarly, the lack of whistle blowing policy and or external agency like an Audit Committee to protect the officer against victimization renders the job risky.

Also, the lack of defined pre-requisite relevant qualification and experience to be an Internal Auditor cast doubt on the office to be a gatekeeper. The clause "the Accountant General shall ensure that a suitably competent Accountant is placed directly in charge of the Internal Audit Units of Ministries/Extra-Ministerial offices and other arms of government has not clearly stipulated the requisite qualification and experience. In this instance, perception carries the day.

The auditor like a gate keeper or police man must have the following qualities to guarantee functionality.

1. Professional and technical knowledge and ability to interpret the regulatory laws governing the system.
2. Independent of the system in responsibility and accountability. Should not be operationally be responsible to the management of the agency he is auditing.
3. Secured and guaranteed career progression devoid of intimidation. The auditor's career progression should not be dictated by the leadership of the agency he is its auditor.
4. Regulatory laws must not contain ambiguous clauses that may be prone to manipulation by officials.

2.5. Office of the Auditor-General

The practice of auditing of government agencies financial records has always been regulated in Nigeria right from colonial times. The 1956 Audit Ordinance was enacted in 1956 for the audit of federal MDAs as well as MDAs across the Regions in Nigeria. The Act has fifteen sections that covered appointment, tenure, duties, powers and salary of the director of Federal Audit; appointment of acting director of Federal Audit; time for submission of accounts to the director of Federal Audit; audit of accounts of the Regions and statutory bodies; time for presentation of the annual certificate and report of the Director of Federal Audit to the Minister of Finance and the House of Representatives.

Upon independence in 1960, the country continued the application of the 1956 Audit Act in the management of public sector Audit. Presently, the Offices of the Auditor General for the Federation and the States in Nigeria are covered under Sections 85 and 125 of the amended 1999 Constitution of the Federal Republic of Nigeria, as enumerated below.

1. There shall be an Auditor-General for the Federation who shall be appointed in accordance with the provisions of Section 86 of this Constitution.
2. The Auditor-General for a State shall be appointed by the Governor of the State in accordance with the provisions of Section 126 of the Constitution.
3. The public accounts of the Federation and the States and of all offices and courts of the Federation and the respective States shall be audited and reported on by the respective Auditors-General who shall submit their reports to the National Assembly and the respective States Houses of Assembly; and for that purpose, the Auditors-General or any person authorized by them in that behalf shall have access to all the books, records, returns and other documents relating to those accounts.
4. Nothing in subsection (2) of this Section shall be construed as authorizing the Auditors-General to audit the accounts of or appoint auditors for government statutory corporations, commissions, authorities, agencies, including all persons and bodies established by an Act of the National Assembly or respective States Houses of Assembly, but the Auditor –General shall.
 - (a) Provide such bodies with – (i) A list of auditors qualified to be appointed by them as external auditors and from which the bodies shall appoint their external auditors, and (ii) Guidelines on the level of fees to be paid to external auditors.
 - (b) Comment on their annual accounts and auditor’s reports thereon.
5. The Auditors-General shall have power to conduct periodic checks of all government statutory corporations, commissions, authorities, agencies, including all persons and bodies established by an Act of the National Assembly or respective States Houses of Assembly.
6. The Auditors – General shall, within ninety days of receipt of the accountant- General’s financial statement, submit their reports under this section to each House of the National Assembly and the respective States Houses of Assembly for States audit report and each House of the National Assembly shall cause the reports to be considered by a committee of the House of National Assembly responsible for public accounts.
7. In exercise of their functions under this Constitution, the Auditors – General shall not be subject to the direction or control of any other authority or person.

Also, Section 86 and 126 provides.

1. The Auditors-General for the Federation and the States shall be appointed by the President or the respective State Governors on the recommendation of the Federal and States Civil Service Commissions subject to confirmation by the Senate or the respective States Houses of Assembly.
2. The power to appoint persons to act in the offices of the Auditors-General shall vest in the President and the State Governors.
3. Except with the sanction of a resolution of the Senate or State Houses of Assembly, no person shall act in the office of the Auditor-General for a period exceeding six months.

Similarly, Section 87 and 127 provides.

1. A person holding the office of the Auditor-General for the Federation or the State shall be removed from office by the President or State Governor acting on an address supported by two-thirds majority of the Senate or the State’s House of Assembly praying that he be removed for inability to discharge the functions of his office (whether arising from infirmity of mind or body or any other cause) or for misconduct.
2. The Auditor-General shall not be removed from office before such retiring age as may be prescribed by law, save in accordance with the provisions of this Section.

