Scholars Journal of Economics, Business and Management
Abbreviated Key Title: Sch J Econ Bus Manag
ISSN 2348-8875 (Print) | ISSN 2348-5302 (Online)
Journal homepage: http://saspjournals.com/sjebm

OPEN ACCESS

Auditors' Qualities and Prepayment Audit: Its Effect on Performance of Public Sector Funded Projects in Nigeria

Ajayi Tijjani Ahmed PhD[1*], Mrs. Edith Onyeanu PhD[1], R. O Ugwuoke[2]

[1]Department of Accountancy, University of Nigeria, Enugu Campus, Nigeria
[2]Associate Professor, Department of Accountancy, University of Nigeria, Enugu Campus, Nigeria

***Corresponding author:** Ajayi Tijjani Ahmed
| **Received:** 05.03.2019 | **Accepted:** 10.03.2019 | **Published:** 30.03.2019
DOI: 10.36347/sjebm.2019.v06i03.012

Abstract **Original Research Article**

The study seeks to analyse how auditors' qualities aid in prepayment audit and the resultant effect of the synergy on the performance of public sector funded projects in Nigeria. This study adopted both an explanatory research design. The source of data was purely from secondary which used all the twenty-nine (29) ministries between 2000 and 2016. The statistical tools adopted parametric and non-parametric techniques of data analysis. In testing the hypotheses, Ordinary Least Square (OLS), multiple regression technique of analysis was employed, at a 5% level of significance ($p<0.05$). There was a positive and significant relationship between Audit project financial management unit Independence and ratio of the disbursed fund. There was a positive and significant relationship between Audit Financial Expertise of project financial Management unit and the ratio of the disbursed fund. There was a positive and significant relationship between Meetings frequency of audit project financial Management unit and the ratio of the disbursed fund. The paper concludes that auditors' qualities affect prepayment audit positively and this, in turn, affect the performance of public sector funded projects in Nigeria.
Keywords: Prepayment Audit, audit quality, disbursed fund, World Bank, Nigeria.

INTRODUCTION

Public sector offices are part of the whole system of governance in every country, and they are financed partially or exclusively by government budget which sole aim is to ensure that citizens enjoy dividend of good governance. Their function and purposes mottle the structure of the public sector, but in most cases, they are designed to enable the government to achieve their goals. They provide services such as financing, education, communication service, healthcare, police, transportation, electric services, security and many other which benefit all of the society. In recent times, the need for accountability and probity in the public sector has been underscored [1]. The drive for accountability often begins with the pursuit of probity and integrity on the part of public administrators. The government does different transactions through its agents or offices and in that capacity, they are mandated by law to account for their stewardship.

Thus, The World Bank, one of the associations came into Nigeria first in 1958 with a project named Railway Development Project, May 2, 1958, with a total project cost of $28.0m. But, Nigeria became a signatory to World Bank Articles of Agreement in 1961, shortly after her independence in 1960. World Bank has assisted Nigeria in various ways. For example, World Bank Supported the privatization programme with the sum of $100 million, second additional financing Fadama Development Project with the sum of US$500million; Commercial Agriculture Development Project with the sum of US150m; Agro-Processing Productivity Enhancement and Livelihood Improvement Support Project with the sum of US$200million; urban development programme (i.e. Lagos metropolitan projects) with US$ 200 million. As of January, 2005, over 800 communities in the first phased states of the community-based development project have successfully completed 1,017 sub-projects that include 348 school projects, 350 water projects, 90 road projects, 90 health projects, 72 electricity projects and 67 other projects such as environmental protection, training centers and commercial markets World Bank [2].

However, the constitution of the Federal Republic of Nigeria has provided for the establishment of audit departments both at Federal and State levels. Section 125 (1) of the 1999 constitution states that there will be an Auditor General for the Federation, and for each State of the Federation, who will be designated with respect to the provision of section 126 of the constitution. Subsection (2) of this section stipulates that the public accounts of a state and ministries, agencies, parastatals, and the courts of the state will be audited by the auditor general for the state who will present his reports to the House of Assembly of the concerned state.

