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Effect of Risk Assessment Practices on Expenditure Management of Government Organization in Rivers State

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ABSTRACT

The study investigated internal audit practices and expenditure management of government organizations in Rivers state. The specific objectives of the study among others were to; determine the effect of risk assessment on aggregate fiscal discipline of government organizations in Rivers State, determine the effect of risk assessment on allocation efficiency of government organizations in Rivers State and determine the effect of risk assessment on operational efficiency of government organizations in Rivers State. This study adopted survey research design. The population comprised of 5 selected government owned organizations in Rivers state. The study adopted simple sampling techniques, the research utilized primary and secondary data. The research questions were analyzed using descriptive statistics, while the formulated hypotheses were tested using the multiple regression analysis with the aid of SPSS and E=View. From the findings of the analysis, amongst others, showed that that risk assessment has significant effect on allocation efficiency on government organizations in Rivers State. risk assessment has no significant effect on operational efficiency on government organizations in Rivers State. The following recommendations are made among others; Auditors independence should be non-negotiable and sacrosanct in government organizations if operational efficiency is to be achieved. On no account should auditors' independence be jettisoned in public sector organization that seeks to sustain operational efficiency.

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Government organizations' staff should update their knowledge with respect to risk assessment and allocation efficiency through the opportunities provided by information and communication technology solutions so as to be able to benefit from the strategic values of effective and efficient public expenditure management.

Introduction

Evolving economies depicts vastly dominant economic forces. This maybe, due to the fact that the state constitutes the biggest single corporation and her pattern of payments through its numerous ministries, agencies, and departments stimulates a lot of financial actions. Public Sector thus sets the financial plan for the state. This implies that a powerful system of internal reviews must be set in motion to provide confirmations that government accounts are used for objectives they were meant, (Adedokun, 2016). One primary means of achieving this is the establishment of an internal audit. If there is no effective internal audit, people with controversial personality may utilize loopholes to their benefit.

Reiner Lenz (2015) asserted that the historically centralized and hierarchical system of the public sector with its network of bureaucratic strategies incline to give some degree of satisfaction to those authorized with the allotment of public accounts. Consequent upon some layers of supervision rooted in the government sector, those liable do not recognize the necessity of another institutional row to enhance civil confirmation of responsibility.

Onowu J. U (2012). Enterprises' internal auditors play the role of attaining to regulate risk adequately, bring in productive supervisions and improved control. The vast notion of internal audit makes it a vital component of public expenditure management that also comprises of governmental controls and information transmission processes (Adedokun, 2016). Internal auditors are important because they must inform the public sector on the results of the principal-agent relationship that subsists between the executive and the public (ICPAK, 2015).

Internal audit principles suggest integrity in reporting without interference from the crown administration in all procedures and deals undertaken and furnish answers as to whether the agent has utilized the resources as planned and anticipated by the set rules (Adeniyi,2014).

Despite different information gathered on internal audit in Rivers state, the general belief gotten from literature is that most government corporations have not been able to achieve the desired goal for which they were established. Most People in the society accuse managers of government corporations in River State of ineffectiveness and inefficiency in terms of resource control. They argue that the wrong application of internal audit principles and strategies lead to inordinate pursuit of scarce resources with its major consequences on the conventional accountability of government to the public.

Adedokun (2019) sees that internal control is desired to give some confidence to stakeholders that scarce resources are not shifted away from basic considerations intrinsic in financial management system design. Effective public financial supervision, comprising the management of resources is important to states trying to reduce poverty. Deficiencies in public financial administration is an indicator of underlying interest and stimuli, and the reform and strengthening of government financial management requires high-level political leadership and support as well as technical abilities (Ademola, et al, 2019). For these reasons, public financial administration is likely to remain at the centre of discussion between assisting agencies that partner with state governments. Seemingly, contributors have both a developmental and a fiduciary interest in the quality of their partners public monetary administration (OECD, 2016). Audit committees play a vital role in public monetary management in most states in the country. Internal auditors are used to significantly improve controls to promote translucency and accountability. There have been several grievances on the supervision of government accounts and government being not as effective in observing and deterring the misappropriation of public funds. However, even after passing statutes regulating internal audit processes, there is still a rise in cases of inefficiency in public resources management and many reported cases of frauds and corrupt practices. (Mihret & Yismaw, 2017).