2.6. Quality of a Watchman or Gatekeeper

2.6.1. Independence

The Offices of the Auditor –General of the Federation and the States in Nigeria are enshrined in the 1999 Constitution as amended. This underscores the important role these offices are expected to play in enhancing quality transparency and accountability in Nigeria public sector.

To enhance independence, the structure of the Constitution gives the impression that the Auditor-General is an officer of the legislative arm of government as the office appears in Chapter Five which deals with the Legislature and appointment to the office is as enshrined in the Constitution. Presently, over the years the Office has always been occupied by career civil servants who rose through the ranks. This is however in line with the requirement of the Constitution that the appointment of the Auditor-General shall be on the recommendation of the Federal or State Civil Service Commission (CSC). However, the present Constitution has not limited the Civil Service Commission (CSC) on its search and recommendation for candidates to only career civil servants for the office of the Auditor General to the President or Governors of the respective States. It is also not definitive in the present instance whether the President or Governor could reject a candidate recommended by the CSC. However, the wordings in Section 86(1) and 126(1) did not suggest the President or Governor is bound to accept the recommendations of the CSC.

In the consideration of the requisite academic and professional qualification for a candidate to guarantee integrity and independence, just like the Financial Regulation, the Constitution has not specified the requisite academic and professional qualification(s) and cognate experience expected from aspirants for the office of the Auditor-General. The assumption appears to be that the CSC would have taken the issue of qualification and experience into consideration before recommending a candidate to the President or the Governor. As the appointment to the office of the Auditor-General is subject to confirmation by the Senate or the respective States Houses of Assembly, it is expected that the confirmation process will ensure that candidate possesses the right qualification.

In the present circumstance, independence measured by professionalism and academic qualification is absent in the recruitment procedure. However, in order to address or reduce the margin of discretion, the minimum professional qualification and experience for the office should be laid down by an Act of the National Assembly or the respective Houses of Assembly Audit Laws.

Also to forestall independence, the Constitution guarantees the holder of the office job security to a very large extent by requiring the President or a State Governor to secure the concurrence of two-thirds majority of the Senate or State Assembly before removing the Auditor-General from office due to inability to discharge the functions of his office or misconduct. The right of a person holding the office of Auditor-General to resign is also preserved.

On the issue of gratification as a factor that can impede the Auditor's independence, Auditor General Office is grouped in Section 84 (3) of the Constitution. Accordingly, their remunerations which comprise salaries and allowances are prescribed by the National Assembly, although they are not expected to exceed the amounts determined by the Revenue Mobilization, Allocation and Fiscal Commission. Also, the office emoluments constitute a charge on the consolidated revenue fund of the Federation for the Federal Government, and its budget allocation cannot be altered to their disadvantage after their appointment or during their tenure.

The assurances as enumerated above offered the Auditor-General by the Constitution may guarantee their personal positions, but the independence of their offices as entities comprising other staff members cannot ipso facto be said to have been secured or guaranteed. This is so because whereas the Auditor General is covered under the Constitution, other staff members in the Office are regarded as staff of either the Federal or State Public Service Commission. Therefore, as the Auditor-General does not personally carry out the auditing and investigation of the accounts and processes of the Ministries, Agencies and Departments (MDAs) of the Government, but acts through officers whose compensations and welfare are not guaranteed, there is this persistent clamor for the establishment of a Federal Audit Service Commission that will protect the interest of all staff members in the audit team. It is anticipated that such a Commission will satisfactorily handle matters relating to recruitment, welfare and discipline of staff of the Auditor-General. It is envisioned that if the office of the Auditor-General is to assume and effectively play its role as an anti-corruption agency, the staffers should be removed from the Public Service Commission and be protected as the Auditor-General.

The current condition where the Office of Auditor-General depends on warrants and releases from the Ministry of Finance and the Accountant General of the States or Federation does not guarantee the independence of the Auditor-General in the discharge of his function even though Section 85 (6) or 126 (6) of the Constitution stated that in exercise of his functions, the Auditor – General shall not be subject to the direction or control of any other authority or person. In any acting position for the Office, the Constitution gave the President or State Governors the power to appoint persons to act in the Office of the Auditor-General for a State or the Federation but subject to a resolution of the Senate or State Assemblies and maximum acting capacity period of six months.