This underscores the importance of auditors in public sector entities, who by their work would accomplish significant internal control structure, eliminate corruption, guarantee effective corporate governance structure, and promote accountability and transparency. Auditing in the public sector is aimed at the prevention of mistakes, shortcomings, and misdeeds in the public administration. In both the private and public sectors, the responsibilities for internal auditing rest with internal auditors. The Institute of Internal Auditors (IIA) assert that internal audit is an autonomous, goal oriented and consulting activity aimed at advancing an organisations operation.

According to the Institute of Chartered Accountants of England and Wales [ICAEW], internal auditing is an autonomous evaluation role established within an organisation to appraise and assess its activities as a service to the organisation". Internal audit is a control mechanism that can curtail the incidence of fraud and misappropriation in government ministries if adequately applied. The International Standard on Auditing (ISA) 200 posits that an audit of financial statements aims to empower the auditor to state whether the financial statements are documented, by the acceptable financial reporting system. The role of internal audit departments in the public sector is to ensure the smooth functioning of internal controls, by reviewing policies and practices in the entity to avoid noncompliance or loss of financial resources.

The disbursement of these funds is either through advance payments or payments after delivery. Advance payment/prepayment is a full or partial payment for goods and services before they are received. Advance payments or prepayments should be avoided. It is a common business practice not to pay for goods or services until they have been certified good and satisfactory. The Project may incur a loss of interest on funds used to make advance payments, particularly if the conveyance of materials or performance of services is to occur at some future date.

It has been noticed that many firms face problems of improper payment and inability to review cash flows and proper documentation. And the World Bank funded projects in Nigeria are no exceptions. There exist high rate of incomplete documentation and unretired advances and these are mostly noticed during the annual review mission of the World Bank Financial Management Missions since there is no provision for prepayment audit in the World Bank-funded projects in Nigeria. And it has been of significant concern to the Bank and the country in general. This is because it is assumed that prepayment audit delays payment processes and thereby slow down project implementation. The World Bank projects in Nigeria subscribe only to post-payment audit, and that has been the practice over a long period.

Nevertheless, this practice has not helped the Bank in curtailing inefficiencies in the implementation of its projects. For instance, the Bank had severally blamed poor corporate governance for the failure of its infrastructural support fund in the power sector in Nigeria [3]. The public need to know whether funds are used in compliance with laid down rules and policies and whether the institutions are achieving the purpose for which they are set up. Previous studies have established the fact that good accounting and reporting systems enable an entity to apportion its resources in the most productive way, a fact supporting the establishment of internal audit departments in numerous organisations.

However, in spite of the existence of internal audit departments in public sector entities in Nigeria, the rate of fraud and financial impropriety is arguably on the increase. Auditors in public sector entities are expected to ensure that funds are utilized in line with the terms by which such monies were allotted and that accounts have been legitimately prepared. Though, internal audit has become a crucial function within organisations; insufficient attention has been directed to this area of study when compared to external audit. And, authors have suggested the need for studies on internal audit in public sector entities of developing nations. The study identified the need for effective internal audit function in public sector entities to support effective management of public funds, and, links the effectiveness to effective management and internal control of the entity. Based on the above facts, the study intends to examine the extent to which qualities of auditors can impact on the ratio of disbursed fund of federal ministries. Specifically, the study is set to examine the relationship between audit project financial management unit Independence and ratio of the disbursed fund; Audit Financial Expertise of project financial Management unit and the ratio of the disbursed fund and finally Meetings frequency of audit project financial Management unit and the ratio of the disbursed fund. The paper is organized into five sections; one introduces the topical and resume of the work. Section two revealed related literature. Section three shows the methodology. Section four present analysis and finding while five concludes and makes recommendations.

THEORETICAL FRAMEWORK AND HYPOTHESES

Prepayment Audit

Prepayment audit is a systematic & timely examination of the financial transaction to ensure accuracy, authenticity, compliance with procedures and guidelines. It also improves internal control, avoids future audit findings [4]. Defined Prepayment as the sum of money paid in a particular year or period which relates to the subsequent year. They are sometimes referred to as deferred charges and could be related to different expense heads such as Rent, Insurance Premium, Trade Marks, contract execution such as supplies etcetera. Prepayment is a full or partial payment for goods and services before they are received. It is a judicious business practice not to pay for goods or services until they have been delivered in satisfactory order. The project may insure loss of interest on funds used to make advance payments, particularly if the conveyance of materials or performance of services is to happen at some future date.

