



A Publication of Departments of Accounting & Finance and Business Administration, Fountain University, Osogbo.
Journal homepage: www.osogbojournalofmanagement.com
ISSN: 2315 – 6325 (Print) ISSN: 2408-6959 (Online)

IMPACT OF EXTERNAL GOVERNANCE CONTROL MECHANISMS ON NIGERIAN PUBLIC SECTOR PERFORMANCE: MIXED METHOD APPROACH

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Abstract

This study evaluates the extent to which oversight functions of the Auditor-general of the federation and Public Accounts Committee of National Assembly influences public sector performance in Nigeria. The study employed both questionnaire and interview to gather data concurrently and analyzed the two data sets individually and merged the results. This approach is known as convergent parallel of mixed method approach. The targeted population for questionnaire administration are the Permanent Secretary, Director of Finance, Directors of Personnel and of Planning, Research & Statistics, Accountant and Auditor or equivalents in Ministries, departments and Agencies (MDAs) of the Federal Government of Nigeria, making a total of Six (6) respondents from each of the 175 MDAs as at December, 2018, from which sample size of 280 was selected. The study purposively selected Ten (10) participants comprising of two (2) members of the Public Accounts Committee, Auditor General of the Federation, Accountant General of the Federation, Head of service of the federation, Permanent Secretary Ministry of Finance, Permanent Secretary Ministry of planning, Director of Monitoring and evaluation, Director of staff matter at head of service and Director of Audit of Parastatal for interview. The findings of the study from both quantitative and qualitative analysis revealed that the oversight function of Auditor-General and Public Account committee positively influence the level of performance in public sector. Consequently, the study recommends that the office of the Auditor-General of federation should be further strengthened with required resources to heighten their morale and boost their performance. Also, the PAC should continually encourage and mandate all MDAs to resolve all issues with auditor general to enhance the efficiency of PAC.

Keywords: *External Governance, Nigerian Public sector Performance*

JEL Classification Codes: *H11, H49, Q50*

1. INTRODUCTION

In most economies, the roles of public sector entities cannot be over emphasized in terms of labour employment, leading participant in the capital market, provision of public goods and services. However, these roles are fading due to poor governance control practises in public sector which had resulted to poor public service delivery and deteriorated public infrastructures that defy repairs (International Federation of Chartered Accountant (IFAC), 2013). The endless incidence of governance failures in public service have become a paramount issue with respect to performance of different countries (Aziz, Rahman, Alam and Said, 2015). This call for good governance practices in the public sector to facilitate the attainment of the desired socio-economic growth and general wellbeing of the citizenry has become a global concern (Hamid, 2013). The growing demand for public sector performance in several nations of the world reveal the nexus between quality public service delivery and good governance (Otinche, 2016).

Academic researchers have seen the development of public sector governance control practices as a tool to ensure fiscal discipline (Aziz *et al*, 2015). While much effort and success has been recorded towards the introduction of governance control practices in the private sector across the globe, public sector governance control practices are still at the infant stage in many countries (Igbuzor, 2017). Private sectors had revolutionized governance control practices into code and compliance with these codes had abated many governance failures in the private sector (Nevondwe, Odeku & Tshoose, 2014). This energized IFAC Public Sector Committee to place governance high on their agenda and encouraged its adoption and implementation in the public sector (Chartered Institute of Public Finance and Accountancy - CIPFA and IFAC, 2014). The public sector governance serves as a managerial and control mechanisms to improve the quality of service delivery and thus, many developed countries such as New Zealand, Australia, UK among others have reformed their public sector governance control practices to enhance transparency and accountability (Matei & Drumasu, 2015; Mulyadi, Anwar & Ikbal, 2012).

Developing countries such as Malaysia, Kenya, Nigeria etc. have developed a formal public sector governance control practices to meet the request of the citizens (Akicho, Oloko & Kihoro, 2016; Korir, Rotich & Bengat, 2015). Specifically, Nigeria public sector have established different governance control practices such as Supreme Audit Institutions -SAIs (Auditors General-Federation, States and Local Governments), Code of Conduct Bureau -CCB, Courts, Legislative committee among others to enforce good governance practices in the public sector but the more the institutions, the more the growth of corrupt practices with resultant negative public sector image (Scott, 2004). In spite of all attempts by the Nigerian government to improve the quality of public service delivery, it only increased by an aggregate average of 2.4 percent from 2008 to 2017. Notwithstanding the fact that Nigeria accelerated in overall governance ranking from 35 in 2017 to 33 in 2018, the overall governance score dropped from 48.1 to 47.9 which is lower than the African regional average (54.3) (MO Ibrahim, 2018).

This was evident with ranking by the Transparency International Corruption Perception Index-TICPI that ranked Nigeria among the most corrupt countries of the world (Transparency International, 2018). Meanwhile, large-scale of malfeasance recorded in public sector is attributed to the failure of the external oversight governance control mechanisms on financial and audit system which had strained the operation of public sector entities in achieving better

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performance (Dowdall, 2008). The key external governance control mechanisms, Auditor general of the federation and legislatures that are expected to wake up the executive to address the increasing demands and aspirations of the citizens seem dysfunctional in carrying out their duties and responsibility. Therefore, Nigerian government is finding it difficult to curb corruption, deploy resources more effectively, promote development, eradicate poverty and foster fiscal responsibility (Wildavsky & Caiden, 2003; Osisioma, 2010). This raised question on the effectiveness of external governance control practices on performance of Ministries, Departments and Agencies - MDAs in the Nigerian public sector. This study seeks to evaluate the extent to which external governance control practices influence public sector performance in Nigeria through the following hypotheses developed:

H₀₁: Auditor general's oversight function has no significant influence on public sector performance in Nigeria.

