Relevance of Government Audit: Evidence from Tripura

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Abstract

The study has attempted to assess the relevance of government audit in a period of audit failure exposing series of scams in the government departments of Tripura with the interventions of judiciary raising doubts about the quality of audit reports. Setting cross-sectional research design and conducting a survey it has collected primary data from the 170 sample respondents. Statistical results have indicated significant impacts of three factors on the government audit and the latter has likely impacted in corruption preventions and introducing reforms in accounting practices. It has acknowledged few limitations, highlighted the implications of the findings and has indicated scopes for further research.

Key Words: Government Audit, Survey, Financial Irregularities and Inferential Statistics.

JEL Classification: C83, H53, M42.

1. Introduction

The core purpose of the government audit is to closely monitor and assure the compliance of rules and regulations in the government expenditures (Liu & Lin, 2012), to report the deviations if any, as well as to suggest the corrective measures for achieving the financial regularity and transparency (Diamond, 2002). Different forms of corruptions in the government sectors such as bribery, cash embezzlement, kick-backs, scheme diversions and nepotism and its effects on the government exchequers have been reported (Zhou & Tao, 2009; Li & Zhuang, 2009). The paradox between the government audit and corruptions has been in the research agenda since long past (Olken, 2007). Literature has documented after DeAngelo's (1981) 'audit quality' definition studies on the related issues have gained momentum (Khalifa et al., 2007). Multiple issues like citizens' perceptions about the audit quality and audit quality attributes (Knechel et al., 2013; Beattie, Fearnley & Hines, 2013), role-perception gaps (Lee, 1994), audit quality and experience gap (Huault, Lazega& Richard, 2012), users' expectations about the broader scope of audit (Gold, Gronewold & Pott, 2012) and even quality variations between the audit teams (Sutton, 1993) have been studied in delve. The studies on the quality of government audit have been attempted based on Zhao's (2005) three categorizations viz. *technical factors*[e.g., audit period (Saito & Mcintosh, 2010), professional competency (Ma, 2007)], *independence factors* [e.g., institutional environment (Blume & Voigt, 2011), political competition and power dynamics (Melo, Pereira &Figueiredo, 2009)] and *administrative factors* [e.g., irregularities and corrective measures (Huang & Wang, 2010)].

Studies on the multiple economic consequences of the government audit e.g., audit efficiency in the public school operations in China (Saito & Mcintosh, 2010), significant improvements in the transparency of the public policies in the multiple countries (Schelker & Eichenberger, 2010)and significant decrease in over spending tendency in the public road projects in Indonesia (Olken, 2007) have been documented. Moreover, detection of corruptions in the US (Ferraz & Finan, 2011), prevention of government and

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political party members from involving in corruptions in China (Li, Miao & Liang, 2011), exposure of financial and operational irregularities by the government audit in China (Zhao, 2005; Gong, 2010), improvement in the governments' operational performance by the employee trainings and improved correction of shortfalls in Israel (Cohen & Sayag, 2010) and detection of corruptions even in the highly independent government departments in Brazil (Ferraz & Finan, 2011) have also been indicated. Literature has reported studies on the government internal audit effectiveness and top management's support and fundinglikely to enhance the safeguarding of the government assets and audit quality and in building robust internal control system including internal audit (Cohen &Sayag, 2010; PWC, 2011; Provost, 2012; Enofe et al., 2013; Udeh & Nwadialor, 2016). Furthermore, government audit effectiveness have been significantly influenced by the factors like training of the audit staffs, characteristics of the audit, experience of the auditors and audit independence (Nanni, 1984; Friedberg & Lutrin, 2001; Arena & Azzone, 2009; Ahmad, Othman & Jusoff, 2009).