Independence of Audit Project Financial Management Team

The independence of the audit project financial management team is deemed to be an important characteristic enabling effectiveness implantation [5]. Argued that independent AC members as outside directors might view the directorate as a means of enhancing their reputations as being an expert in decision control. According to ASX [6] recommendations 4.2, the AC should be structured so that it comprises only of non-executive directors, comprises of a majority of autonomous directors and is chaired by an independent chair that is not the chair of the board. These recommendations are supported by the findings of previous studies which established that AC independence impacts on the committee's effectiveness [7-11].

H2: Independence of audit project financial management team and ratio of disbursed fund

Expertise in Audit Project Financial Management Team

In addition to independence, AC expertise is considered important governance characteristic for the effectiveness of audit project financial management team in fulfilling their oversight role and protecting the interests of shareholders. It is essential for all the members in the audit project financial management team to have a financial or/and accounting background in order to assist the committee to understand and report on the financial information of the organisation and also some members need to have industry experience relevant to the organisation [12].

Findings from earlier studies have shown that financial expertise is essential for AC members to perform their role well [13, 14, 7, 10, 3, 15]. Raghunandan, K *et al*., [13] and Goodwin-Stewart, J *et al*., [10] posited that an AC with financial expertise has greater interaction and communication with internal auditors. This implies that AC members with financial reporting knowledge are more likely to understand the extent of the internal controls and work performed by the internal audit function. Moreover [14] argued that AC members with more experience and financial knowledge are more likely to comprehend the risk the external auditor's face and provide additional support for the external auditors when discussing issues and disagreements with the management.

H3: Expertise in audit project financial management team and ratio of disbursed fund

Meetings Frequency of Audit Project Financial Management Team

ASX does not provide recommendations on the number of meetings that an AC should have each year. The number of AC meetings held each year may differ and should depend on the size and the risk of the business.

Empirical evidence supports the importance of AC meeting [8, 3, 7] found that frequent AC meetings are associated with less fraud. Moreover [3] found that AC meetings are associated with reduced levels of discretionary current accruals and the authors concluded that AC activity might be an important factor in outlining the affinity of managers to engage in earning management. Consistent with both studies [7], found that ACs that meet at least four times annually are less likely to restate their annual reports. These results indicated that ACs that meet frequently are more likely to be up to date about the current auditing issues faced by the company and are more attentive in discharging their responsibilities. It implies that the more in the meetings frequency of audit project financial management team, the more effective in the implementation of the World Bank funded the project in Nigeria.

However, other papers are unsuccessful in finding a significant association between AC meetings and fraud [7] or earnings management [16]. Also [15] found no evidence of a significant relationship between the number of Meetings frequency of audit project financial management team and earnings management.

H4: Meetings frequency of audit project financial management team and ratio of disbursed fund

Size of Audit Project Financial Management Team

Size of audit project financial management team is also seen to be crucial to the overall strength of the AC. ASX [6] Recommendation 4.2 asserts that the audit project financial management team should be structured so that it has at least three members to carry out their wide responsibilities and the complex nature of accounting and financial matters. However, ASX CGC does not place an upper limit on the number of member in the committee, and there is an issue whether larger

Size of audit project financial management team would lead to more effective monitoring.

Felo, A. J *et al*., [17] posited that a larger AC increases financial reporting quality as such an AC is more likely to discover and solve potential risks in the financial reporting process. This may be possible if the resources available to the AC are increased to improve the oversight of financial reporting. Furthermore [18] found that companies with audit project financial management team comprising of at least four members are less likely to experience earnings restatements. Dalton, D. R *et al*., [19] also found a positive association between Size of audit project financial management team and the monitoring function of the board. Further [20] argued that an AC needs to have sufficient members such that different and informed views can be canvassed, and one individual does not dominate it. However [3], found a weak association between Size of audit project financial management team and earnings management and [7] also found no evidence of a relationship between AC size and earnings restatement.

H1: There is positive relationship between Size of audit project financial management team and ratio of disbursed fund

This study is hinged on Lending credibility theory

This theory of auditing regards the primary function of auditing to be the addition of credibility to the financial statements. Enofe A. O *et al.*, [1] states that audited financial statements can enhance stakeholders 'faith in management stewardship. If stakeholders, for example, investors, government, or creditors need to make their decisions dependent on the information they get, they should have confidence this is a reasonable representation of the economic value and performances of the organisation.