H₀₂: The oversight function of public accounts committee has no significant influence on public sector performance in Nigeria.

Any government that is efficient, effective and responsive to the yearnings of its citizen should be measured through an effective governance control practices because it is the bedrock for achievement government's policies (Okeke-Uzodike & Chitakunye, 2014). Consequently, this study focuses on all Federal Government of Nigeria MDAs due to the view of the researcher that what obtains at the federal level is applicable to other tiers of government in Nigeria. This study establishes whether external governance oversight mechanisms are living up to their expectation in facilitating effective management of public resources or not. It brings to fore the weaknesses in the existing governance control practice to assist government to proffer prompt solution. Therefore, government will be guided in the formulation of appropriate measures to foster fiscal responsibility.

2. LITERATURE REVIEW

Related literatures were reviewed in this chapter under conceptual, theoretical and empirical issues. The review attempted at examining the issues locally and internationally.

2.1 Concept of Governance and Governance Control Practices

Governance refers to a new process and strategy of overseeing a society (Rhodes, 1996). The concept has been described as piloting, steering or directing (Schneider and Hyner, 2006). Governance in public sector mirrors the multiplicity of the governance framework and the variety of techniques applied by public sector entities (Barrett, 2002). Public sector governance means many things depending on the author. World Bank (2000) describes public sector governance simply as the "*exercise of political power to manage a nation's affairs*". The achievement of public sector governance depends on the consolidation of democratic characteristics like the constitution, rule of law and a professional civil service (Dharmastuti & Wahyudi, 2013). The efficiency of the public sector governance represents a vigorous, acceptable and sensitive system that is essential in delivering the required accountability and performance in public sector entities (Australian National Audit Office-ANAO 2003). There are

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different forms of public sector governance mechanisms but for the purpose of this study, they are categorized into internal and external controls.

The internal governance control mechanism includes any form of administrative control such as operational procedures, organizational structure (defined lines of operations), budget (performance measurement), internal check and internal audit (Nguyen, 2008). The external governance control mechanisms are those practices outside of the organization with the sole aim of enforcing and ensuring compliance with best practices. It is also known as the mechanism of last resort (Weir, Laing & McKnight, 2007). These external governance control mechanisms may emanate from laws and regulations as well as other oversight functions which are indispensable with the primary aim of revealing deviations from the set standards (Izedonmi, 2009). The Constitution of Nigeria confers power of oversight on the legislatures which is based on the independent report on the operations of the MDAs by the Auditor General (Arowolo, 2010). Thus, the duo render oversight functions on MDAs as the external governance control mechanisms.

2.1.1 Public Accounts Committee (PAC)

The National Assembly of the Federal Republic of Nigeria, a bicameral legislature consists of 496 members (109 Senators and a 360-member House of Representative) vested with legislative powers by Section 4 of the 1999 Constitution of Nigeria (Kenneth, 2013). The legislative power involves the review of the budget proposals, the passing of the Appropriation Act and the consideration of the auditors' reports on the finances of the previous year (Nigerian Constitution, 1999). These are achieved through multiple boards and committee which include Public Accounts Committee –PAC (Okpala, 2012). Public Accounts Committee (PAC) ensure public accountability by taking the Accounting Officers' proof to verify the Auditor General's remarks in his annual report (Pere & Osain, 2015). Kenneth (2013) specifically affirmed that the main responsibility of PAC is to review the Auditor General's reports and this responsibility varies from other commissions. The PAC is required to ensure whether expenditure has met the anticipated intentions and value for money has been achieved (May, 1983).

The PAC as opined by Pere and Osain (2015) aim to establish that extravagance and waste are minimized, and that sound economic procedures are followed in estimating and contracting as well as in general administration. Kolade (2001) perceive that the function of PAC is to guarantee accountability in government spending. However, the PACs in separate jurisdictions face distinct difficulties such as lack of power to impose fines for transgressions; frequent changes of supporting technical staffs; budgetary funding constraints; congested legislatures programmes and political commitment of members which creates increasing workloads and backlogs (Republic of South Africa 2009; Makhado, Masehela, & Mokhari, 2012). Therefore, in most cases, MDAs are hurriedly dismissed from hearing, compromising the oversight and accountability roles.

2.1.2 Auditor General's Oversight Function

Auditing is a major component of accounting that gives assurance on the financial management process and confirms financial data' accuracy and reliability as well as attestation to the probity or otherwise of those in custody of the resources (Oshisami, 1994). Auditing of public accounts by Auditor General in Nigeria dates back to the colonial era. The Institute of Internal Auditors–IIA (2009) affirms that “*Government auditing is a cornerstone of good public sector governance.*” Auditor general fosters accountability and integrity in the public sectors' financial system through auditing. Auditing is of great importance in the Nigeria public sector as more than 65% of Nigeria's asset and other productive resources fall under the control of the public sector which must be safeguarded appropriately (Olokundun, Ibidunni, Ogbari, Dirisu & Dada, 2018).