Wakil, Alifiah, and Teru (2020) posit that a better standard of independence of auditors improves robust audit efficiency that results in accurate financial reporting and that the independence of the auditor has significant association with the quality of the audit and so the independence of the Office will greatly influence accurate financial reporting of public service operations.

2.6.2. Auditor Competence

The International Education Standard (IES 8) has defined competence as “being able to perform a work role to a defined standard, with reference to real working environment”. The Auditors’ Code, published by Audit Practicing Board (APB) outlined nine fundamental principles of independence which competence is one of the principles and is defined as the ability to carry out professional duty with great knowledge and skills. In her explanatory framework, the standard stated that competence refers to the demonstrated ability to perform relevant roles or tasks to the required standard. In other words, competence is actual demonstration of performance. The standard outlined the minimum competence requirements expected of International Federation of Accountants Congress (IFAC) members to obtain before they take on the role of an audit professional to include;

- i. Auditors must have formal education (knowledge) relevant to audit,
- ii. Auditors must acquire professional skills, professional values, ethics and attitude. This is critical as Auditors are expected to have sufficient knowledge of current developments in the field of audit. They need a in-depth understanding of the probable ethical implications of professional and managerial decisions. They also need to be aware that decision-makers can be under tremendous pressure when it comes to upholding ethical principles.

2.6.3. Transparency and Accountability

Schlenker (1997) posit accountability as to be answerable to the public (audiences) in one's stewardship according to prescribed standard(s) that is relevant to fulfilling given obligations, duties, expectations and other charges. Accountability principle is critical as an auditor should demonstrate to the satisfaction of the public that he applied the authority delegated to him by the Institution and the general public and have achieved the expected objective of the Institution by ensuring equitable, effective and efficient utilization of the Institutions' resources in running the affairs of the department.

In public sector management, citizens require government officials to justify the sources and utilization of public resources entrusted to them (Inanga, 1991). The audit report is a channel of providing assurance and credibility of management or government representations and their stewardship. The audit report is the main channel of communication to the stakeholders. The 1956 Audit Ordinance Act, Financial Regulations, Finance (Control & Management) Act, the Fiscal Responsibility Act and extant circulars as may be issued by the Accountant General and the Auditor General guide the preparation and audit of the financial statements of ministries, departments and agencies (MDAs). It is worth noting that the auditing standards and guidelines outline the minimum information content and format rather than the maximum that must be incorporated in audit reports.

Kalu and Okeke (2020) posit that the concept of accountability together with the Agencies through which the concept is articulated and implemented, is perhaps the single most important factor that controls holders of political and public administrative power. The study postulated that there is a distinction to be made between the accountability imposed on government by its citizens, and the accountability that a government imposes on itself through the creation of public institutions like auditing agencies, anti-corruption bodies whose mandate is precisely to act as a restraint on government. This distinction the study opined referred to by some theorists as vertical accountability (to citizens directly) versus horizontal accountability (to public institutions of accountability). Vertical accountability involves citizens acting directly through the electoral process or indirectly through civic organizations (civil societies) or the news media. Similarly, horizontal accountability which covers the range of public entities that check abuses by the executive branch of government may be initiated and pursued by the legislature, the judiciary, electoral commissions and tribunals, auditing agencies, anti-corruption bodies, ombudsmen, human rights commissions, and central banks. The Office of the Auditor-General which is otherwise called the Supreme Audit Institution is responsible for the financial examination of government institutions and responsible in holding the government to account for its use of public funds in tandem with the legislature and other oversight bodies.

2.7. Public Sector and Management

Public sector entities cover all organizations that get their funding from public sources such as fees, taxes or licenses. It covers both government departments and government enterprises. Public sector finance management is the financial management of public sector institutions resources to achieve planned public objective through public sector ministries, departments and agencies (MDAs) (Graham, 2011). These agencies are owned and either controlled by federating units (Federal, State or Local Government Councils) in Nigeria.

The major objective of MDAs is social service as against private sector which is profit maximization although individual MDAs may have specific objectives for their establishment. The MDAs operate majorly full public service bureaucratic structure. Today, still many of the MDAs are operating the cash basis of accounting in the recognition of liabilities in the accounts even though IPSAS implementation has commenced in Nigeria. Due to level of corruption in Nigeria, lack of infrastructural facilities and under development across the sectors, financial management of the resources is fundamental in the public sector fund management as it guarantees a transparent, systematic, efficient and legitimate application and utilization of department's resources. It involves resource allocation (getting funds), controlled delivery (spending funds) and accountability (reporting on funds). A sound and effective public sector financial management system require good accounting system and financial regulations to control spending in line with budgetary allocation and ensuring accountability which connects between operational, management and control processes. The public sector financial sector is regulated in Nigeria by the Finance (Control and Management) Act, 2009 as well as the relevant Sections of the Constitution dealing with public finance.