Policeman Theory

This theory of auditing is based purely on the arithmetical accuracy and on the prevention and detection of fraud. This theory makes the auditor detect and prevent errors and fraud in organisations. From the 1940s till present, there has been a shift of audit paradigm as compounded by current financial statement frauds, for example, those at Societe Generale, Satyam, Ahold, Enron, and so on. There is currently a public discussion on the auditor's obligation regarding identification and divulgence of fraud.

Empirical Reviews

Belay, Z [21] carried out a study on effective execution of internal audit role to advance good governance at public sectors in Ethiopia. The investigation found that the internal audit role in the public sector had less adequate involvement in evaluating the optimality of governance structure because of the absence of resources, poor management for internal audit role, the paucity of a suitable structure to quantify internal audit role performance, and absence of qualified staff.

Ali, A. M *et al*., [22] analyzed the role of internal audit in advancing good governance in the State and Local Governments of Malaysia. The examination utilized the interview technique via telephones and face-to-face discussion. Utilizing descriptive statistics, the discoveries demonstrated that the internal audit role in the Malaysian State and Local Governmental Bodies had a less adequate contribution to the viability of good governance because of the absence of audit staff and lack of imperative competency and skills by the audit staff. Nonetheless, there was the independence of internal auditors and top executive backing for internal audit activities in the organisations

Kuta, H. I [23] explored the viability of auditing for appropriate accountability in Nigerian Local Governments. The examination uncovered that auditing in Nigeria Local Governments is inadequate. Variables in charge of the inadequacy were the absence of independence of the internal auditors, non-readiness of an audit programmed, deficient funds, inadequate staffing and trivialization of auditor's reports and proposals.

Likewise [24] examined the viability of internal audit in the Malaysian public sector. The examination uncovered that the absence of qualified audit personnel was seen as the critical challenge encountered by internal auditors in leading successful internal auditing.

Cohen, A [25] evaluated the adequacy of internal auditing in public organisations in Israel. The proficient capability of internal auditors, nature of audit work, organisational independence, professional advancement, and top-executive support were the factors used to decide internal audit adequacy. The discoveries of the examination demonstrated that top-executive support was the most significant to the task and accomplishment of internal audit. This inferred that other causalities of internal audit adequacy rely on top-executive support for internal audit optimisation.

Unegbu, A. O *et al*., [26] & Kuta, H. I [23] did an investigation on the adequacy of internal audit as an instrument to improve public sector management in the Kano State of Nigeria. Utilizing Chi-square to test the hypotheses, the examination demonstrated that internal audit positively contributes to good governance in the public sector by successfully checking fraudulent activities.

In related research by [27], they evaluated the correlation between internal control, internal audit and organisational commitment with good governance in Indonesia. Utilizing multiple linear regression analysis, the findings demonstrated that internal audit, internal control, and organisational commitment had a significant correlation with good governance.

Materials and Methods

Research Design

This study adopted both an explanatory and survey research design. Secondary data were obtained from annual, and the estimation of the models of the study requires the use of quantitative data. The population of the study covered seventeen (17) years (2000-2016). This period coincided with the period of several regulatory initiatives and review of bank crises and best practices code. It also marks the period where some World Banks projects had a weak structure and poor financial accountability. In the method of Data Collection, the study employed a combined documentary review which allowed us to reap the benefits accruing from the triangulation of data collection methods. This study adopts parametric techniques of data analysis. Ordinary Least Square (OLS), multiple regression technique of analysis using panel data. The effectiveness of the technique informs the choice of OLS as a tool of data analysis in testing relationships among theoretically related variables and estimating the perceived effects of one variable on the other. To ensure the reliability of results, the study also carried out some robustness test like Cronbach's Alpha to deal with the effects of Serial correlation, Multicollinearity, and Heteroskedasticity. The essence is to guard against spuriousness as observed by [28] that, the presence of these factors usually bias the OLS estimators and thus, any conclusion drawn from the results will be spurious. Therefore, estimation with OLS after addressing the problem of serial correlation, Multicollinearity and Heteroscedasticity is capable of producing estimators that are best linear unbiased estimators. The study also employed the Fixed Effect (FE) and Random Effect (RE) regression technique and other relevant tests to see if the OLS is not appropriate for the study. The analysis was conducted using Statistics/Data Analysis Software (STATA).