The Auditor-General utilizes information from his routine audit job to specifically examine the danger of fraud by defining public industries and highlighting regions of fraud-prone operations. Daniel (1999) agrees that the function of the Auditor General is to work towards the government's (executive) responsibility to the National Assembly for the correct administration of public programs, agency functions, activities or operations. The weakening of the Auditors-General's efficiency places a burden on government spending and development operations. Therefore, the primary objective of an audit is to allow the auditor to confirm the accuracy and fairness of the accounts or otherwise (Millichamp, 1996). Unfortunately, public office holders and other government agents have made public sector auditing a mere subject in books. This consequently makes public to lose interest and confidence in the Nigerian public sector audit and the idea of accountability and transparency (Olokundun *et al*, 2017).

2.2 Theoretical Review

The fundamental theories and models relating to governance keep on evolving but the use of agency theory as theoretical background on governance research remains unchanged. Agency theory is about 'agency problem' which arises because of the separation between ownership and management (Daily, Dalton & Cannella, 2003). The agency problems originate not only in the differences in motivation and goals between the principal and the agent, but also in information asymmetry, parties' risk preferences and planning horizon (Eisenhardt, 1989). Jensen and Meckling (1976) define the agency relationship as a contract in which one party (the agent) is charged with performing a particular activity on behalf of another (the principal). The theory emphasizes the search for the contract model that best governs the agreement between the principal and the agent. Both parties are considered to be acting according to rational behaviour motivated by self-interests that aims at minimizing contract costs (Downs, 1957; Eisenhardt, 1989).

The advantages of a contract based on specific behaviour on the part of the agent should be compared with those of a contract aimed at delivering predefined results. In a context where all information is accessible and the principal is able to observe the agent's activities. Eisenhardt (1989) argues that the most efficient contract model is based on the behaviour of the agent; otherwise, the contract must be based on the delivery of results. Using agency theory to study

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relations within the state, Przeworski (2003) analyzes three types of agency relationships that must be considered: the state and private economic agents; citizens and politicians; and, politicians and the public apparatus, that is, bureaucracy. This latter relationship inevitably implies the delegation from the state to the bureaucracy of the services that the government must render to the citizens, noting that delegation is the basic condition for the occurrence of the agency relationship (Eisenhardt, 1989). For Yesilkagit (2004) a fundamental tension then occurs between delegation of tasks, political control and accountability to civil society.

According to Yesilkagit (2004), two modalities of control can be adopted by the politicians against the bureaucrats, ex-ante and ex-post. The ex-ante is done by defining laws, rules, organization design, limitation on the bureaucrats and ensuring that all possible alternatives converge with their interests. Ex-post controls are sanctions like budget cuts, distorting management structure, tasks/assignments review, creation of monitoring, inquiries, investigations, and media and civil society oversight. This is the problem between the political class and managers of public policies and is related to gaming in the pursuit of fixed goals (Bevan & Hood, 2006). Gaming is seen as subversive actions leading to the achievement of the goals in numerical terms and not to the fulfilment of the proposed goal. The difficulty for politicians to monitor the efforts made by the bureaucrats is related to moral hazard and the agency conflict resulting from the asymmetries of information between the agent and the principal after establishing the contract (Sung, 2005).

From the review, the researcher observe that agency activities are monitored with governance control mechanisms that improve the performance of public sector in terms of good public service delivery to the citizens (Martin, Gomez-Mejia & Wiseman, 2013). The theory exposes the importance of external oversight function in monitoring the behaviours and actions of public office holders to act in the best interest of the public. Stream of literature have reflected the growing concern for the use of the theory of agencies as the main theoretical basis for governance study. However, the findings of empirical studies of governance practices and performance using the theory of agencies was usually mixed and conflicting (Aguilera & Jackson, 2003). Therefore, the support for the use of agency theory as the theoretical basis is restricted in the recognition of the effect on the concept of governance of organizations on certain dimensions of wider influencing forces (Christopher, 2010). Wright and Mukerji (2000) also raised the problem of the agency theory's ability to address all socio-economic views and corporate governance elements.

2.3 Empirical Review

This study reviewed literatures on external governance control practices and performance of public sector from developed, developing countries and Nigeria. In enhancing fiscal governance and curbing corruption, Santiso (2006) assessed the significance of Autonomous Audit Agencies (AAA). The study revealed that in the monocratic and collegiate external auditing models where the AAA acts as advisory bodies to the legislature as obtainable in Argentina, a functional relationship is particularly important. However, between the AAAs and their primary principal (the legislature as mediated by the PAC) there is a critical and dysfunctional connection. This study revealed that AAAs ' contribution to fiscal control and economic accountability is hampered by structural variables related to public auditing's political

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economy, especially the dysfunctional links between public auditing, legislative oversight, and judicial control.

Study from developing countries include Cobus (2011) who evaluated the adoption of the PAC financial oversight model in South African municipalities exploring the feasibility of implementing the model within the sphere of local government. Twenty internationally recognized PAC practices were identified and used to test the selected case to gain in-depth knowledge of the extent to which these recognized practices are adhered to by the committees. Where the committee deviated from accepted procedures, the reasons for the deviation were analyzed and its effect on the committee's efficiency. Finally, the research used the lessons learned from the experience of the PAC to guarantee that its model becomes more efficient than it has been at present and to improve the governance structure in local government by removing important barriers to the establishment of municipal PAC.