Adel (2013) indicated that there is inadequate staffing of internal accounting and auditing departments in public universities and specifically the internal audit function is under resourced and this influences the accomplishment of the internal auditors in financial administration. Hence, exposing public organizations to face threats of misappropriation of public funds. Rezaee (2012) noted that financial reporting is inefficient due to corruption, frauds, and ineffective restrictions.

Similarly, weak internal auditing practices have increasingly become a crucial dilemma in discovering loss of public funds and are evidence of inefficient internal auditors in the public sector. (Otieno, 2010).

Even with the growth in corruption cases and misuse of government funds in governmental organizations, research on factors affecting internal auditor's performance in governmental establishments remains scanty and there is no critical research that has been undertaken to explain the reasons why internal audit functions which were included in the Public Financial Management Act of 2012 has not played a major role in strengthening public financial management systems which would have been a better way of protecting government resources. ICPAK (2015) survey on the effectiveness of internal audit panels in the government sector discovered the necessity to conduct further research to identify factors affecting performance of internal auditors in the government sector. The purpose of this study is to fill the existing research gap by ascertaining factors affecting internal auditor's achievement in government sectors in Rivers state focusing on government-owned organizations.

Following the government expenditures management review of 1994 by the World Bank, reforms in the following areas of PEM were proposed. Planning and budgeting of resources which are targeted at stabilizing the budget deficit and advancing strategic prioritization in resource disbursement, government spending regulator criterion, to ensure proper oversight and compliance. Despite proposals made by World Bank, a lot of leakages and anomalies exist in the government sector expenditure supervision. Specifically in sections of proper usage of government resources, compliances with appropriate government laws, policies and procedures, safeguarding government resources, minimization of intrinsic risk, compliance with best methods and maintenance of exactness and reliability of operating data and financial statements. What then is the importance of internal audit function on the institutionalization of acceptable government expenditure management? Thus this gap will be filled by this study.

Aims and Objectives of the Study

This study examined the effect of internal audit practices on expenditure management of government organizations in Rivers state. Specific objectives are to

i. Determine the effect of risk assessment on aggregate fiscal discipline of government organizations in Rivers State.

ii. Determine the effect of risk assessment on allocation efficiency of government organizations in Rivers State.

iii. Determine the effect of risk assessment on operational efficiency of government organizations in Rivers State.

Research Question

i. What is the effect of risk assessment on aggregate fiscal discipline of government organizations in Rivers State?

ii. What is the effect of risk assessment on allocation efficiency of government of organizations in Rivers State?

iii. What is the effect of risk assessment on operational efficiency of government of government organizations in Rivers State?

Research Hypothesis

HO_1; Risk assessment doesn't have effect on aggregate fiscal discipline of government organizations in Rivers State.

HO2; Risk assessment doesn't have effect on allocation efficiency of government organizations in Rivers State.

HO3; Risk assessment doesn't have effect on operationalefficiency of government organizations in Rivers State

Operational Definition of Term

Allocation efficiency

This relates to the relationship between budget allocations with state's pertaining demands. Specifically, resources need to be apportioned to programs and activities that promote the strategic demands of a state. In other words, the result of this outcome ensures that a government spends on what is favorable for the State and its citizens, rather than on unreasonable services or products to the disadvantage of the former.

Internal Auditing

This can be defined as a self-governing, objective and consulting activity that is designed in order to add value and develop the operations of an organization. It helps an organization to carry out its Aims by using a well-organized approach in order to evaluate and formulate processes of governance and risk management effectiveness.

Review of Relevant Literature

Internal Audit Practices

The objectives of internal audit are vast but governments differ in their obligations to them. This is why it is mainly asserted that the effectiveness of internal audit can only be as good as the commitment of government to pursue these objectives. Rainers et al (2015) identified empirical research threads that can help internal audit practitioners to make a difference for their organization.

