

# Review of: "Evaluation of Expenditure Control Measures on State Spending in Nigeria: An Empirical Approach with Internal Auditors of Ministries, Departments, and Agencies"

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Potential competing interests: No potential competing interests to declare.

Upon reviewing the article, I found it to be a well-researched and interesting topic. Researchers have made great efforts in preparing it. It is considered one of the valuable studies in the field of internal auditing in developing countries. Conducting this type of study is a sign in the right direction, specifically in Nigeria.

It is worth noting that the study has many positive aspects, using mixed research: sequential explanatory design (Mixed Method) by integrating quantitative and qualitative methods according to sequential interpretation, where data was collected, analyzed, and interpreted, using the quantitative and qualitative analysis approach. The study began with the quantitative aspect of collecting quantitative data using a questionnaire form, analyzing and interpreting it, and then moved to qualitative research and processing the qualitative data that was obtained through interviews. The qualitative design was based on the results of the quantitative design. The study also used advanced data analysis methods by applying structural equation modeling with partial least squares (PLS-SEM), as an appropriate tool in accounting and auditing studies due to the advantages of the possibility of testing the study hypotheses without assuming restrictions on the sample size, nature, and latent variables.

Despite the above, the study is not devoid of some notes that require taking into account in order to avoid the deficiencies that may occur in the study.

Initially, the study is titled "Evaluating Expenditure Control Measures on State Spending in Nigeria," while the study dealt with evaluating the impact of internal control on state expenditure in Katsina State in Nigeria. Essentially, the study was structured to address the evaluation of the effectiveness of expenditure control on expenditure at the sub-national level in Nigeria, or rather measuring the impact of the internal control (budget control, accounting control, audit control) on government expenditure in Katsina State, Nigeria.

The subtitle refers to "An Empirical Approach with Internal Auditors of Ministries, Departments, and Agencies", while the population and sample of the study include internal auditors from ministries, departments, and agencies, along with members of the state house of assembly and members of senior staff with experience in the financial field of the state. Therefore, the subtitle must indicate that.

The introduction was good in presenting the study topic as a background to introduce the topic of government spending, the goal of expenditure control, the roles of budget control, accounting control, and audit control towards controlling

government or public expenditure, in a coherent and chronological manner. At the end of the introduction, the study stated the need to evaluate the effectiveness of expenditure controls on the MDAs in Katsina state. It is noted that there is a need to provide an overview of Katsina state in terms of the organizational structure of public administration, especially in terms of the number of administrative and organizational components in the state, accounting units, accounting systems, the pattern of centralized or decentralized financing, and the internal and external audit system. It also requires reference to the financial legal system in Nigeria through the laws and regulations currently in force, as a tool used in obtaining primary data for the study.

With regard to the institutional framework for expenditure control, it is necessary to clarify the type of ex-post control undertaken by the legislative authority to control expenditure, the way the control is carried out, and the agency that undertakes the ex-post control.

The study dealt with the role of the commissioner of finance, stating that "The commissioner of finance has to approve requests of ministries/departments requiring to incur expenditure as contained in the approved estimates." The study did not designate who is responsible for approving the agencies' requests? The agencies are also components of the Katsina Government.

The study developed three hypotheses based on the literature review on the impact of accounting control, audit control, and budget control on government expenditure, in order to build a theory on the topic and as a basis for applying the PLS-SEM approach.

However, some of the literature presented in the study is not related to the issue of control that the study addresses, and they are based on clarifying the development of hypotheses. For example, section (2.2.1 Accounting control and government expenditure) begins with two inappropriate quoted paragraphs; the first quotation is from a book dealing with the Accounting Controls Guidebook. The second quote introduces the course that deals with the types of controls, control principles, the proper balance of control systems, and how to construct a system of control. The two paragraphs do not add anything new to the topic, so they require deletion or rewriting in a way that suits the study, and referring to the original website reference. With the allowance of the last sentence, "Accounting Control is measures instilled by a good accounting system to ensure the accurate recording of transactions, compliance with the rules, the integrity of assets, and the accuracy of financial statements."

The study did not show the relationship between Wagner's law and accounting control or government expenditure. In fact, Wagner's law is the law of continuous expansion of government activity; as according to this law, government spending is constantly increasing due to the development of society. Wagner's Law estimates the causal relationship between economic growth and government expenditure.

With regard to section (2.2.2 Audit control and government expenditure), the study did not clearly illustrate the relationship of the studies of (Jibril, 2019; Jibril, Usman and Kibiya, 2022), which evaluate the impact of the effectiveness of the audit committee on the company's public reporting system, to the audit control of government expenditure. The study also did not clarify the relationship between the study of (Uremadu and Chinwoeke, 2019) on examining the responsiveness of

economic growth to public expenditure in Nigeria and audit control on government expenditure. The study also did not show the relationship of the study of (Francis, 2019) with audit control and government expenditure, as the study examined the impact of value for money effectiveness on capital expenditure in the Nigerian public sector.