In Indian context studies on the government financing, accounting and audit have been attempted in multidimensional aspects such as rural local government financing (Alok, 2008), the paradox between the governance and corruption (Sudarshan, 2005; Transparency International India Report, 2017), ill effect of corruptions on poor (Sekhar & Shah, 2006) and the role of the top bureaucrats in ensuring equal distribution of wealth (Bardhan&Mookherjee, 2005). Lacunas in the implementation of citizen-centered planning of MGNREGA schemes in different states (CAG Report, 2013), increasing citizens' awareness level (Burra, 2010; Drèze, 2011) along with proper implementation of the MGNREGA schemes (Vij, 2011; Lakha, 2011) through conducting social audit have also been reported. Moreover, the scope for improvements in government accounting (Deb, 2014), strategies for effective funds management (Deb, 2015), changing role of government financial audit to forensic audit (Deb, 2018) and the financial mechanism for relief (Pande & Pande, 2007) have been validated in the literature. The impacts of gender of the gram Panchayet presidents and their expenditure patterns on water-related issues has also been indicated (Rajaraman & Gupta, 2012). Literature has conceded how auditors have put under pressure from the institutional factors to undermine their audit works to suppress the financial misdeeds (Watts & Zimmerman, 1980; Zheng & Yin, 2010). Similarly, the series of scams in government departments of Tripura which have either been exposed by Right to Information (RTI) activists or by filing PILs in Hon'ble High Court (HC) have indicated the gravity of the scenario. In last few years the judicial imprisonments, suspensions and orders of departmental enquiries against the few bureaucrats and other officials of the state government departments have raised serious doubts about the poor public funds management practices along with the failure of the state's internal Audit Directorate in timely detections of financial irregularities and taking preventive measures. Media reports during last few years have consistently reported the exposure of series of scams in the different government schemes and departments in Tripura.Scams and irregularities have been exposed in the chit fund scams perpetrated by Sarada, Rose Valley and other chit fund companies.Financial shenanigans in various rural development (RD) blocks like Bishalgarh, Rupaicherri, Pecharthal, Dasda, Satchad especially in the implementation of MGNREGA scheme; National Rural Health Mission (NRHM) scam, Rashtriya Madhyamik Siksha Abhiyan (RAMSA) scam, ginger scam, spurious drug scam, education scam in the form of students admissions in other states and taking brokerage by middlemen and allegations of taking kick-backs by few officials are the prominent (Tripurainfo.com archives). Interestingly, all the departments have undergone through internal audit carried out by the Audit Directorate of the state government but based on public interest litigation (PIL) filed by few senior advocates The Hon'ble HC of Tripura Division Bench on 17th November, 2016 has ordered for conducting special audit in MGNREGA scheme implemented by all 58 RD blocks in Tripura by

Chartered Accountant firms (Tripurainfo.com archives).Such intervention by the judiciary itself has raised doubts about the relevance and validity of audit reports published by of the Audit Directorate. The study has extensively reviewed the literature to trace out the research attempted to assess the relevance of government audit but probably the literature has scant as it has not found any such prior study at least in the Indian context. The identified research gap has generated a basic research question whether the government audit has been losing its relevance in the changing scenario with a series of audit failure as evidence from the judicial pronouncements and consistent exposures of miss-management of public funds as exposed by the local media.

The study has contributed in the literature in three ways. Firstly, applying Zhao's (2005) three factors for assaying government audit quality in the Indian context the study has concluded with concurrent validities i.e., technical, independence and administrative factors have significantly influenced quality of the government audit in Tripura. Moreover, the audit failures probably have attributed due to lack of sufficient audit duration [a technical factor (Bronson, Masli& Schroeder, 2014)], pressure from superiors regarding contents of audit reports [an independence factor (Zheng & Yin, 2010)] and unethical attitudes by the officials (Batory, 2012) along with lenient applications of anti-corruption measures like declarations of assets by the officials (Painter et al., 2012) [administrative factors]. Secondly, different types of financial irregularities have been identified which have contributed in breeding corruptions in the government departments, in tune with the literature (Shleifer &Vishny, 1993) and the Internal Audit Directorate's auditors probably have failed to check those misdeeds as were expected from them, in contrast to literature (Omar &AbuBakar, 2012). Thirdly, in line with the literature it has validated that how the governments may introduce reforms in its accounting system covering multiple areas such as funds management (Yilmaz, Beris & Serrano-Berthet, 2010), frauds circumvention (Power, 2012) and even switching over to accrual basis of accounting (Oulasvirta, 2014). Interestingly, in course of interviews the respondents have unequivocally expressed their reservations about the implications of prior audit reports as it has been evident from a good number of exposed scams, punishments and litigation instances in recent past, contradicting the expected outcomes of government audit. Accordingly, the present study has attempted to evaluate the relevance of government audit quality in the light of the precedence of audit failures and judicial interventions.

The subsequent sections of the paper has designed as review of literature and hypotheses in Section 2, research methodology has discussed in Section 3, findings of the statistical tests and their discussion have been presented in Sections 4 and 5 respectively and eventually in Section 6 the study has reached in its conclusion.

2. Contextual Background and Hypotheses

The study has reviewed the related literature based on which the research hypotheses have been formed and eventually in Fig. 1 a conceptual model has been sketched.

2.1 Technical Factors and Government Audit

Literature has reported that auditors' competency and professional judgment have reduced audit related challenges and thereby have increased the audit quality (Fu, Tan & Zhang, 2011; Bobek, Daugherty & Radtke, 2012).The top management's support e.g., in the form of frequent training arrangements likely has improved the audit quality (Nanni, 1984) as well. Moreover, the trained auditors have significantly reduced the tendency of the preparer's misstatements (Rich Solomon & Trotman, 1997). Further, few scholars have pointed out the audit duration and budgetary pressures reduce the audit qualities significantly (Bronson, Masli& Schroeder, 2014).