According to Yeboah E (2020), internal audit is part of the internal control system put in place by administration of an organization to ensure adherence to stipulated work technique and as an aid to administration. They believe that internal audit measures, analyses and evaluates the efficiency and effectiveness of other controls established by management in order to ensure smooth management, control costs minimization, capacity utilization and maximum benefit derivation. This means that internal audit is an integral part of a complex system designed by the management of any organization to ensure orderly conduct of its business and prevent abuse of assets. Marta et al (2020) sees internal audit as tool to improve the efficiency of public service. Appolos et al (2016) examined the position of internal audit practice towards enhancing transparency in public financial management. Stephen et al (2020) sees internal audit as an autonomous and objective assurance and consulting function planned to help an organization to achieve its goals. He points out the goals to include: Effectiveness and efficiency of operations (programmes and projects), reliability of financial and operational information, safeguarding of assets, compliance with rules and regulations and prevention and detection of fraud. He examined the impact of public expenditures on economic growth on recurrent expenditure and government fiscal expansion.

Risk Assessment

A risk assessment is the combined effort of identifying and analyzing potential events that may have negative impact on individuals, assets, and the environment, and making judgments on the tolerability of the risk on the basis of a risk analysis while considering influencing factors (Drogalas G and Galanis. S (2020). Vijayakumar and Nagaraja (2012) see risk assessment as a term used to describe the overall process or method where you: identify hazards and risk factors that have the potential to cause harm (hazard identification). Analyse and evaluate the risk associated with that hazard (risk analysis, and risk evaluation).

In other words, a risk assessment analyzes what can go wrong, how likely it is to happen, what the possible outcomes are, and how tolerable the identified risk is. As part of this process, the resulting determination of risk may be reflected in a quantitative or qualitative manner. Risk assessment is an intrinsic section of an overall risk management strategy, which attempts to, after a risk assessment, introduce control measures to eliminate or decrease any potential risk related consequences (ICAN study pack, 2016).

Internal audit function is designed within the organization to render universal pledge to board and management on the efficacy of internal governance and uncertainty. It plays an advocacy role in respect to improved ways of assisting management in implementing recommended processes. This framework helps internal auditing to be an important segment of an organization's corporate governance.

Public Expenditure Management

Wikipedia defines public expenditure as spending made by the government of a country on collective needs and wants such as pension, provisions (such as education, healthcare and housing), security, infrastructure, etc Until the 19th century, public expenditure was limited as laissez faire philosophies believed that money left in private hands could bring better returns. In the 20th century, John Maynard Keynes argued the role of public expenditure in determining levels of income and distribution in the economy. Since then, government expenditures have shown an increasing trend. Sources of government revenue include taxes, and non-tax revenues.

Aggregate Fiscal Discipline through Budget

Instilling aggregate fiscal discipline is not as simple as it is sounds. There is a fundamental problem that makes it difficult to achieve. That problem is what economists refer to as the "tragedy of the commons" or common pool problem. Imagine a small fishing village with 10 families. Every day, the head of each family goes out to catch fish in the Rivers. As far as he is concerned, the fish is free. The only cost to

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him is the depreciation on his boat and fishing equipment, fuel, food for the day, and perhaps some bait for the fish. Now, people have a natural tendency to get as much as they can of anything that is of value that is given for free. Hence, a fisherman will have a tendency to catch as much fish as possible until he tries out. All ten of the fishermen will thus trend to "over-fish". “For as long as there are only 10 families, this should not pose much of problem. But suppose now that over time the number of families increases to 100. Suppose further that they each “modernize" by adopting dyne might fishing “technologies". Then quite clearly in due time the fish will disappear since the rate of fishing will far surpass the natural rate of reproduction. The village eventually becomes impoverished. The animals’ budget is somewhat like the common pool of fish in the river. Each claimant to the budget considers the budget as a "free resource since his or her demand is such a small proportion of the total budget and therefore will not impose much of a loss to the total. But of course, if every claimant behaved this way, the aggregate of their demands will far exceed what is available. Hence, absent any constraint, meeting the demands of desperate claimants to the budget is likely to result in large, unsustainable deficits that translate into an unstable macroeconomic environment - high inflation, high interest rates, burgeoning current account deficit - all of which will necessarily retard economic growth and effort to reduce poverty.