Model Specification

Therefore, the models are mathematically expressed as follows;

$$RDF\ it = \alpha + \beta 1 APFMUSIZit + \beta 2\ APFMUINDit + \beta 3\ AFEPFMUit + \beta 4\ MFAPFMUit + \mu it \ldots .\ i$$

APFMUSIZ= Size of audit project financial management team
APFMUIND = Independence of audit project financial management team
AFEPFMU = Expertise in audit project financial management team
MFAPFMU = Meetings frequency of audit project financial management team
RDF=Ratio of disbursed fund
it = time subscript for panel data
μit = error term
α = intercept
$\beta 1 - \beta 4$ = coefficients; and
μit = error term or residual of the bank I in year t

The P-Value will be used to explain the level of significance between the dependent variables and the explanatory variables. The alpha value will be interpreted as a 5% level of significance. As such, when the P-Value is less than 0.05, it means that the relationship is relevance at a 5% level of significance. Following this, the Null hypothesis will be rejected, and the alternative hypothesis is accepted. However, if the P-Value is more than 0.05 at 5% level of significance, then the null hypothesis is accepted while the alternate-hypothesis is rejected.

Results

Table-1: Descriptive Statistics

Variables	Mean	SD	Min.	Max.	Skewness	Kurtosis	N
RDF	0.0495	0.0638	-0.0307	0.2406	1.5437	4.1275	17
APFMUSIZ	5.3619	0.6523	4.0000	6.0000	-0.5228	2.3150	17
APFMUIND	0.8667	0.3416	0.0000	1.0000	-2.1573	5.6538	17
AFEPFMU	0.8286	0.3787	0.0000	1.0000	-1.7436	4.0402	17
MFAPFMU	2.6571	0.7048	2.0000	4.0000	0.5897	2.1805	17

Source: STATA Output (2019)

Table-1 shows that Ratio of the disbursed fund (RDF) of World Bank-funded project in Nigeria has a mean of 0.0495 with a standard deviation of 0.0638, signifying that the financial performance in terms of the ratio of the disbursed fund is 4.95% on average and the performance deviates from both sides of the mean value by 6.38%. The minimum and maximum values of financial performance in terms of the ratio of the disbursed fund (RDF) during the period are -3.07% and 24.06% respectively. The coefficient of skewness of 1.5437 reveals that the data is positively skewed. Similarly, the coefficient of kurtosis of 4.1275 implies that the peakedness of the data is not normally distributed.

The results from Table-1 indicate that the minimum and maximum values of the numerical strength of individuals on the audit project financial management unit (APFMUSIZ) are 4 and 6 members respectively, with the mean value of 5.3619 and standard deviation of 0.6523. This indicates that the size of the audit project financial management unit of the sampled projects deviates from both sides of the mean by 60.79%. The skewness coefficient of -0.5228 implies that the data is on the left side of the normal curve, and the data did not follow the normal distribution assumption. Similarly, the kurtosis coefficient of 2.3150 suggests that most of the data are higher than the mean value, and the variable is not normal. The table also indicates that on average 86.67% of the numerical strength of individuals on the audit project financial management unit members are independent directors (APFMUIND), from the mean value of 0.8667, with a standard deviation of 0.3416 and minimum and maximum values of 0 and 1 respectively. The standard deviation suggests that the data deviate from both sides of the mean value by 34.16%. The coefficient of skewness of -2.1573 reveals that the data is negatively skewed, that is, the data lies on the left side of the normal curve, and the data did not follow the normal curve. Similarly, the coefficient of kurtosis of 5.6538 implies that most of the data have values above the mean value, that the data is not normally distributed.

