LOCAL GOVERNMENT AUDIT AND FINANCIAL REPORTING IN OGUN STATE, NIGERIA

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Abstract

This paper was generally designed to assess the effectiveness of auditing and financial reporting at the local government authorities, in enhancing public financial accountability in Ogun State, Nigeria. To achieve the objective of this study primary and secondary data were used. The secondary data include recent and relevant journals, government publications and the primary data were collected through questionnaire administered through randomly selected staff from four (4) local governments across Ogun State Senatorial District. Data collated were analyzed using frequency table and percentage, with one-way Analysis of Variance. One local government from Ogun West, one from Ogun East and two from Ogun State Central, Senatorial district, which represent 20% of the total local governments in each district. In total, 186 sample size selected for questionnaire purpose and six (6) directors/heads(two (2) each from sampled local government) were selected for interview. The study revealed that an effective audit process will enhance financial reporting of local government in Ogun State while there are several factors militating against the audit of local government and financial reporting in Ogun State which include among other; no proper stewardship reporting, administrative interference, weak internal control, poor remuneration and inadequate qualified staff. The study concluded that efforts should be geared towards auditing of local government account for effective and efficient stewardship reporting by council officials without political and administrative interference of the councils financial and management activities, with the engagement of competent audit staff and auditors should well be paid so that they can carry out their duties with the standard of care required effectively at all time.

Keywords:Auditing, Ogun State, Accounts, Financial Reporting, Local Government Council, Nigeria.

INTRODUCTION

Globally, and Africa, there are calls for governments to be accountable for the huge resources they hold on trust and manage for the people who gave them the political and administrative authority. The public sector represents a Principal - Agent relationship. The officials or administrators act as the agents while the citizens are the principals (Nwaobia, Ogundajo&Niyonzima2016). The need for accountability, transparency and probity in the private and public sectors is the order of the day in every society. According to Oshisami (2004), the drive for accountability often begins with an enthusiastic pursuit for probity and integrity on the part of public administrators. In recent times, the public sector, especially the local government system that is meant to draw attention of the government close to its citizens at the grass root level have suffered a lot of setback due to improper utilization of public funds. This practice has eaten deep into the local government system that public funds meant for development of the councils are converted into private use. This lack of transparency and accountability of funds in the third tier of government can be minimized through effective and efficient auditing of local government accounts and records. Adeniji (2004), Appah (2008) and Akinbuli (2010) argues that good accounting and financial reporting aid organizations and society in general in allocating its resources in the most efficient manner.

The government, shareholders and other users of accounting information need to know whether funds are used properly in compliance with the government rules and policies, also whether the organization are achieving the purpose for which it was set up. The need for an independent third party to lend credibility to the stewardship accounts rendered by the agents, that is, the government. They rely upon the auditor to provide an independent, objective evaluation of the accuracy of the agent's accounting and to report on whether the agents have used the resources in accordance with the principal's wishes (Al- Matarneh, 2011 & Al-Shammari, 2010). Nwaorgu (2003) and Johnson (2004) posit that auditors in the public sector ensures that funds have been expended in accordance with the terms by which such monies were appropriated and that accounts have been properly prepared. It is on this note Akinbuli (2010) stated that the need for auditing arose as a discipline due to the concept of stewardship and stewardship accounting. Stewardship is the practice by which productive resources owned by one person or group of persons are managed by another person or group of persons. In view of the fact that the management of the organization is in the hand of persons other than the owners, the owners would want to know the true position of the organization from time to time. It is in the light of this that the managers should render detailed accounts of their operations to the owners (Okezie, 2008; Atu&Atu, 2010). Usman and Ogbada(2010) argue that it is with this that the owners, usually the stakeholders can assess the performance of the management to justify the returns on investment.