Allocation Efficiency of Public Expenditure

Assuming aggregate fiscal discipline can be instilled; there is a second major challenge which confronts any government. How should the constrained budget be allocated? Technically this involves making calculations at the margin so that ‘’the last sum spent on each program yield the same net benefit to society.’’ More simply, it means the government spend the money on the ‘’right’’ things. But what is ‘’right’’ depends on (a) the priorities of the society and (b) the cost of the programs and activities needed to meet those priorities. A program may be relatively inexpensive but does not fall in any priority area. Or, a program may be in priority area but cost a lot more than another program in some other priority area. In either case, the program is ‘’not right’’. To establish priorities, one needs to know the preference of the citizenry. But this we know is a difficult task. Economists refer to this as the problem of preference revelation.

Operational Efficiency

Suppose that the government manages to instill aggregate fiscal discipline and to enhance allocative efficiency. That is, it stays within its budget and spends on the right things. It still has to confront the challenges of providing service at an acceptable level of quality and at reasonable cost? In this case, there are two problems. The first is the inevitability of government being the monopoly supplier of some, in fact many services. A monopolist has little incentive to keep costs down and provide good service. Government as monopolist is no exception. In the case of obtaining a driver’s license, for instance, because a citizen has no choice but to get it from the driver’s license bureau, the service is usually grossly inefficient (and invariably corrupted).

The second is a typical management problem. How can top management monitor the performance of the company staff? Top management has a set of preferences and priorities which it seeks to satisfy. Staff may not necessarily have the same preferences nor share the same priorities. When such misalignment occurs then there will be a tendency for some staff to try and ‘’shrink’’, i.e., do other than what management wants them to do. This is economists’ refer to as the principal agent problem. It is particularly severe in government because the likelihood of misalignment is much higher. The more severe the misalignment, the higher will be the cost of monitoring the performance of staff. And the higher the cost of monitoring, the less monitoring there will be. Consequently, inefficiencies will creep in. it is no wonder for instance that, in many developing countries, considerable corruption occurs in the public procurement of goods and services. While such problems occur in private firms, competition and the profit motive tend to limit it. Unfortunately, in the public sector, monopoly is the more general rule and there is no ‘’bottom line’’ profit to contend with. The principal agent problem is another one of those issues which economist has beaten to death. For instance, a considerable literature exists on the appropriate contractual arrangement between a landlord (the principal) and a tenant farmer (the agent). In the context of operational efficiency, the oversight agencies (including primarily the budget agency) are the ‘’principal’’ and each line agency an “agent”.

Empirical Review

Some empirical studies have been done on this subject matter in some Nigeria and other countries of the world. Hailemariam (2014) did a study entitled Internal Audit Effectiveness; An Ethiopian Public Sector Case Study. The study which used structured questionnaire, interview and observations as instruments of data collection discovered the certain factors such as internal audit quality, support from management, etc. strongly affect effectiveness of internal audit while organizational structure and internal auditor’s attributes have less impact on the same variable.

In a study carried out by Baharud-din, Shokiyah and Ibrahim (2014) ineffectiveness of internal audit in Malaysian public sector in which simple percentage was used as the tool for data analysis, they found that lack of audit staff was a major impediment to effective internal auditing. One of the major limitations of the study was an arrow scope. Chevers, Lawrence, Laidlaw &Nicholson (2016) in their study entitled identifying organizational drivers of internal audit effectiveness in Jamaican with the use of commercial banks and survey method, found that characteristics of the internal audit team, the audit processes and activities as well as organizational links influenced effectiveness of internal audit.

Furthermore, Cohen and Sayang (2010) studied effectiveness of internal auditing; An Empirical Examination of its Determinants in Israel organization’. With the use of questionnaire and mail survey of 292 organizations, the study identified management support, especially in relation to provision of proficient internal audit staff, career development and independence of internal auditors as vital to the effectiveness of internal audit. In another study conducted by Drouglas and Giovanis (2011) on the relationship between elements of internal control system and internal audit effectiveness’ with the use of 52 Hotels in Greek through mail survey, the results reveal positive relationship between the variables. However, they suggested that with larger samples the outcome of the study might differ significantly from their own.