Bansal and Sharma (2016) empirically reviewed and assessed India's audit committee, corporate governance, and firm results. In addition to other components of corporate governance such as duality, promoter shareholding, board composition, and size, the study considered the independence of the audit committee, frequency of their meetings. On 235 non-financial public limited companies listed on the National Stock Exchange (NSE) for ten years (2004 to 2013), fixed impact panel data regression was applied. Return on assets, return on equity, Tobin'sq, and market capitalization were used as proxies for the performance of the firms. Results indicated significant positive association of board size and dual role of CEO-Chairman with firm results, but did not show any extra impact of independence of the audit committee.

Dharmastuti and Wahyudi (2013) in their study conducted on all non-financial corporations in the Indonesian Stock Exchange between 2007 -2010 assessed the effectiveness of internal and external corporate governance mechanisms on corporate performance. The research was performed by measuring external corporate governance by the presence of institutional ownership and debt holders; inner corporate governance was evaluated by the proportion of the autonomous commissioner. The result showed that the performance of external corporate governance is higher than that of internal corporate governance. Sharif (2015) studied the effectiveness of the PAC on enhancing accountability and transparency in public sector organizations in Zanzibar (Tanzania) using multiple embedded case study design where three units of study were involved. Data were gathered using questionnaires for accountants and auditors (internal and external), interviews for senior officials (including members of PAC) and documentary review; the data were analyzed qualitatively. The study found out that there is little contribution by PAC in ensuring accountability and transparency in public sector. This was due to the fact that Government auditors did not fully cover their mandate, there were delays in Annual Audit report submissions for accountability of budget cycle, and challenges by PAC in exercising their duties and their limited power to make recommendations. On the other hand, the study found out that PAC increased public awareness and transparency by publishing in its report and maintaining cardinal relationship with Auditor General, the PAC intervention also increased responsiveness to audit queries.

Nzewi and Musokeru (2014) carried out a critical review of the Auditor General's oversight role on Financial Accountability. As the supreme audit institution, the Auditor General of South Africa (AGSA) plays a significant supervisory role in advancing government financial accountability. The article examined the challenges the Auditor General's office faces in carrying out its oversight role of fostering financial accountability in the provincial government sphere. Information for this article were gathered from literatures. The article gave some background on the establishment and rationale of SAIs. It explored some policy framework that informs public finance management in the Republic of South Africa, establishing the role of the AGSA within this purview. Based on the data gathered through literature review, the key challenges facing the office of the Auditor-General include pressure Information and communication technology (ICT) due to the increased number of users and applications; absence of technically competent staff and lack of ICT service continuity controls such as business continuity, backups and disaster recovery plans which impede the office of the Auditor-General to effectively perform its responsibilities and consequently affecting public sector performance.

In Nigeria, Olokundun *et al* (2017) assessed the impact of public sector auditing in promoting accountability and transparency in Nigeria. The absence of public sector transparency and accountability poses a significant threat to capital markets' effectiveness, financial stability, long-term economic sustainability, economic growth and development. Also going by the increase in democratization and concern about corruption, citizens are requesting for accountability and transparency from the government. Therefore, the research attempted to examine the role of public sector audit in improving accountability and transparency while at the same time reducing the level of corruption. Based on the literatures reviewed, the study concluded that accountability is an evolving tri-lateral connection between auditors, auditees and stakeholders to improve public sector accountability procedures. The audit, which focuses primarily on highlighting the anomalies, irregularities and disparities in an organization's financial or managerial work, cannot develop without stakeholders reawakening to what the society expects of them. The system of audit systems changes and enhances accountability process.

Maimako (2005) evaluated the effectiveness of the checks and balances on public finance in Plateau State. Primary data were acquired through questionnaire administration, interviews and real observation, secondary information supplemented this. Simple random sampling method was used to administer the 160 samples out of the population of 386, chi-square (χ^2) was used to test the four hypotheses. Percentage analysis was used to investigate issues considered relevant to the research but not covered by the hypotheses. The findings research indicated that the public budget is not a significant instrument of legislative control over public finance in Plateau State; the reliance of Auditor-General on the financial statements prepared by the Executive arm of government does not significantly influence his performance; the quality of legislative financial oversight has a significant effect on the State Auditor-General and qualifications of the State Treasury staff is independent of the number of financial records kept by them. The research shows that budgetary non-compliance is quite common. Infringements on financial rules and regulations are also common.

Ehigiamusoe and Umar (2013) examined legislative oversight role in budget performance with the use of both primary and secondary data. The analysis was done
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descriptively and statistically. From the study, oversight activities were seen to have increased in Nigeria tremendously since 1999, though not effective enough to reduce corruption and accelerate MDAs budget performance Kenneth (2013) probes the oversight committee's effectiveness in addressing Nigeria public sector's financial indiscipline and wastages in its examination of the audited reports of the Federal Government of Nigeria –FGN. The study population was made up of the 496 National Assembly members, 29 Ministries and 5 Commissions out of which a sample size of 150 were randomly selected and on whom questionnaire were administered. The results revealed that PAC had not effectively exercised her oversight function due to late submission of audited reports by the AUGF, weak regulatory framework and poor committee members' qualification and experience.