2.2 Independence Factors and Government Audit

Prior studies have validated that the quality of the government audit has beenlargely dependent on the freedom enjoyed by the auditors, minimal interference from the higher authority and even during post audit report submission repercussions (Zhao, 2005; Ma, 2007; Li et al., 2011).On the other hand, the organizational

structure (Li, 2007) andany direction from the superiors about the contents of the audit reports (Watts & Zimmerman, 1980; DeAngelo, 1980; Zheng & Yin, 2010) likely have to reduce the reporting quality. Par contra, few scholars have concluded that auditors' opinions and reporting quality are independent of superiors' pressure (Lee, 1993);while others have conceded that actual institutional arrangements (English & Guthrie, 2000) and the political environment (Melo, Pereira &Figueiredo, 2009) have significant influence on the audit independence and reporting quality.

2.3 Administrative Factors and Government Audit

Literature has validated that studies have concluded that corruptions reduce by human will, discipline, instruction and inculcating ethical practices (Dwivedi, 2011). On the other hand, official corruptions derived due to unethical attitudes (Batory, 2012), poor compensation structure with little scope for career growth (Kamit, 2014), pressure for paying bribes to get promotion (Ponniah & Sokheng, 2015) and professional misdeeds (Andreoli& Lefkowitz, 2009) by the top bureaucrats. Literature has also indicated that anti-corruption measures have been weakly implemented due to fear of employees' agitations (Painter et al., 2012; MacLean, 2012). Based on the above points, it has been hypothesized that:

H_{1}: Technical, Independence and Administrative factors jointly impact the government audit quality.

Furthermore, to assess and compare the impacts of the three factors severally on the outcome the following three sub-hypotheses have also been framed:

H_{1a}: Technical factor impacts government audit quality.

H_{1b}: Independence factor impacts government audit quality.

H_{1c}: Administrative factor impacts government audit quality.

2.4 Government Audit and Prevention of Corruptions

Different forms of corruptions and frauds in the government sectors have been identified e.g., taking bribes and kick-backs, sale of government properties without tenders, fund deviations, funds embezzlement and nepotism (Shleifer &Vishny, 1993; Svensson, 2005).Any such fraud has huge effects e.g., in the government exchequer (Burnaby, Howe &Muehlmann, 2009; Beasley et al., 2010) and internal auditors have been primary entrusted to detect those misdeeds (Omar &AbuBakar, 2012). The related hypothesis has set as:

H_{2}: Government audit prevents corruptions.

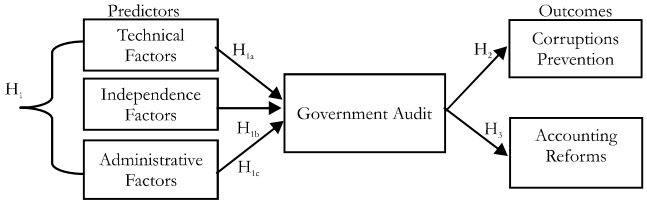
2.5 Government Audit and Accounting Reforms

Literature has indicated that the governments based on the audit reports have introduced reforms in the multiple areas such as funds management (Guner&Yilmaz, 2006; Yilmaz, Beris& Serrano-Berthet, 2010), controlling mechanism (Leung, Coram & Cooper, 2007; Jacobs, 2012), fraud safeguarding (Power, 2012), monitoring (McLellan, 2011) and switching over to accrual basis of accounting (Goldfinch & Wallis, 2010; Van de Ven et al., 2013; Warren, 2014; Oulasvirta, 2014). Hence it has hypothesized that:

H_{3}: Government audit channelizes accounting reforms.

In Fig. 1 three predictors viz. technical factors, independence factors and administrative factors have assumed an effect on the outcome severally and jointly, i.e., government audit and the latter has an effect on the other two outcomes- prevention of corruptions and accounting reforms. It has presumed a research paradigm where the *ontology* is the losing relevance of government audit at least on the basis of Hon'ble High Court of Tripura's judgment (the existence of reality), followed by an *epistemology* (have gathered primary data to address the research problem), having an *axiology* to evaluate the respondents' perceptions (objectives of the research), has followed an appropriate *methodology* (steps adopted to carry out the study) and finally followed by a *method* (conducting survey and application of data analyzing techniques) to derive the conclusions.