Table-1 shows that 82.86% of the sampled projects have financial experts in their audit project financial management units (AFEPFMU), from the mean value of 0.8286 with a standard deviation of 0.3787 and minimum and maximum values of 0 and 1 respectively. The standard deviation suggests that the data deviate from both sides of the mean value by 37.87%. The coefficient of skewness of -1.7436 reveals that the data is negatively skewed, that is, the data lies on the left side of the normal curve, and the data did not follow the normal curve. Similarly, the coefficient of kurtosis of 4.0402 implies that most of the data have values above the mean value, that the data is not normally distributed. The table, on the other hand, shows that the average audit project financial management unit meeting (MFAPFMU) during the period of the study is 2.6571 times with a standard deviation of 0.7048. This implies that the deviation from the mean is 70.48%; the minimum and maximum meetings during the period are 2 and 4 times respectively. The coefficient of skewness of 0.5897 reveals that the data is positively skewed, that is, the data lies on the right side of the normal curve, and the data did not follow the normal curve. Similarly, the coefficient of kurtosis of 2.1805 implies that most of the data have values above the mean value, that the data is not normally distributed.

Test of Hypothesis

There is a positive and significant relationship between auditors' qualities and the ratio of disbursed fund of federal ministries.

Table-2: OLS Regression Results

Variables	Coefficients	t-values	P-values
APFMUSIZ	0.0667	4.14	0.000
APFMUSIND	0.0037	1.89	0.062
AFEPFMU	0.1517	3.94	0.000
MFAPFMU	0.0548	2.57	0.012
CONSTANT	1.9339	6.49	0.000
R Square	0.7605		
Adj. R Square	0.7215		
F-Statistic	11.83		0.0000
Hettest: Chi2	0.59		0.4426
Hausman Chi2	9.28		0.2333
Random Effect: Chibar2	0.52		0.2348
Mean VIF	1.54		

Source: Regression output (2019)

The Hausman specification test suggests that the random effect model is the most appropriate (as indicated by the Chi-square of 9.28 with the p-value of 0.2333). However, a further test between OLS and random effect model suggests that the OLS is the most appropriate for model one, from the Breusch and Pagan Lagrangian Multiplier Test for Random Effects, Chibar2 of 0.52 with a p-value of 0.2348, implying that random effect regression model is not the most appropriate model for the study. Further shows the absence of the problem of heteroscedasticity, as evidenced by the Breuch Pagan/Cook-Weisberg Chi2 of 0.59, with a p-value of 0.4426; that is, the null hypothesis that the variance in the residuals is constant (homoscedastic) is not rejected.

Also, the results from Table-2 indicate the absence of perfect multicollinearity among the independent variables, because the mean Variance Inflation Factor (VIF) is 1.54, which is less than 10. The table shows that the explanatory variables of the study (audit project financial management unit size, audit project financial management unit independence, audit project financial management unit financial expertise, audit project financial management unit meetings and the control variables) explained 42.15% of the total variations in the financial performance (Ratio of disbursed fund) of the sample projects in Nigeria during the period, from the coefficient of multiple determinations (adjusted R square of 0.4215). Equally, the results from the table show that the model is fit as indicated by the F-Statistic of 11.83 which is statistically significant at 1% significance level (P-value of 0.0000).

The table also indicates that the size of the audit project financial management unit (APFMUSIZ) of the sample projects in Nigeria has significant positive effect on the Ratio of disbursed fund (RDF) of the projects, from the coefficient of 0.0667 with t-value of 4.14 which is statistically significant at 1% level of significance (p-value of 0.000). This implies that an increase in the audit project financial management unit by one member increases Ratio of disbursed fund significantly, suggesting that the larger the size of the audit project financial management unit, the higher the level of effective implementation of World Bank-funded the project with regards to the ratio of the disbursed fund.

The result from Table-2 indicates that the audit project financial management unit independence (APFMUSIND) has a significant positive effect on the ratio of the disbursed fund (RDF) of the projects, from the coefficient of 0.0037 with t-value of 1.89 which is statistically significant at 10% level of significance (p-value of 0.062). This suggests that when the composition of independent non-executive directors in the audit project financial management unit is increased by one member, the ratio of the disbursed fund increases significantly, suggesting that, the higher the composition of the non-executive/outside directors, the higher the ratio of the disbursed fund.