2.8. Justification as Watchmen or Gatekeepers in the State of Affairs in the Public Sector

Although Section 85(6) and 125 (6) of the 1999 Nigeria Constitution as amended is expected to make the Auditor-General to be independent, the guarantees opened to the Auditor-General by the provision only secures their personal interest.

The independence of the Office as an entity which is composed of other personnel outside the Auditor-General cannot ipso facto be said to have been secured or guaranteed. The Auditor-General do not personally carry out the audit and investigation of the accounts and activities of MDAs but only acts through officers whose compensations and welfare is not protected by the 1999 Constitution as amended hence the Office cannot be seen as independent or qualify to be a watchman.

There is the call for the establishment of a Federal Audit Service Commission which is expected will satisfactorily handle matters relating to recruitment, welfare and discipline of staff of the Auditor-General. Indeed, if the office of the Auditor-General in Nigeria is to assume and effectively play its role as an anti-corruption agency, there is the need to make the office of the Auditor-General independent by creation of the Audit Service Commission with constitutional power over all personnel and funding matters. Disbursement of funds to the Audit should be under first line charge like is the case with the Independent National Electoral Commission, the National Assembly and the National Judicial Council. According to Kalu and Okeke (2020), the office of the Auditor-General has not been very effective with respect to its traditional role of conducting fiscal audit of public accounts, not to talk of the added responsibility of undertaking value for money audit.

Presently, in Nigeria the office of the Auditor-General and public sector internal auditors under the present legal regime and policies have no protection both in terms of civil liability for acts or omissions committed in course of performance of their duties and criminal prosecution for whistleblowing. This is collaborated by Kalu and Okeke (2020). Similarly, the Nigerian 2021 Financial Regulation that stipulates the Accountant General to be the one who deploys heads of Internal Audit and not the Auditor-General has rendered the independent evaluation of financial transactions involving the accountant general and top management in the ministry questionable. Also, the clause that the head of the Internal Audit should be responsible to the Accounting Officer will not allow his independence as the infraction most often comes from the top management of the department.

As by the provisions of the Nigerian 2021 Financial Regulations Act that the Internal Auditor in any Institution is deployed by the Accountant General from a pool of specialized treasury internal auditors and directly responsible to the Accounting Officer of a Public Institution for a comprehensive audit of all the operations and activities of the Public Institution implies that the internal auditor is answerable to the Accounting Officer (Permanent Secretary for ministries, Executive Chairman, Director General Executive Secretary or its equivalent) for extra-ministerial departments of the Institution in which he/she operates. In addition, as the line of reporting as enshrined in the Financial Regulations law runs contrary to international best practices and the Private Sector Code of Corporate Governance, the Internal Auditor should have been made to be answerable to the Auditor-General. Again, the lack of defined security guarantees in the Financial Regulations law to protect the Internal

Auditors against possible persecution from the top management of the MDA they are carrying out their responsibilities renders their persons and office vulnerable and the lack of whistle blower policy and external agency to protect the officers against victimization renders the jobs risky hence cannot be seen to perform their duties as sincere Gatekeepers or Watchmen.

Also, the lack of defined pre-requisite relevant qualification and experience to be an Internal Auditor cast doubt on the office to be a good Gatekeeper or Watchman. The Clause “the Accountant General shall ensure that a suitably competent Accountant is placed directly in charge of the Internal Audit Units of Ministries/Extra-Ministerial offices and other arms of government” has not clearly stipulated or defined the request qualification and expertise required for the position. In the present circumstance, perception of the top management carries the day in staff recruitment.

The current laws regulating the public sector financial services in Nigeria and the offices of the Internal Auditor and Auditor-General contain ambiguous clauses that may be prone to manipulation by officials which can influence independence and transparency. Also secured and guaranteed career progression devoid of intimidation is not embedded in the current laws as well as lack of defined professional and technical knowledge required for recruitment and so the notion of Auditors in ministries, departments and agencies (MDAs) in Nigeria being watchmen or gate keepers is doubtful because of the executive pressures on the offices occasioned by the extant Public Service Finance laws in Nigeria.

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