However, the stakeholders can effectively and efficiently assess the performance of management using the report prepared by an independent person called the auditor. Whittington and Pany (2004) stated that auditors provide high level of assurance that the financial statements follow generally accepted accounting principles (GAAP). According to Akinbuli (2010), audit consists of a searching investigation of the accounting records and other evidence supporting those financial statements. Through the study and evaluation of the organization's system of internal control and by inspection of documents, observation of assets, making inquiries within and outside the organization and by other auditing procedures, the auditor will gather the evidence necessary to determine whether the financial statements provide a fair and reasonably complete picture of the organization's financial position and its activities during the period being audited.

These views serve to lend credence to statement of performance and conduct made by agents in respect of stewardship to their absentee principals. As Usman and Ogbada (2010) contends that auditors as watch dogs are expected to consider and express their professional opinion on the financial statements and to report whether or not such statement presents a true and fair view of the financial position of organizations. Unfortunately, public office holder and the entirety of the agent of government at all level has made audit in the public sector system which is enshrined in the nation constitution to ensure proper accountability and transparency a mere subject in books (Anonymous,2014). Therefore, it has become common knowledge in Nigeria that public officers would not report their performance and conduct fairly to members of the public. In a nutshell, it is on this ground that the authors aims at accessing the effectiveness of local government audit and financial reporting in Ogun State, Nigeria. The paper will finally conclude and recommend appropriate measures that would enhance the effectiveprocesses and performance of carrying out audit exercise on financial reporting of local government inOgun State, Nigeria.

LITERATURE REVIEW

The Concept of Auditing

Auditing is an independent examination of, and expression of an opinion on the financial statements of an enterprise by an appointed auditor, in accordance with his terms of engagement and the observance of statutory regulations and professional requirements (Dandago, 1999) and (Mainonma, 2007). This definition clearly stated that there must be someone (auditor) responsible for expressing an opinion on the entire financial statement of an organization. The auditor here may mean an individual or firm of chartered accountants carrying out the audit of an enterprise. The statuerequire that auditor appointment must be approved and must have personal, operational and reporting independence in order to perform his duty effectively. According to Appah and Bariweni (2013) in the American Accounting Association (1971) in its Statement of Basic Auditing Concepts in Hayes, Schilder, Dassen and Wallage (1999) described auditing as: a systematic process of objectively obtaining and evaluating evidence regarding assertions about economic actions and events to ascertain the degree of correspondence between these assertions and established criteria and communicating the results to interested users (stakeholders).

Scope, Objective and Classification of Auditing

According to Mayo BPP (1993: 211), the scope and objective depend upon the responsibilities assigned to theinternal auditor by the management, the size and structure of the entity and the skills and experience of the internal auditor. Millichamp (2000), (Mainoma, 2007) and (Sani, 2009) identifies the common areas covered by internal auditing which include among others; reviewing the internal control system with a view to determining its adequacy and effectiveness, reviewing compliance with government regulations and accounting rules and standards, checking compliance with policies and procedures, safeguarding the assets of the organization so as to prevent and detect errors, irregularities, frauds and theft, appraising the effectiveness and efficiency in the use of resources, ensuring that the goals and objectives of the organization are attained, making recommendations on improvement in the operation of the organization, acting as in-house consultant on control matters. The Financial Memorandum (1999), however, states that an internal audit unit shall be responsible for carrying out an independent appraisal of the accounting, financial and other processes of the local government with the objective of; assisting to protect the assets and interests of the local government through a process of continuous examination of its activities, securing a continuous operation of a sound internal control system within each department, reviewing, and where necessary, making recommendations for improvement of the system, controls and procedures in the local government with a view to ensuring that they operate effectively, monitoring the use of resources in the pursuit of defined objectives of the local government. The Memorandum also stated that; the internal auditor shall report to the Chairman at least four times each year on the progress of the internal audit work. The reports shall specifically indicate the internal auditor's finding with respect to; the collection of revenue, the protection of physical and other assets of the local government, the current and capital expenditure, the efficiency and effectiveness of system control and procedure, the use of resources of the local government in achieving its objective, any instance of fraud or misappropriation observed by the internal auditor should be revealed to the Chairman's attention From this, it can be seen that the scope andobjective of internal auditing varies from organization to organization, depending on the size, structure andmanagement of the organization. Therefore, the audit exercise begins within the organization. These process assists the external auditor to place reliance on the work of the internal audit department within the organization. A well-established and sound independent appraisal unit within the organization set up to examine, review, evaluate the financial and non-financial activities and report on accounting and other control; is the bedrock for corporate accountability, transparency andmakes audit exerciseachievable for the auditors'.