Pere and Osain (2015) employed descriptive and survey designs to examine the functional impact of public accounts committee on public accountability and financial crimes in Nigeria. The seventy-six (76) respondents were accounting officers/accountants and auditors drawn from federal and state establishments in Rivers and Bayelsa States. Among other things, the study revealed that to a moderate extent PAC function had impacted on public accountability and transparency and to a great extent on financial crimes in Nigeria, this is contrary to the findings of Ehigiamusoe and Umar (2013). More recent study was Ozuomba (2019) who examined performance Audit and Accountability of Public Sector in Nigeria using the entire public sector as population. The gathered data were investigated using different relapse and the E-View bundle. It was discovered that huge connection exists between execution review and responsibility of the open segment in Nigeria, Nigeria's achievement of the open parts is rated terribly low. The duo recommended that legal mandates must be provided for regular performance audit to enhance accountability.

From the foregoing, one can deduce that studies on external governance control practices and public sector performance appears to be scanty in developed, developing as well as Nigeria as few researchers worked on the relationship between external control practices and public sector performance. This is corroborated with findings from interview to provide practical support to the findings.

3. METHODOLOGY

3.1 Research Design

Though the study is a cross sectional study that examined external governance control practices and Nigerian public sector performance at this point in time but with regards to the procedure employed to achieve the study objective, survey research design is employed. This involves enquiry from participants about their opinions on the relationship between observable facts (Geoffrey, David & David, 2005). This study used both questionnaire and interview to gather data concurrently, analyze the two data sets individually and merged the results during discussion of findings. This approach is known as convergent parallel of mixed method approach. The targeted population for questionnaire are the Permanent Secretary, Director of Finance, Directors of Personnel and of Planning, Research & Statistics, Accountant and Auditor or equivalents in Ministries, departments and Agencies (MDAs) of the Federal Government of Nigeria, making a total of Six (6) respondents from each of the 175 MDAs as at December, 2018

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(The Embassy of the Federal Republic of Nigeria, 2019). This resulted to sample size of 280 which was selected using Krejcie and Morgan (1970) sample determination.

Estimating the number of sample size for primary data to reach saturation depends on the nature of the topic, volume of valuable information, the number of questions, the use of shadow data and the qualitative method and design used in the study (Morse, 2008). Taking all these into consideration, the study employed purposive sampling technique to select respondents for qualitative analysis. Ten (10) participants were proposed comprising of two (2) members of the Public Accounts Committee, Auditor General of Federation, Accountant General of Federation, Head of service of federation, Permanent Secretary Ministry of Finance, Permanent Secretary Ministry of planning, Director of Monitoring and evaluation, Director of staff matter at head of service and Director of Audit of Parastatal based on the personal judgment. These are the people saddled with responsibilities of maintaining and enforcing governance control practices in the countries.

The matter of governance has become an essential and a critical issue in the public sector of most countries because it serves as check and balance, ensuring effective and efficient public service delivery. This study adapts Kamal, Romle and Yusof (2015) framework and modified to by changing the independent variables to external governance control practices. Therefore, developing the following model:

$$\text{Public Sector Performance} = f(\text{External Governance Control Practices}) \dots\dots\dots(1)$$

$$\text{Public Sector Performance} = f(\text{External governance control practices}) \dots\dots\dots(2)$$

This was enlarged to reveal all the constructs used to measure variables.

$$\text{Public Sector Performance} = f(\text{Auditor-General and PAC oversight functions}) \dots\dots\dots(3)$$

This transformed into the following linear equation:

$$PF = f(AG, PAC) \dots\dots\dots(4)$$

$$PF = \beta_0 + \beta_1AG_{jt} + \beta_2PAC_{jt} + \mu \dots\dots\dots(5)$$

Where:

Symbols	Definitions	Sources	A priori expectation
PF	Performance of Public Sector	Usang & Salim, (2016)	+
AG	Auditor general oversight function	Maimako (2005); McCarthy (2014)	+
PAC	Public account committee oversight function	Maimako (2005); McCarthy (2014)	+
β_0	Intercept		
β_1 to β_2	Coefficient of independent variables		
μ	Error term in the model for the respondent		

Source: Author’s compilation (2019)

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External governance was operationalized with two constructs, auditor general and public accounts' committee oversights functions. The two constructs were measured with items adapted from the questionnaire used by Maimako (2005). The quantitative data obtained from questionnaire were descriptively analysed using frequency, mean, maximum, minimum and standard deviation. The study also conducted preliminary tests like normality, multicollinearity, reliability and validity of the data before using the Partial Least Square Structural Equation Modelling (PLS-SEM) to test the hypotheses. While the qualitative data obtained from interviews were analysed using thematic and systematic approaches to facilitate the process of sorting and coding the data to put together the transcribed data by giving it meaning (Basil, 2003).

4. FINDINGS AND DISCUSSIONS

4.1 Preliminary Assessment of data and Descriptive Statistics

Based on the quantitative data gathered through questionnaire, out of the 280 questionnaires, 230 were retrieved representing a response rate of 82%. A total number of 27 questionnaires were removed due to incompleteness and outliers which bring down the response rate to 75%. Meanwhile, the general demographic data of respondent reveals that 15 (7.4%) of the respondents are between the age 30-40 years, 82 of the respondents are (40.4%) 41-50 years, 59 of the respondents account for 29.1% which are in the age bracket of 51-60 years. 14 of the respondents are above 60 years of age and accounted for 6.9% of the total respondents. The overall analysis of respondents in term of age imply that all the respondents are matured and responsible. By gender, 112 (55.2%) are males while the remaining 91 (44.8%) are females, a reflection of staff distribution along gender line in the Nigerian public sector. Also, of all the 203 respondents, 7 (3.5%) are on grade level 13, 54 (26.6) grade level 14, 54 (26.6) grade level 15, 49(24.1) grade level 16 and 39 (19.2%) grade level 17. This shows that clear representation of all staff from tactical to strategic level, it is expected that this will yield robust responses.