Table-2 also shows that the audit project financial management unit financial expertise (AFEPFMU) has a significant positive effect on the ratio of the disbursed fund (RDF) of the projects, from the coefficient of 0.1517 with t-value of 3.94 which is statistically significant at 1% level of significance (p-value of 0.000). This implies that when the project financial management unit is increased by a member with accounting and financial knowledge, the ratio of the disbursed fund increases significantly, suggesting that the higher the composition of financial experts in the audit project financial management unit s, the higher the ratio of the disbursed fund. The results also indicated that the audit project financial management unit frequency of meetings (ACMET) of the sample projects in Nigeria has positive effect on the ratio of disbursed fund (RDF) of the projects, from the coefficient of 0.0548 with t-value of 2.57 which is statistically significant at 5% level of significance (p-value of 0.012). This suggests that the more audit project financial management unit hold meetings, the ratio of the disbursed fund increases significantly, suggesting that the higher meeting frequency of the project financial management unit, the higher the ratio of the disbursed fund.

The study shows that there is a positive and significant relationship between auditors' qualities (APFMUSIZ, APFMUIND, AFEPFMU, and MFAPFMU) and the ratio of disbursed fund of federal ministries. Therefore, H0 is rejected, and H1 is accepted with the p-value of 0.000 is less than α-value of 0.05. Thus, H0 is rejected, and H1 is accepted. This has also confirmed our a priori theoretical expectation.

CONCLUSION

In the Prepayment Audit and effective implementation of the World Bank-funded Projects, the result shows that the relationship between the degree of relevance for effectiveness and the rate of the completed project in the World Bank-funded projects in Nigeria is significant at 0.05 level with a p-value of 0.0418. Since there is a significant enhancement of Prepayment Audit for effective implementation, the researchers conclude that if prepayment audit is practiced, will help to curb the menaces of ineffective implementation of the World Bank-funded projects in Nigeria.

In terms of Prepayment audit and level of overpayment, the study findings that prepayment audit can significantly reduce the level of overpayment for the implementation of World Bank-funded Projects in Nigeria. The researchers conclude that since a positive and insignificance relationship exists between the level of overpayment and the rate of the completed project in ministries, will help if introduced in the World Bank funded project to reduce the level of overpayment thereby increasing the rate of the completed project in the World Bank-funded projects in Nigeria.

In Ghost Beneficiaries and rate of the completed project, the study shows that there is a positive and significant relationship between the rate of ghost beneficiaries and the rate of the completed project in the World Bank-funded projects in Nigeria. The research concludes that since prepayment audit has a positive and significant relationship with the rate of ghost beneficiaries, this, in turn, will have a significant impact on the rate of the completed project in the World Bank-funded projects in Nigeria.

In Prepayment audit and fund application in the World Bank-funded projects, the result shows that the relationship between the level of efficient application of funds and the rate of the completed project in the federal ministries' projects in Nigeria is positive and significant at 0.05 level with a p-value of 0.0209. The paper therefore concludes that since prepayment audit has a positive and significant relationship with the application of fund in ministries, it implies that if it is adopted in the World Bank-funded project will increase the level of efficient application of funds thereby significant impact on the rate of the completed project in the World Bank-funded projects in Nigeria.

Based on Prepayment audit and documentation through voucher preparation, the findings showed a positive and significant relationship exists between the level of documentation through voucher and the rate of the completed project in the ministries. In conclusion, as the level of documentation through voucher is increased through the application of prepayment audit, this, in turn, will have a significant impact on the rate of the completed project in the World Bank-funded projects in Nigeria