Audits are typically classified into three types: Audits of financial statements, operational audits and compliance audits. Audits of financial statements examines financial statements to determine if they give a true and fair view or fairly present the financial statements in conformity with specified criteria (Adeniji, 2004; Okezie, 2008; Appah, 2011). Operational audit is a study of a specific unit of an organization for the purpose of measuring its performance. According to Hayes et al. (1999), operational audits review all or part of the organization's operating procedures to evaluate effectiveness and efficiency of the operation. Effectiveness is a measure of the extent to which an organization achieves its goals and objectives. Efficiency shows how well an organization uses its resources (Oshisami, 2004). Compliance audit is review of an organization's procedures to determine whether the organization is following specific procedures, rules or regulations set out by some higher authority. According to Oshisami (2004), compliance audit provides examination of financial statements, accounts and reports and their compliance with applicable regulations to certify that: there are effective controls over revenue, expenditure, assets and liabilities; there are proper accounting records of the resources, operations and encumbrances; the accounting and financial reports are sufficiently accurate, reliable, timely and useful and fairly represents the transactions, events and conditions reported upon and applicable laws and regulations have been complied with.

Financial Reporting and its Qualities

According toAppah and Bariweni (2013) in Adebayo (2005), financial reporting is the only way by which managers of organizations give account of their stewardship to their owners and other stakeholders. He further said financial reporting shall disclose in clear terms and languages what resources are acquired and available, how they are utilized and achieved results from such utilization. Also Obazee (2008) defined financial reporting as the process of communication of financial information. Financial reporting is a key source of information managers need to make informed choices about how to use limited resources to best serve the interest of shareholders. Jenfa (2000) noted that the objective of financial reporting was clearly defined in the True blood Report published in New York in 1973. The report stated the basic objective as being, to provide information useful for economic decisions. To this basic objective it now adds the following additional objective:

• To serve primarily those users who have limited authority, ability, or resources to obtain information and who rely on financial statements as their principal source of information about an enterprises' economic activities;

• To provide information useful to investors and creditors for predicting, comparing and evaluating potential cash flows to them in terms of amounts, timing and related uncertainty;

• To provide users with information for predicting, comparing and evaluating enterprise earning power;

• To supply information useful in judging management's ability to utilize enterprise resources effectively in achieving the primary enterprise goal;

• To provide factual interpretation about transactions and other events which is useful for predicting and comparing and evaluating earning power and

• To report on those activities of the enterprise affecting society which can be determined and described or measured and which are important to the role of the enterprise.

Glautier and Underdown (2001) stated that the failure to establish a framework for financial reporting purposes is directly as a result of the attitude of management. That the report is prepared and presented, you either take it or leave it. It is not even absence of the framework that is the major problem, but to establish a framework may be difficult because the users of financial information vary. Rappaport (1964) in Mainoma (2002) however posit that a financial statement should serve four main purposes. That financial information should cater for external users' needs like the potential investors, consumers, suppliers, lenders and the local communities. That it should also satisfy the needs of the shareholders by way of reporting equitable sharing of corporate profit. Rappaport also insist that the information provided should be useful for playing purposes and finally that the information provided should be capable of influencing socially desirable behaviour and should discourage unethical behaviour. According to Lewis and Pendrill (1996), a more recent description of the objectives served by financial statements has been provided by the British Accounting Standards Board. The Board states that: "The objective of financial statements is to provide information about the financial position, performance and financial adaptability of an enterprise that is useful to a wide range of users for assessing the stewardship of management and for making economic decisions".