The study also reveals that 84 (41.4%) of the respondents are HND/Degree holder; 83 (40.9%) are Master's degree holders and 34 (16.7%) are with Doctorate degree. This level of academic qualification is expected to influence their corporate behaviour in the service. The working experience shown that the highest number of the respondents 72 (35.5%) have a work experience between 16 -20 years. 68 (33.5%) had 11-16 years' work experience, 43 (21.2%) had 6 -10 years, 10 (4.9%) had 1-5 years, while only 10 (4.9%) had over 21 years of work experience. This implies that 70% and above have spent more than 10 years in service and will be full of wealth of experience. In terms of the work place of respondents, 95 (47%) of the respondents are working in the federal ministries while 108 (53%) of the respondents are working in federal government parastatals. This shows that the Nigerian public sector officers from MDAs are dully represented. Generally, the demographic data indicates that all the respondents are versatile and possessed the pre-requisites to provide the required answers to the questions in the questionnaires.

Regarding the qualitative data through interview, the researcher proposed interviewed of ten (10) Nigerian public sector's officers but the researcher was granted 6 interviews were

granted which accounted for 60% response rate and clearly above the average. The preliminary test of normality revealed that there was a sign of non-normality based on the Z-score values which was more than ± 2 and above the variables. Subsequently, after the transformation, the Skewness and Kurtosis of all the items were within the acceptable range of ± 2.58 respectively. The data transformation had improved the outcome as suggested by Tabachnick and Fidell, (2007). Table 1 shows the result of skewness and kurtosis of the study. There is no issue of non-linearity, all the items used for both the dependent and independent variables were adapted from previous studies as earlier stated.

Table 1 Normality Test

Variables	N	Skewness	Kurtosis
Auditor General Oversight Function	203	-1.237	2.027
Public Account Committee Oversight	203	0.158	0.912
Public sector Performance	203	-1.135	1.990

Source: Author's Computation (2019).

The study also conducted two test to detect existence of multicollinearity. The correlation matrix of the exogenous latent constructs was examined and presented in Table 2. All the variables reported a value below the 0.70 implying absence of multicollinearity as suggested by Hair, Black, Babin and Anderson (2010).

Table 2 Pearson Correlation Analysis of the Variables

Variables	PSP	AGF	PAC
Performance	1		
Auditor General Oversight Function	0.287**	1	
Public Account Committee Oversight	0.186**	0.287**	1

Source: Author's Computation (2019).

The secondly test conducted was the variance inflated factor (VIF), tolerance value and condition index. Hair, Ringle and Sarstedt (2011) suggested that where the VIF is > 5 with tolerance value of < 0.20 show that there is presence of multicollinearity. Table 3 shows the VIF values and tolerance values for the exogenous latent constructs.

Table 3 Multicollinearity Test

Variables	N	VIF	Tolerance Value
Auditor General Oversight Function	203	1.312	.762
Public Account Committee Oversight	203	2.081	.614

Source: Author's Computation (2019).

Table 3 depicts that the VIF values are < 5 and tolerance values are $> .20$ which indicates non-existence of multicollinearity among the exogenous latent constructs. Thus, multicollinearity is not an issue in this study.

4.2 Assessment of PLS-SEM Path Model Results

The assessment of PLS-SEM path model results was conducted using a two-step process. The processes include assessments of the measurement and of the structural models. The assessment of measurement model includes examining individual item reliability, internal consistency reliability, convergent validity and discriminant validity. The summary of the assessment of measurement model is presented in Table 4.

Table 4- Summary of the Assessment of Measurement Model

Constructs	Items	Factor Loadings	Composite Reliability	AVE	Discriminant Validity
PAC Oversight	PAC1	0.673	0.854	0.514	Yes
	PAC3	0.788			
	PAC5	0.722			
AGF Oversight	AGF2	0.853	0.766	0.623	Yes
	AGF4	0.720			
	AGF6	0.769			
	AGF8	0.721			
Public sector Performance	PSF1	0.774	0.767	0.524	Yes
	PSN3	0.658			
	PSN5	0.734			
	PFN7	0.765			
	PFN9	0.716			

Source: Author's Computation (2019)

Table 4 reveals that the outer loadings of each construct from 0.658 to 0.853 which is above the threshold of 0.40 from deletion as suggested by Hair, Hult, Ringle and Sarstedt (2014). The composite reliability also depicts value ranged from 0.767 to 0.854 which exceeded the minimum acceptable level of 0.70 (Gotz, Liehr-Gobbers & Kraft, 2010). They affirmed that composite reliability is more robust to ascertain the internal consistency of measures as it provides a less biased estimate to Cronbach Alpha's coefficient and does not under or overestimates the scale reliability. Convergent validity was assessed using the Average Variance Extracted (AVE) of each latent construct as suggested. The table revealed AVE values exhibited high loadings ($> .50$) on their respective constructs indicating adequate convergent validity. Meanwhile, discriminant validity was ascertained by comparing the correlations among the latent constructs with the square roots of AVE in line with Fornell and Larcker (1981).