Regarding section (3.2 Population and sample of the study), it was found that the study population consists of 97 internal auditors in the MDAs in the state, in addition to nine members of the Katsina State House of Assembly Finance Committee. Random stratified samples were taken, meaning 70 internal auditors out of a total of 97 internal auditors were selected to collect quantitative data on the effectiveness of budget control, accounting control, and government expenditure in the MDAs through the first set of questionnaires, and nine members of the State House of Assembly Finance Committee for the purpose of collecting quantitative data to evaluate audit control. It is preferable to add a clarification here that 9 senior staff across the MDAs in the state (staff from the Department of Budget, Ministry of Finance/agencies, Office of the State Auditor General of the state, members/staff of the state assembly) were selected using a purposive sampling technique. In semi-structured interviews for the purpose of collecting qualitative data, the interviews were conducted with 8 people out of nine. It is necessary to mention this in Table 1.

As for sections (3.3.2 Interviews, 3.3.3 Justifications of selection of interviewees, 3.3.4 Interview procedures), there are unnecessary details in explaining these components, and there is no need to go into detail in presenting unnecessary information. Rather, it is preferable to summarize.

Since the title of Table 2 is "Analysis of Response Rates to Questionnaires," it is preferable that the table include the number of questionnaires sent to legislators (9) and the questionnaires returned as well.

In section (3.4. Method of Data Analysis), the study demonstrated its reliance on the PLS-SEM approach and the key criteria that will be used to measure the impact of the independent variables on the dependent variable, and it mentioned the test of predictive relevance and effect sizes (Q and Q<sup>2</sup>), while there was no evidence that this was conducted in the study.

Section (4.3), "Perceptions of Expenditure Control and Government Expenditure," needs to be rephrased.

Regarding Table 2, "Analysis of Response Rates," it is preferable that the table include the number of questionnaires sent to legislators and the number of questionnaires returned as well.

Regarding section (4.4 Evaluating Government Spending in MDAs), the analysis of respondents' responses should include the study variables, the independent variables, and the dependent variable. Creating a table (or two tables) that includes the elements, the means, the standard deviation, and the ranking for all components of the dependent variable and the independent variables.

Regarding discriminant validity, according to the Fornell-Larcker criterion, by taking the square root of AVE, which is shown in Table 5, not Table 4 as it is mentioned.

In Table 5, discriminant validity is noted, and the results of the square root of the model variables for the construct were different from those for the other constructs. However, the AVE for budget control and government expenditure was

smaller than the correlations of the construct with the other constructs in comparison. The extent of correlation between variables exceeded the threshold of 0.8 to achieve discriminant validity, which led to the problem of multicollinearity. Therefore, this requires verifying the data and conducting tests to confirm.

With regard to section (4.5.2 Structural Model), the study's three hypotheses were null hypotheses, which requires that the results be rejected and the alternative hypotheses accepted, as the results were positive for the first and third hypotheses, and this requires rephrasing the statement. On the other hand, the result of the second null hypothesis was negative, which requires verifying the data and then conducting the test again. If the result is negative a second time, researchers must clarify the impact of that on the relationship between audit control and government expenditure. In fact, a positive value between (0 and 1) indicates the direct relationship between the two variables, a negative value between (-1 and 0) indicates the inverse relationship between the two variables, and a value of zero (0) means there is no relationship between the two variables.

The most interesting issues are (Figure 1, PLS Algorithm) and Table 6, which indicate the path coefficient for the second hypothesis and its negative value. The collinearity between audit control and government expenditure led to the negative value (opposite) and the indicator being less correlated to the structure. Therefore, it is necessary to conduct TOL and VIF tests. If the level of collinearity is high and the value of the indicator (VIF) is 5 or higher, one of the corresponding indicators should be removed. High collinearity leads to inverse signs of the weak which may lead to misinterpretation of the results and misleading conclusions.

It is necessary to create a table showing the  $R^2$  and adjusted  $R^2$  values. The coefficient of determination indicates the ability of the independent variable to explain changes that occur in the dependent variable, and its normal value ranges from 0 to 1, where 0 indicates that the model does not explain any of the variance, and 1 indicates that the model explains all of the variance. Its value levels are classified as follows: if the value is less than 0.19, it is rejected explanatory power. If it ranges between 0.19 and 0.33, it is weak. If it ranges between 0.33 and 0.67, it is an average value. If it is greater than 0.67, it is a high value.

It is also necessary to create a table to present the effect size  $f^2$ , as calculating the interpretation value requires knowing the effect size of the independent variables on the dependent variable and knowing the extent of the contribution of each variable. The effect value levels indicate the following: When the value is less than 0.02, it means there is no impact; if its value is between 0.02 and 0.15, then the effect size is small, and if it is between 0.15 and 0.35, the effect size is medium, but if it is greater than 0.35, the effect size is large.

Correction of the numbers of the tables referred to, as in section (4.5.1), reference was made to Table (2) instead of Table (4), and reference was made to Table (4) instead of Table (5). In section (4.5.2), reference is made to Table (4.3) instead of Table 6.

Finally, the main sections 2, 3, 4, 5 should have headings, as sub-headings for their sub-sections are placed without the main headings.



With appreciation.