Belkaoui (2002) said financial reporting is not an end in itself, but it is intended to provide information that is useful in making business and economic decisions. The objectives are not immutable- they are affected by the economic, legal, political and social environment in which financial reporting takes place.

It is therefore, necessary to prepare and present financial information on the basis of needs of the majority of the stakeholders. According to Alexander and Britton (2000), the fundamental objectives of corporate reports is to communicate economic measurements of and information about the resources and performance of the reporting entity useful to those having reasonable rights to such information. The corporate report suggested seven qualities of corporate reporting (Belkaoui, 2002). These seven are relevance, understandability, reliability, completeness, objectivity, timeliness and comparability.

Relevance: Means selecting the information most likely to aid users in their economic decisions. According to Oduwari (2010), information in the financial statements should be relevant to the needs of users for making economic decisions. Information that is relevant has predictive value or confirmatory value or, on occasions both.

Understandability: Implies not only that selected information must be intelligible, but also that the users can understand it. Also Oduwari (2010) says information in financial statements must be understandable to its users:

• For this purpose, a user is assumed to have a reasonable knowledge of business and economic activities and accounting and is willing to study the financial information with reasonable diligence;

Reliability: Means the user should be able to have a high degree of confidence in the information presented to him or her. Information must also be reliable. It is reliable when:

• It is free from material error or bias;

• It provides a faithfully representation of what it is supposed to represent.

Completeness: Implies that all the information that reasonably fulfills the requirements of other qualitative objectives should be reported.

Timeliness: Implies an early communication of information to avoid delays in economic decisions.

Comparability: Implies that differences should not be the result of different financial accounting treatments.

Objectivity: implies the information presented should be unbiased in that it should meet all proper user needs and neutral in that the perception of the measurer should not be biased towards the interest of any one user group.

Local Government in Ogun State, Nigeria

Ogun State was created on the 3rd of February, 1976. It was carved out of the old Western State of Nigeria and named after the Ogun River which runs across it from North to South.The state is strategically located, bordered to the East by Ondo State, in the North by Oyo and Osun State and in the South by Lagos State and the Atlantic Ocean and in the West by Republic of Benin, which makes it an access route to the expansive markets of the Economic Community of West African State (ECOWAS). Abeokuta, the capital and largest urban Centre, is about 90 kilometers from Lagos and 740kilometers from Abuja, the capital of Nigeria.

Local government is the third – tier of government. According to Elayelagha and Egbuson (2006), local government is a key institution in local governance. The primary level of grassroots political mobilization and a major references point in the distribution by government of certain economic and social services. Local government has been recognized as a critical factor in national development. Elayelagha (2007) argues that local government provides a veritable platform within which the momentum for sustainable grassroots transformation could be created. Ugwu (2002) perceives local government as the third tier level of government created for the purpose of efficient and effective administration for the localities. Coleman and Elayelagha (2008) stated that local government has three main characteristics, namely: It operates in a restricted geographical area within a state; it operates through local election of its functionaries and it enjoys a measure of autonomy including the power of tax. Ebohon, Osemwota and Agbebaku(2011) argue that local government in Nigeria contributes to the development of the grassroots. This tier of government ensures that those people living in the villages and communities are provided with the necessary social amenities and bringing development closer to the people at the local level. However, Ogun State comprises twenty (20)Local Government Areas namely Abeokuta North, Abeokuta South, Ado-Odo/Ota,Ewekoro, Ifo, Ijebu North East, Ijebu North Local Government Area, Ijebu Ode, Ijebu East, Ikenne, ImekoAfon, Ipokia, Odeda, Odogbolu, Remo North, Sagamu, Yewa North YewaSouth,Ogun Waterside and ObafemiOwode.