Table 5 Correlations among Latent Constructs

AGF Oversight	0.789			
Public Sector Performance	0.195	0.724		
PAC Oversight	0.292	0.120	0.712	

Source: Author's Computation (2019)

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The result from table 5 showed that the discriminant validity is okay. In addition, Chin’s (1998) criterion of comparing the indicator loadings with other reflective indicators in the cross loadings table was used. The correlations value among latent give (Table 5) range from 0.712 to 0.789, suggesting acceptable values, also, the correlations among the latent constructs compared with the square root of the AVE (bolded values –Table 6) suggest adequate discriminant validity, they are greater than the correlations among latent constructs, (Fornell & Larcker, 1981).

Table 6 Cross Loading and Factor Loadings

Constructs	Items	PAC	AGF	PSP
PAC Oversight	PAC1	0.673	0.126	0.119
	PAC3	0.788	0.189	0.192
	PAC5	0.722	0.181	0.168
Auditor General Oversight	AGF2	0.217	0.853	0.174
	AGF4	0.120	0.720	0.131
Public Sector Performance	PSP1	0.243	0.142	0.774
	PSN3	0.117	0.161	0.658
	PSN5	0.118	0.120	0.734

Source: Author’s Computation (2019)

The result of the second PLS-SEM path model (assessment of structural model) include assessing the significance of path coefficient, evaluating the level of R-squared values, determining the effect size, ascertaining predictive relevance and examining the moderating effect to assess the relationship between organisation structure and public sector performance are presented as follows:

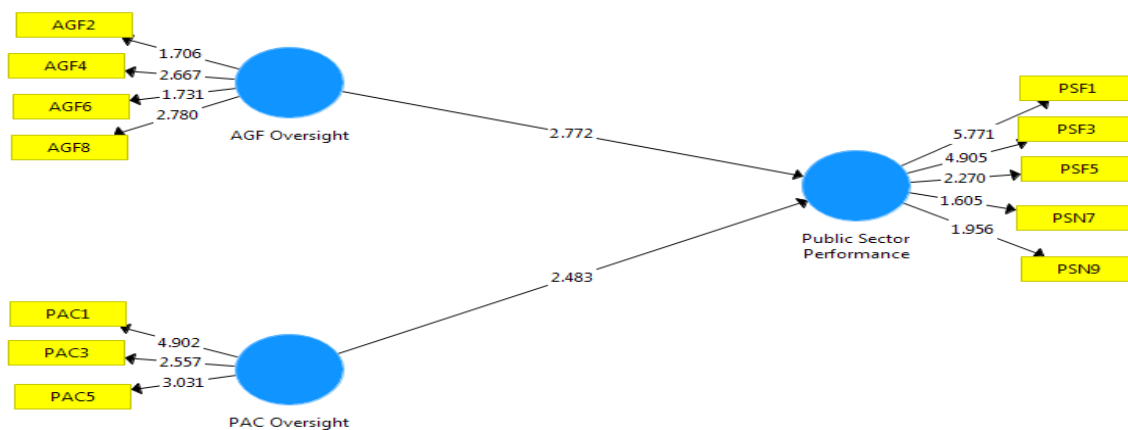


Figure 1 Assessment Structural Models (External Governance Control Practice and Public Sector)

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Table 7- Structural Model (Standard of Behaviour and Public Sector Performance)

Hypotheses	Beta	Standard Error	T Statistics	P Values
AGF Oversight -> Public Sector Performance	0.218	0.101	2.772	0.021
PAC Oversight -> Public Sector Performance	0.214	0.086	2.483	0.016

Source: Author's Computation (2019)

The results of structural model indicated from figure 1 and Table 7 indicate that communication with stakeholder, Accountability and internal control has significant relationship with public sector performance with ($\beta = 0.218$, $t = 5.34$, $p < 0.036$), ($\beta = 0.238$, $t = 3.41$, $p = 0.004$) and ($\beta = 0.139$, $t = 1.97$, $p < 0.054$) respectively. The effect size (f^2) which is the strength of a particular exogenous variable on endogenous variable(s) measured in term of coefficient of determination (R^2) (Chin, 1998). Cohen (1988) describes f^2 values of 0.02, 0.15 and 0.35 as weak, moderate and strong effects respectively. Table 4.8 shows the respective effect sizes of the variables in the model.

Table 8 - Effect Size (f^2)

Variables	Effect size (f^2)	Decision
AGF Oversight Function	0.18	Moderate
PAC Oversight Function	0.33	Moderate

Source: Author's Computation (2019)

Table 8 shows an effect size of f^2 of 0.18 and 0.33 for AGF and PAC oversight function respectively which indicate moderate effect. This implies that external governance control practices exact moderate influences on the performance of Nigeria public entities. The result of predictive relevance (Q^2) measured with a cross-validated redundancy is presented in Table 9.

Table 9 Predictive Relevant (Q^2)

Variables	SSO	SSE	$Q^2 = (1-SSE/SSO)$
Public Sector Performance (PSP)	890.000	714.675	0.028

Source: Author's Computation (2019)

The cross-validation redundancy measure Q^2 for all variables were above zero, suggesting predictive relevance of the model (Chin, 1998; Henseler, Ringle & Sinkovics, 2009).

4.3 Results of Findings from Interview

This section provides in-depth understanding of the issues relating to good governance control practices in Nigeria public sector. Based on the thematic and systematic approach to theoretical analysis of this issue, the constructs indicated in blue in figure 4.8 were identified and collapsed under four themes: standard of behaviour, organizational structure, organizational processes and external governance control practices.