According to Stewart and Subramaniam, (2010) internal auditors’ independence and objectivity can adversely be affected by self-review, close relationship with management and or audit committee and social pressure from management and or audit committees. They further find a significant correlation between internal auditor’s independence and financial performance in terms of audit quality which is related to the consulting and assurance activities of internal auditors (Stewart &Subramaniam, 2010). In their study Kiridaran, Gopal and Gerald (2010) on Auditor’s independence in the banking industry demonstrated a positive relationship between limited internal auditor’s independence in small listed banks in the U.S and the presence of greater earnings management in relation to under-provisioning of loans loss provisions (LLP). By employing an observational study research design and a sample of 63, they further demonstrated that this non-existence of independence did result economic interests and familiarity. This they argued adversely affected the assurance activities of internal auditors resulting to poor share value performance of these listed banks and consequently their profitability (Kiridaran, et al; 2010).

Similarly, Felicio, Ivashkovskaya, Rodrigues and Stepanova (2014) in their study on corporate governances and performance of listed banks in Europe established a significant positive correlation between internal auditors' independence embedded in corporate governance of listed European banks and their financial performance. Using an observational study research design and a sample of 404, the further demonstrated that in those listed banks where internal auditors' independence was threatened by Chief Executive Officer's (CEO) duality through full involvement in the audit plan, interfering with audit budgets and earnings management, these banks posted low profits especially in times of high securities markets volatility (Felicio et al, 2014).

Theoretical Framework

Agency Theory

The principal-Agent (Agency) theory supports development of budgeting. The classic agency theory concept was developed by Berle and Means in 1932. The theory explains why conflicts exist between principals (shareholder/owners) and their agent (managers) leading to agency costs. It aims at reducing information asymmetry so that both the principal and agent read from the same script through the threat of sanctions and the possibility of incentives. Agency theory is developed around the concept of contractual relationships between two groups with conflicting objectivities, i.e., principles and agents. The objective in agency theory is to structure the contractual relationship between these groups so that agents take actions to maximize the welfare of principals. This is based on standard principal-agent models involving supervision (Arnoid & Gillenkirch 2015). The National Treasure has control of line ministries and State Corporation and is supposed to represent the public interest. State corporations are seen as agents of the National Treasure (principal) because they are required to produce a certain level of public output including the quality of this output in exchange for their budget making process has been embodied through civic groups' and the legislature's involvement in the budget making process in most developing countries. This trend has been associated with three important international developments i.e., democratization, devolution and public expenditure management reforms. The pair 'expenditure programs, -budget appropriation' can be interpreted as two components of the contract between the National Treasure and state corporations (Alau, & Abdulkadir 2009).

The objective of The National Treasury is to induce the state corporations into implementing their expenditure programs, while they pursue their own objectives. That relationship entails both actions (e.g., the productive 'effort'' of the civil servants, possible perquisite consumption, or corruption) and hidden information (the exogenous productivity of that particular sector of the economy), with the agents having the informational advantage over the principal (Bedford, 2015).

Research Methodology

Research Design

The research design adopted survey research design.

Population of the Study

The population of the study consists of the five major governments' owned organization in Rivers State.

Sources of Data

The nature and source of data in this study shall be primary and secondary sources

Data Collection

The primary data was sourced through the use of the questionnaire, observation and personal/oral interviews. While the secondary data was obtained from the Nigeria stock exchange.

Data Analysis Techniques

In this study, the demographic characteristics of the respondents were analyzed using tables, and other descriptive statistics such as the frequency, percentages, mean, and standard deviation. Regression analysis was used to test the moderating variable. Regression analysis was used to test the extent of the effect individual and collective variable(s) on the other. Also, regression was used to test the hypotheses formulated in the study. All these analyses were computed through the use of statistical package for social sciences (SPSS) IBM SPSS Statistics 22 version and E-views software version 10.

Models Specification

According to Nmesirionye et al. (2019), regression analysis is concerned with the study of how one or more variables affect changes in another variable. Thus, on the basis of the theoretical framework, the study adopted the regression formula adopted in the work of with some modifications. The model is specified as:

$$Y = f\,(ao + b_1X_1 + b_2X_2 + b_3X_3 + Et \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 3.1$$

Where; the internal audit practices (IAP) components in the study are {Risk assessment (RA), defined as one component used in the study; whereas the measures are Aggregate Fiscal Discipline (AFD), Allocation Efficiency (AE) and Operational Efficiency (OE). This modification will help us determine the impact of internal audit practices and expenditure management (EXM)of government organizations in Rivers state.