Audit of Financial Statements at the Local Government Level

According to Gupta (2005), the objectives of audit of local government accounts are to ensure: that there is provision of funds for the expenditure duly authorized by a competent authority; that the expenditure is in accordance with a sanction properly accorded and is incurred by an officer(s)competent to incur it; that payment has, as a fact, been made to the proper person and that it has been so acknowledged and recorded that a second claim against government on the same account is impossible; that the charge is correctly classified and that if a charge is debit able to the personal account of a contractor, employee or other individual, or is recoverable from him under any rule or order, it is recorded as such in a prescribed account; that in the case of audit of receipts sums due are regularly recovered and checked against demand and sums received are duly brought to credit the accounts; that in the case of audit of stores and stock, where a priced account is maintained, stores are priced with reasonable accuracy; that the articles are counted periodically and otherwise examined for verification of the accuracy of the quantity balances in the books and that the total of the valued account tallies with the outstanding amount; and that expenditure conforms to the general principles which have, for long, been recognized as standards of financial propriety.

The office of the Auditor- General for Local Government was established from the state Auditor-General in 1989 to primarily undertake the audit of books and accounts of local government councils and their investments. The Public Accounts Committee of the State House of Assembly is responsible for overseeing the report of the Auditor-General as established in Section 125(5) of the 1999 Nigerian Constitution. The Public Accounts Committee and the Office of the Auditor General for local government together represent the external control function in the financial administrative process of local government operations. Section 125 of the 1999 constitution stated that the Auditor-General is required to be appointed for the state and local governments, thus required to perform the following functions: audit the public accounts of the state or local governments and offices and acts of the relevant government units and submit the audit report of the House of Assembly of the statewithin 90 days of the receipt of the Accountant-General's financial statement; certify accounts payable to the state and local government by federal government for the federation account or as grant in aid and provide a list of qualified external auditor for local government audit and fees to be paid.

Theoretical Review

The lending credibility theory: This theory of auditing regards the primary function of auditing to be the addition of credibility to the financial statements. Akinbuli (2010) states that audited financial statements can enhance stakeholders' faith in management's stewardship.

Theory of inspired confidence: This theory states that stakeholders demand accountability from the management in return for their contribution to the organization.

Agency theory: This theory is associated with conflicting interests of shareholders and management of organizations, suggesting that the less informed party will have to demand for information that monitors the behaviour of better informed manager (Akinbuli, 2010). According to Hayes et al. (1999), agency theory can be used to explain the supply side of the audit market. The contribution of an audit to third parties is basically determined by the probability that the auditor will detect errors in the financial statements and the auditor's willingness to report these errors.

Empirical Review

According to Puxty (1985) in Mainoma (2002) a research was carried out on the objectives of financial statements, which reveal that (45%) of the respondents believe that objective of financial reporting is stewardship. Third two percent believe that financial statements are prepared to enable investors make informed decisions. Eight percent of the respondent however believes that it is all about the determination of value of the business. Twelve percent believe that it is just a historical document. Therefore, it is necessary to prepare and present financial information on the basis of needs of the majority of the stakeholders.

In Nigeria, very little is known on the state of both internal and external audit in the public sector particularly at the local government level. Appah and Bariweni (2013) examines the effectiveness of auditing of local government accounts in Bayelsa State, Nigeria. The data were generated through primary and secondary data. Random sampling technique was used to select the number of subjects from each subset. The data was analyzed using descriptive statistics and spearman rank order correlation coefficient. The findings of the study reveal that auditing ensures proper stewardship reporting, administrative interference and inadequate qualified manpower does retard proper auditing of local government accounts in Bayelsa State.In a study carried out by Dele (2016) on the role of internal audit in Nigeria local governments in which data survey method was used in selecting the respondents for the study in Ijebu Ode local government Ogun State, Nigeria. The researcher found that there are many problems militating against the role of internal audit in ensuring effective internal and financial control atthe local government level.