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4.3.1 Auditor General Oversight Function

The result from the interview revealed that the auditor general's oversight function is one of the most important in the management of the public sector resources. Three (3) participants were able to respond to issues bordering on this. Director Audit Parastatals stated that *“Auditing and audit committee are established to ensure that processes and control are followed to achieve the established goals”* He went further that *“We review the financial reports of all government parastatals and with the auditor general's comment forward same to the public accounts committee of the house of assembly, those that cannot be reconciled will be asked to appear before account committee to explain how the funds in their custody were utilized”* Conclusively, the Accountant-General of Federation confirmed that the Auditor-General of the Federation do call meetings to have interaction with the States and Local Governments to share ideas and suggestions.

4.3.2 Public Accounts Committee Oversight Function

The result from the interview revealed that public account committee oversight function is also important in the management of the public sector resource. Four (4) participants responded on the issue of public accounts committee. Director Planning, Monitoring & Evaluation specifically stated that *“There is nothing bad in complementing budgetary control by different arms of government. For legislature, I know that they perform oversight functions from time to time”*. This statement was supported by Director of Audit Parastatal and the AUGF that:

“PAC is doing wonderfully well because without their committee I think public would have been worst. They serve as checks and balances to the personnel in the public sector. If you violate any rule, the committee is there to sanction you, as a result, the public officers cannot but play by the book. Also, the committee has been able to curb many mal practices. PAC is doing wonderfully well because without their committee, public sector would have been worse than the current situation in Nigeria”.

Also, as revealed in the interview, the AUGF stated that:

“The checking system is quiet adequate and that is the wisdom of the House that is the PAC, where they live up to their responsibilities and where there are follow ups on reports sent to them, where the reports do not die when they get to the PAC without finding solutions to them we will be accusing the public governance for this and I believe that the essence of this is to complement and that is what they are doing” (AUGF).

The responses obtained from the interview conducted in this study show that Public Accounts Committee Oversight functions enhanced public sector performance.

The results from quantitative and qualitative analysis on the influence of external governance control practices on Nigerian public sector performance are presented as follows. Based on the results of PLS-SEM analysis, the auditor general's oversight function has a positive

significant relationship with public sector performance ($\beta = 0.218$, $t = 2.77$, $p = 0.021$). The study then failed to accept the null hypothesis. This implies a single step by auditor general oversight function enhanced public sector performance by 22% and vice versa. The responses from interview also support the notion that auditor general oversight function has positive effect on the performance in public sector. The Director Audit Parastatals commented, *“Auditing and audit committee are established to ensure that processes and control are followed to achieve the established goals.”* Also that part of their main responsibilities is to *“review the financial reports of all government parastatals and with the auditor general’s comment forward same to the public accounts committee of the assembly for issues that cannot be reconciled, they will then be asked to appear before account committee to explain how fund in their custody are utilized”* The finding contradicts the conclusion of Maimako (2005) which was also supported by Santiso (2006) that contributions the AAAs to the fiscal control and financial accountability is hampered by political economy of government auditing particularly the dysfunctional linkages between government auditing, legislative oversight and judicial control.

Public account committee oversight function is the second variable proxied for external governance control practices. The quantitative analysis reported that public accounts committee’ oversight function has significant relationship with public sector performance based on the $\beta = 0.214$, $t = 2.483$ and $p < 0.016$. This implies that the expression that public account committee oversight function does not influence Nigerian public sector performance is not valid in the context of this outcome. The study therefore, failed to accept the null hypothesis. By interpretation, a step taken by public account committee to achieve their oversight function increase the level of performance in public sector by 21% and vice versa. The findings from the interview conducted also supported this. The Director Planning, Monitoring & Evaluation stated that *“The legislature is performing their oversight functions from time to time”*. This statement was complemented by Director of Audit Parastatal and Auditor General of federation that *“PAC is doing wonderfully well because without their committee I think public service would have been worse than it is. They serve as check and balance to the personnel in the public sector and have been able to curb many malpractices.”*

All these buttressed the fact that the public accounts committee oversight function contributes to overall public sector performance. This is also in line with previous studies like Pere and Osain (2015); Ehigiamusoe and Umar (2013). Pere and Osain (2015) concluded that to a moderate extent, PAC function had impacted on public accountability and transparency and to a great extent on financial crimes in Nigeria. However, the findings of this study contradict the view in some other studies like Sharif (2015) who concluded that there is little contribution of PAC in ensuring accountability and transparency in public sector. This was also supported by Kenneth (2013). The findings of this study that external governance control practices positively associate with public sector performance is in line with monitoring mechanisms of agency theory.

5. CONCLUSIONS AND RECOMMENDATIONS

Based on the findings of this study from both quantitative and qualitative analysis, the study concludes that the oversight function conducted by the auditor general and public account committee affect the level of performance in public sector. Consequently, the study recommends that the office of the Auditor-General of federation should further be strengthened with required resources to heighten their morale and boost their performance. Also, the PAC should continually encourage and mandate all MDAs to resolve all issues with auditor general to enhance the efficiency of PAC to focus on other legislative assignment for public sector performance improvement. Despite the fact that this study has contributed to the sparse literature on governance control mechanisms and public sector performance in developing countries particularly Nigeria and has integrated data from questionnaire and interview to reach logical conclusion. However, the study was limited to all MDAs in Nigeria but the findings were generalised to other countries. It will be worthwhile to conduct comparative analysis in public sector governance control practices among countries in Africa.

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