$$\text{EXM} = f\,(ao + \text{IAP} + Et) \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 3.2$$

Thus:

$$\text{AFD} = \text{f(RA,)} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 3.3\text{a}$$

$$\text{AFD} = \beta_0 + \beta_1\text{RA} + \beta_2\text{AS I} + \beta_3\text{AI} + \mu_1 \ldots\ldots\ldots\ldots 3.3\text{b}$$

$$\text{AE} = \text{f(RA,)} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 3.4\text{a}$$

$$\text{AE} = C_0 + C_1\text{RA} + C_2\text{AS I} + C_3\text{AI} + \mu_1 \ldots\ldots\ldots\ldots 3.4\text{b}$$

$$\text{OE} = \text{f(RA,)} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 3.5\text{a}$$

$$\text{OE} = D_0 + D_1\text{RA} + D_2\text{AS I} + D_3\text{AI} + \mu_1 \ldots\ldots\ldots\ldots 3.5\text{b}$$

Presentation of Data, Analysis and Discussion of Findings

Data Presentation

Two hundred and fifteen (215) copies of questionnaire were administered to the respondents as explained in the methodology. The result of the survey distributed and retrieval is shown in Table 4.1 below:

Out of the total number of two hundred and fifteen (215) instruments distributed, one hundred and seventy-seven (177) were successfully returned, which count for 82% returned rate

Table 4. 1: Questionnaire Distribution & Retrieval

Numbers	Questionnaire	Percentage (%)
No. Distributed	215	100%
No. Retrieved	177	82%
No. Not Retrieved Useful Response	38 177	18% 100% of Retrieved Questionnaire

Table 4.1 shows the distribution and collection of questionnaires sent to the respondents. It was shown that 215 copies of questionnaires were distributed to the respondents representing 100%. 177 copies of questionnaires representing 82% were correctly filled and successfully collected from the respondents; 38 copies of questionnaires representing 18% were not collected. However, the researcher used the 177 copies correctly filled questionnaires to represent 100% as a basis for the analysis.

Analysis of Research Questions

The analysis of research questions was based on descriptive statistics showing the mean and standard deviation of respondents to items, using a criterion mean of 3 as Stated in chapter three: Method of data analysis above.

Table 4. 1 : Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	Kurtosis
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic
RA	136	1.000	5.000	3.75628	.860365	2.973	7.543
AFD	136	1.200	5.000	3.29202	.452826	2.746	6.824
AE	136	1.000	5.000	3.91623	.547388	3.624	7.438
OE	136	1.000	5.000	3.53036	.554527	3.691	8.732
Valid N (listwise)	136						

Source: Author's computations with SPSS V24

To answer the research questions, result from table 4.1 above shows a mean response of 3.75628, 3.46720 and 3.07573 for Risk assessment (RA), which are above criterion mean of 3 indicating that large percentage of the respondents agreed to the items. The standard deviation for RA, were 0. 860365, respectively, indicating that there was homogeneity or unity of response. Also, the normalcy test of Skewness and Kurtosis calculated mean values, which is a measure of the departure of a distribution from symmetry above, for three study measures RA, show a positive skewness value that is greater than 1. This indicates that the three study dimensions are normally distributed. The Kurtosis result, which measures the extent of flatness or OE kedness of a distribution in relative terms to a normal distribution, confirms that RA, is normally distributed and are not platykurtic (not having negative values/flattened curved) as their kurtosis coefficient is more than 3.0.

On the other hand, the three dimensions of the criterion variable of the study, Aggregate Fiscal Discipline (AFD) Allocation Efficiency (AE), and Operational Efficiency (OE) have calculated average values 3.29202, 3.91623 and 3.53036 respectively. The maximum and minimum values of AFD, AE and OE were 3.29202, 3.91623 and 3.53036, respectively. On the other hand, the standard deviation values of 0.452826, 547388 and 0.554527 signify that the data deviates from the mean values of the two study measures, indicating that there was homogeneity or unity of response. Also, the normalcy test of Skewness and Kurtosis calculated mean values, which is a measure of the departure of a distribution from symmetry above, for three study dimensions AFD, AE and OE show a positive skewness value that is greater than 1. This indicates that the four study dimensions are normally distributed. The Kurtosis result, which measures the extent of flatness or OE peakedness of a distribution in relative terms to a normal distribution, confirms that AFD, AE and OE are normally distributed and are not platykurtic (not having negative values/flattened curved) as their kurtosis coefficient is more than 3.0. Lastly, public policy or moderating variable of the study.