METHODOLOGY

The study adopted descriptive research design through administration of questionnaire to randomly selected staff from four (4) local government across Ogun State, one (1) local government for OgunWest which is Yewa South, two (2) from Ogun Central which are Abeokuta South and ObefemiOwode;and one (1) from Ogun East senatorial district which is Ijebu Ode local government, which represent 20% of the total local government in each senatorial district. In total 186 sample size was taken from the population of 930 staff which equals 20% of the population. In addition, six(6) Directors/Head of Department, two (2) each from selected local government, were sampled for interview purpose to elicit information on the effectiveness of auditing on financial reporting of local governments in Ogun State. Data collated were analyzed using frequency distribution table and percentage, with one-way Analysis of Variance being used to test the effectiveness of auditing on financial reporting of local government in Ogun state, Nigeria.

DATA PRESENTATION, RESULT AND DISCUSSIONS

Table 1.1: Effectiveness of Auditing on Financial Reporting of Local Government in Ogun State.

S/N	Questions	HE		ME		PE		NE		Total	
		F	%	F	%	F	%	F	%	F	%
1	Value for Money Audit has improved allocation of resources at local government level	88	54.32	37	22.8	25	15.4	12	7.41	**162**	**100**
2	Internal Auditing has improved accounting recording and reporting	50	30.86	75	46.3	25	15.4	12	7.41	**162**	**100**
3	Internal Auditing has ensure proper authorization and approval over expenditure	62	38.27	25	15.4	51	31.5	24	14.8	**162**	**100**
4	Periodic Audit has been effective in preventing fraud and errors	62	38.27	50	30.9	38	23.5	12	7.41	**162**	**100**
5	End of the Year Audit has improved financial reporting in the Local Government	75	46.30	25	15.4	37	22.8	25	15.4	**162**	**100**

Source: Fieldwork, 2019.

The table above shows the responses five variables used to test the effectiveness of auditing on financial reporting of Local Government in Ogun State. The first shows the degree of responses on whether value for money audit has improved allocation of resources at local government level. The result shows that 54.32% of the total sampled respondents rated the variable as highly effective, 22.8% of the total sampled respondents rated it as moderately effective, 15.4% of the total sampled respondents rated it as poorly effective and 7.41% of the total sampled respondents rated it as not effective in auditing of local government financial reports in Ogun State. The second variable shows the degree of response to Internal Auditing has improved accounting recording and reporting of local government in Ogun State. The result shows that 30.86% of the total respondents rated it as highly effective, 46.3% of the total sampled respondents rated it as moderately effective, 15.4% of the total sampled respondents rated it as poorly effective and 7.41% of the total sampled respondents rated it as not effective in the financial reporting of local government in Ogun State. The third variable test whether Internal Auditing has ensure proper authorization and approval over expenditure in the local government sampled. The result shows that 38.27% of the total sampled respondent rated the variable as highly effective, 15.4% of the total sampled respondents rated it as moderately effective, 31.5% of the total sampled respondents rated it a poorly effective and 14.8% of the total sampled respondents rated it as not effective for financial reporting of local government in Ogun State. The fourth variable test whether Periodic Audit has been effective in preventing fraud and errors in enhancing financial reporting of local government in Ogun State. The result shows that 38.27% of the total sampled respondents rated it highly effective, 30.9% of the total sampled respondents rated it as moderately effective, 23.5% of the total sampled respondents rated it as poorly effective and 7.41% of the total sampled respondents rated it as not effective in financial reporting of the local government in Ogun State. The last variable test whether End of the Year Audit has improved financial reporting in the Local Government. The result shows that 46.30% of the total sampled respondents rated it as highly effective, 15.4% of the total sampled respondents rated it as moderately effective, 22.8% of the total sampled respondents rated it as poorly effective and 15.4% of the total sampled respondents rated it as not effective in financial reporting of local government in Ogun State.

Table 1.2: Roles of Auditing on Financial Reporting in the Local Government of Ogun State.