REFERENCES

1. Enofe A, Aronmwan E, Abadua H. Audit committee report in corporate financial statements: Users' perception in Nigeria. Enofe, AO, Aronmwan, EJ, & Abadua, HS (2013). Audit committee report in corporate financial statements: Users' perception in Nigeria. European Journal of Accounting, Auditing and Finance. 2013 Mar 1;1(1):16-28.
2. World Bank. World Bank country and lending groups. 2017.
3. Xie B, Davidson III WN, DaDalt PJ. Earnings management and corporate governance: the role of the board and the audit committee. Journal of corporate finance. 2003 Jun 1;9(3):295-316.
4. Abbott LJ, Parker S, Peters GF, Raghunandan K. The association between audit committee characteristics and audit fees. Auditing: A Journal of Practice & Theory. 2003 Sep;22(2):17-32.
5. Fama EF, Jensen MC. Separation of ownership and control. The journal of law and Economics. 1983 Jun 1;26(2):301-25.
6. Council AC. Corporate governance principles and recommendations. 2007.
7. Abbott LJ, Parker S, Peters GF. Audit committee characteristics and restatements. Auditing: A Journal of Practice & Theory. 2004 Mar;23(1):69-87.
8. Beasley MS, Carcello JV, Hermanson DR, Lapides PD. Fraudulent financial reporting: Consideration of industry traits and corporate governance mechanisms. Accounting Horizons. 2000 Dec;14(4):441-54.
9. Carcello JV, Neal TL. Audit committee composition and auditor reporting. The Accounting Review. 2000 Oct;75(4):453-67.
10. Goodwin J, Yeo TY. Two factors affecting internal audit independence and objectivity: evidence from Singapore. International Journal of Auditing. 2001 Jul;5(2):107-25.
11. Klein A. Audit committee, board of director characteristics, and earnings management. Journal of accounting and economics. 2002 Aug 1;33(3):375-400.
12. Munro L, Buckby S. Audit committee regulation in Australia: how far have we come?. Australian Accounting Review. 2008 Dec;18(4):310-23.
13. Raghunandan K, Rama DV, Read WJ. Audit committee composition,"gray directors," and interaction with internal auditing. Accounting Horizons. 2001 Jun;15(2):105-18.
14. DeZoort FT, Salterio SE. The effects of corporate governance experience and financial-reporting and audit knowledge on audit committee members' judgments. Auditing: A Journal of Practice & Theory. 2001 Sep;20(2):31-47.
15. Davidson R, Goodwin-Stewart J, Kent P. Internal governance structures and earnings management. Accounting & Finance. 2005 Jul;45(2):241-67.
16. Yang JS, Krishnan J. Audit committees and quarterly earnings management. International journal of auditing. 2005 Nov;9(3):201-19.
17. Felo AJ, Krishnamurthy S, Solieri SA. Audit committee characteristics and the perceived quality of financial reporting: an empirical analysis. Available at SSRN 401240. 2003 Apr.
18. Lin JW, Li JF, Yang JS. The effect of audit committee performance on earnings quality. Managerial Auditing Journal. 2006 Dec 1;21(9):921-33.
19. Dalton DR, Daily CM, Ellstrand AE, Johnson JL. Meta-analytic reviews of board composition, leadership structure, and financial performance. Strategic management journal. 1998 Mar;19(3):269-90.
20. Benkel M, Mather P, Ramsay A. The association between corporate governance and earnings management: The role of independent directors. Corporate Ownership & Control. 2006;3(4):65-75.
21. Belay Z. A Study on effective implementation of internal audit function to promote good governance in the public sector. InThe Achievements, Challenges, and Prospects of the Civil Service Reform program implementation in Ethiopia" Conference Ethiopian Civil Service College Research, Publication & Consultancy Coordination Office 2007 Apr.
22. Ali A, Gloeck JD, Sahdan MH, Ahmi A, Ali AM. Internal audit in the state and local governments of Malaysia. Southern African Journal of Accountability and auditing research. 2007 Jan 1;7(1):25-57.
23. Kuta HI. Effectiveness of auditing for proper accountability in Nigerian local governments. Social Science Research Network. 2008:159-95.
24. Ahmad N, Othman R, Othman R, Jusoff K. The effectiveness of internal audit in Malaysian public sector. Journal of Modern Accounting and Auditing. 2009 Sep 1;5(9):53.
25. Cohen A, Sayag G. The effectiveness of internal auditing: an empirical examination of its determinants in Israeli organisations. Australian Accounting Review. 2010 Sep;20(3):296-307.
26. Unegbu AO, Kida MI. Effectiveness of internal audit as instrument of improving public Sector management. Journal of emerging trends in economics and management sciences. 2011 Aug 1;2(4):304-9.

27. Suyono E, Hariyanto E. Relationship between internal control, internal audit, and organization commitment with good governance: Indonesian case. China-USA Business Review. 2012 Sep 1;11(9), 1237-1245.
28. Tesema G. The Role of Internal Audit Practice to Promote Good Governance in Public Institution of Ethiopia: The Case of Jimma Zone. Global Journal of Management and Business Research: D Accounting and Auditing, 2018, 18(2).