Correlation Analysis

Correlation analysis applied to control how two or more variables interact.

Table 4. 7: Correlational Statistics

		RA	AFD	AE	OE
RA	Pearson Correlation	1	.698	.869**	.720**
	Sig. (2-tailed)		.000	.000	.000
	N	99	99	99	99
AFD	Pearson Correlation	.698**	1**	.921**	.965**
	Sig. (2-tailed)	.000		.000	.000
	N	99	99	99	99
AE	Pearson Correlation	.869**	.921**	1**	.927**
	Sig. (2-tailed)	.000	.000		.000
	N	99	99	99	99
OE	Pearson Correlation	.720**	.965**	.927**	1**
	Sig. (2-tailed)	.000	.000	.000	
	N	99	99	99	99

Source: Researcher's Statistical Result from SPSS (v.23), 2022.

The table 4.7 shows that there is a significant positive relationship between Risk assessment (RA) and Aggregate Fiscal Discipline (AFD) from the correlation coefficient of 0.698, at .05% confidence level (p-value 0.000). This result suggests that AFD likely increases with an increase in RA in public organizations in Rivers state. Also, the result from the table indicates that there is a positive relationship between Risk assessment (RA) and Allocation Efficiency (AE), from the correlation coefficient of 0.869 which is significant at 5% level of significance (p-value of 0.000). This implies that Risk assessment (RA) is positively associated with and Allocation Efficiency (AE), in public organization in Rivers State. Again, the table shows that there is a significant positive relationship between Risk assessment (RA) and Operational Efficiency (OE) from the correlation coefficient of 0.720, at 05% confidence level (p-value 0.000). This result suggests that OE likely increases with an increase in RA in public organizations in Rivers state.

Hypothesis One

H_{O1}; Risk assessment has no significant effect on aggregate fiscal discipline.

The regression result of the hypothesis 1 tested, show positive and significant relationships between risk assessment and aggregate fiscal discipline with t- value outcome of 3.379518 with p-value 0.0195 <0.05, meaning that a positive and significant relationship exists between risk assessment and aggregate fiscal discipline, indicating that the null hypothesis 1(H_{o1}) has been rejected and alternate hypothesis 1(H_{i1}) accepted hence – "there is significant relationship between risk assessment and aggregate fiscal discipline in government organizations in Rivers State.

Hypothesis Two

H_{O2}; Risk assessment has no significant effect on allocation efficiency.

With respect to hypothesis 4 (Ho_4), the result in Table 4.15b revealed positive but insignificant relationship between Risk assessment and allocation efficiency with t-value outcome of t = 0.590403 and p-value 0.5557 > 0.05, therefore, the null hypothesis 4 (H_{O4}) has been accepted that Risk assessment has no significant effect on allocation efficiency on government organizations in Rivers State.

Hypothesis Three

H_{O3}: Risk assessment has no significant effect on operational efficiency.

The null hypothesis is accepted since the regression result from table 4.15c shows that Risk assessment has a negative and insignificant effect on operational efficiency (t =0.731752, p-value 0.4653 > 0.05). We therefore conclude that Risk assessment has no significant effect on operational efficiency on government organizations in Rivers State.

Discussion of Findings

The main aim of the study is to evaluate the effect of internal audit practices on public expenditure management in Rivers State. Based on the analysis carried out in the previous section as observed in hypothesis one (1) to three (3) tested, the following discussions are hereby made. From the empirical analysis of the study, there are certain issues that call for more discussion in terms of the outcomes. First, the study has demonstrated that there exist a positive and significant relationship between risk assessment and aggregate fiscal discipline in government organizations in Rivers State. This finding is in line with the study of Babatunde (2013), that government organizations use internal audit practices to maintain aggregate fiscal discipline of the organizations Risk assessment is being extensively used by government organizations in collaboration with other internal audit practices' instruments, as they can be integrated with nearly every other tool or strategy to maintain aggregate fiscal discipline. Every public organization with a foresight for sustainable development tries to participate in risk assessment that communicates the prevailing objectives of government organizations towards aggregate fiscal discipline. In many cases government organizations introduce risk assessment that aims at linking compensation to performance measures against the budget, thereby making goals explicit, communicating goals, coding learning and clarifying performance measures for the staff of an organization (Karadag 2015).