S/N	Questions	SA		A		D		SD		Total	
		F	%	F	%	F	%	F	%	F	%
1	Auditing will improve preparation of Financial Statement at the Local government	74	45.68	38	23.5	25	15.4	25	15.4	162	100
2	Auditing will enhance internal control system in the Local Government	87	53.70	25	15.4	37	22.8	13	8.02	162	100
3	Auditing will lead to earlier detection of errors and fraud	75	46.30	37	22.8	25	15.4	25	15.4	162	100
4	Auditing will improve revenue generation of the local government	74	45.68	50	30.9	25	15.4	13	8.02	162	100
5	Auditing will ensure effective service delivery at the local level	62	38.27	50	30.9	37	22.8	13	8.02	162	100

Source: Fieldwork, 2019.

The table above show the variables used to test the roles of auditing on financial reporting in the local government of Ogun State. The result shows that 69.2% of the total sampled respondents agreed that Auditing will improve preparation of Financial Statement at the Local governments in Ogun State while 30.8% of the total sampled respondents disagreed with the variable. Also 69.18% of the total sampled respondents agreed that Auditing will enhance internal control system in the Local Government in Ogun State while 30.82% of the total sampled respondents disagreed with the statement. However, 69.2% of the total sampled respondents agreed that Auditing will lead to earlier detection of errors and fraud, 30.8% of the total sampled respondents disagreed with the statement. Also, 76.58% of the total sampled respondents agreed that Auditing will improve revenue generation of the local government in Ogun State, while 23.42% of the total sampled respondents disagreed with the statement. Lastly, 69.28% of the total sampled respondents agreed that Auditing will ensure effective service delivery at the local level, while 30.82% of the total sampled respondents disagreed with the statement.

Table 1.3: One-Way Analysis of Variance on the Effectiveness of Auditing on the Financial Reporting of Local Government in Ogun State.

Variables		Sum of Squares	Df	Mean Square	F	Sig.
Periodic Audit has been effectivein preventing fraud and errors	Between Groups	16.892	4	4.223	12.066	.002
	Within Groups	2.800	8	.350		
	Total	19.692	12			
Internal Auditinghas improved accounting recording and reporting	Between Groups	13.123	4	3.281	14.581	.001
	Within Groups	1.800	8	.225		
	Total	14.923	12			

Source: Fieldwork, 2019.

The table above shows the one-way Analysis on the effectiveness of auditing on the financial reporting of local government in Ogun State, Nigeria. The One-way analysis of variance table shows the result of the tested hypothesis, arriving at the result that averagely, Sum of Squares between Groups is 15.008 and Sum of Squares within Groups being 2.300 with Degree of freedom of 4 and 8 respectively. The significant value is 0.002, the average Mean Square being, Between Groups is 3.752 and Within Groups is 0.288, therefore F- value is 13.324 (average value). Since the calculated F value 13.324 is greater than tabulated value, which is 7.01, therefore it is concluded that there is significant effectiveness of auditing on the financial reporting of local government in Ogun State. Hence, the null hypothesis is rejected.

CONCLUSION

Based on the review conducted on related literature and the analysis and interpretation of the data provided the study concluded that efforts should be geared towards auditing of local government account for effective and efficient stewardship reporting by council officials without political and administrative interference of the councils financial and management activities, with the engagement of competent audit staff and auditors should well be paid so that they can carry out their duties with the standard of care required effectively.

RECOMMENDATIONS

It is advisable to encourage local government administrators in Nigeria to learn from their counterparts in the private sector who have always emphasized corporate growth and improvement in their managerial functions. On the basis of this the following recommendations where proffered by the study:

- The recruitment process for audit staff should be thorough and transparent to ensure qualified and competent personnel, only with the required professional knowledge and skills should be engaged;
- The auditors and local government administrators / officials should possess certain attributes such as: integrity, objectivity independence,confidentiality, accountability and transparency in the conduct of discharging their duties respectively at the local government level of accounting system;
- The government should improve the remuneration and without infringing the benefits of auditors, periodic training of the staff of internal audit department is necessary; this will not retard proper auditing of local government accounts and
- There should be regular evaluation of control in order to determine their effectiveness in operation and identify weaknesses, so that corrective measure can be taken.

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