Adeniji (2011) observes that the goal of risk assessment is to create confidence among all the stakeholders in the organization. For the surveyed government organizations there is a key target, the aggregate fiscal discipline agendum in order to maintain optimal performance, the study has revealed.

The findings of the study revealed that risk assessment has insignificant effect on allocation efficiency and operational efficiency. Osamwonyi and Imafidon (2015) studied the allocation efficiency of quoted manufacturing firms in Nigeria. The result revealed that there was an inefficient allocation of resources with the presence of high slacks for the input and output variables. They, therefore, recommended that total assets and shareholders' equity be reduced from their current allocations and be shifted to alternative production activities. The finding of the study by Brien and Odindo (2012) that the efficiency of the twenty-three companies is attributable to the underutilization of some of the inputs, which means that these companies are getting less output per unit of input for these resources. This finding also confirms that of the study by Hardwick (1997), which revealed allocation inefficiency as leading to underutilization of resources and high cost of production. On the other hand, the output fall (slack) mean is: 112,671,987 of investment income, 129,883.188 of net claims, 137,499.095 of profit after tax and 162,667.393 of market share. The output fall occurs in twenty-three companies, while eleven companies, which operated on the efficient frontier, did not experience any output fall. This output fall would not have occurred, if the input variables had been properly allocated. This means that there was excess input that was not properly allocated to produce the necessary output. The result also revealed output fall, which occurred in twenty-three companies. This output fall would not have occurred, if the input variables had been properly allocated. This may be the reason why the operations of quoted insurance companies do not any significant impact on the Nigerian economy.

Summary of Finding

This study investigated the effect of internal audit practices on expenditure management of government organizations in Rivers state. Internal audit helps an organization to accomplish its objective by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management control and governance processes. An effective internal audit activity is a valuable resource for management. Arising from the test and analysis the study findings include:

Risk assessment has positive and significant effect on aggregate fiscal discipline of government organizations. Therefore, risk assessment influences aggregate fiscal discipline to elicit good public expenditure management of government organizations. Risk assessment has positive but insignificant effect on allocation efficiency. This means that risk assessment as a component of internal audit practices positively influences allocation efficiency but contributes minimal to the growth of the organizational performance. The result also showed an insignificant effect of risk assessment as an internal audit practice on operational efficiency. This can be attributed to the fact that some mechanism to get staff to reveal their true preference will never be perfect and in all likelihood will be highly imperfect.

Finally, the granger causality test rest gave a deeper insight on the relationship between internal auditor's practice and public expenditure management.

Conclusion

From the summary of findings, it is clearly evident that low performance of government organizations cannot be attributed to inefficiencies of internal auditors but lack of requisite human resource requirements, poor remunerations coupled with lack of resources for the service. Based on the findings of the study, the following conclusions have been made. As government organizations engage in risk assessment, they achieve their aggregate fiscal discipline positively and significantly. This simply means that risk assessment as an instrument of internal audit practices influences aggregate fiscal discipline to elicit good public expenditure management of government organizations.

Recommendations

This study empirically examined the effect of internal audit practices on expenditure management of government organizations in Rivers state. Based on the findings and the conclusions on the study, the following recommendations have been made:

1. One of the major challenges of internal audit practices is non-divulging of accurate information by the staff concerning the total assets of the organization when investigations are being conducted. Internal audit of asset safeguard orientation should equally be used by public sector administrators

as a tracking system on organizations 'properties through constant monitoring, supervision and evaluation.

2. Auditors' independence should be non-negotiable and sacrosanct in government organizations if operational efficiency is to be achieved. On no account should auditors' independence be jettisoned in public sector organization that seeks to sustain operational efficiency.
3. Government organizations' staff should update their knowledge with respect to risk assessment and allocation efficiency through the opportunities provided by information and communication technology solutions so as to be able to benefit from the strategic values of effective and efficient public expenditure management.

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