Fig 1: Conceptual Model of Government Audit Propriety Study (Source: Authors)



In Fig. 1, three predictors viz. technical factors, independence factors and administrative factors assumed have affected the outcome severally and jointly, i.e.,the government audit and the latter has an effect on the other two outcomes- prevention of corruptions and accounting reforms. For execution the study has presumed a research paradigm where the *ontology* is the losing relevance of the government audit at least on the basis of Hon'ble HC of Tripura's judgment (the existence of reality), followed by an *epistemology* (have gathered primary data to address the research problem), having an *axiology* to evaluate the respondents' perceptions (objectives of the research), has followed an appropriate *methodology* (steps adopted to carry out the study) and finally followed by a *method* (conducting survey and application of data analyzing techniques) to derive the conclusions.

3. Methodology

The methodology is an approach for executing the research in a scientific manner and therein incorporated the following sub-heads:

3.1 Study Design

The present study has adopted *cross-sectional design* as it has been executed during January-March, 2017. This design has chosen as it has the purpose to assess the perceptions of the sample respondents about the overall picture of the research problem (Babbie, 1989) and likely to derive higher levels of external validates (Lee & Lings, 2008). The survey design having multiple advantages e.g., eases of quantification and estimation about the study population (Fisher, 2007; McDaniel, 2010) has been followed.

3.2 Methods

The research methods, strictly speaking the data gathering and analyzing technique (Saunders, Lewis & Thornhill, 2014); unique to a particular research problem, has been framed in the following manner.

3.2.1 Schedule Development

The study has developed the interview-schedule in multi-stages. *Firstly*, the digital library of a central university accessed using few key words like government audit, funds management and corruptions in government sector and reforms in government accounting and 224 papers with full texts have been downloaded. *Secondly*, the downloaded papers have been extensively reviewed to form the research hypotheses, objective of the study and items of the schedule. Based on the literature review the study has generated 51-items schedule for conducting the pre-test. *Thirdly*, the enumerator thereafter has run a pilot study with randomly chosen 30 sample respondents to check the words, clarity and order of the items as scholars suggested e.g., Zikmund & Babin (2012). *Finally*, the data of the pilot study has put into SPSS-20 to check the reliability (a good measure) of the items and based on the Cronbach's alpha scores .5 and above 47-items have been retained for final survey.

3.2.2 Sampling Technique

The study has presumed all the college and university students, service holders, businessmen and self-employed persons of Tripura, a north-eastern Indian state as study population amongst them 170 sample respondents have been chosen following a simple random technique. The sample size (n) has computed based on the advice of social scientists (Roscoe, 1975; Tabachnick&Fidell, 2013) threshold limit of 30 and 500. Moreover, the statistical outcome with n>100 most likely draw the similar conclusions in parity with larger sample size (Isreal, 2013).

3.2.3 Data

3.2.3.1 Primary Data

The study has used self-administered interview schedule along with a cover letter incorporating the study objectives and instructions to fill in the items of the schedule. Section- A of the schedule has addressed the general profile of the respondents, Section- B has covered research problem related items designed with 5-ponit Likert scale with answer options strongly disagree (1) to strongly agree (5) for accessing the benefits like easy coding and tabulation (Hair et al. 2010). The choice of 5-point Likert scale has been based on the better internal consistency as suggested by authors (Wu, 2003).Further, it

has carefully reviewed the prolonged debate about the nature of the scaling technique of the Likert scale and has conceded it as an interval scale inasmuch the objective is to compute the summated score of the items (Li, 2013). The applied scale of the study has been identified as 'Likert scale' rather 'Likert type scale' and accordingly the relevant descriptive statistical measurements have been computed, in line with literature (Clason & Dormody, 1994). Close monitoring on the number of items and probable non-response tendency has been managed by keeping the number of items into a standardized number as scholars have suggested (Dilman, 1978). The enumerator has briefly explained the objective of the study to the respondents as well as translated the items into vernacular language (Bengali) as per the respondents' requests (Peytchev et al., 2010), which, in turn, has clarified the doubts whenever emerged and also assured them about maintaining anonymity regarding the individual responses as scholars have recommended (Oppenheim, 1992).

3.2.3.2 Secondary Data

The *Primary sources* have been accessed and reviewed the downloaded research papers published by international publishers e.g., Emerald, Sage, Wily, Springer, Elsevier Science Direct and Taylor & Francis. Moreover, data base JSTOR and J-gate (online journals), project reports, monographs have also been accessed. The *secondary sources* include the review papers, relevant websites and expert opinions published in business newspapers. The*tertiary sources* have been encompassing of the citation indexes e.g., the Indian citation index and the Social Science Research Network (SSRN), Google Scholar and Research Gates. Further the website of C&AG has also been explored.

3.2.4 Data Analysis Strategy

The study has used IBM SPSS (statistical package for social science)-20 for analyzing the raw data.

3.3 Parameters

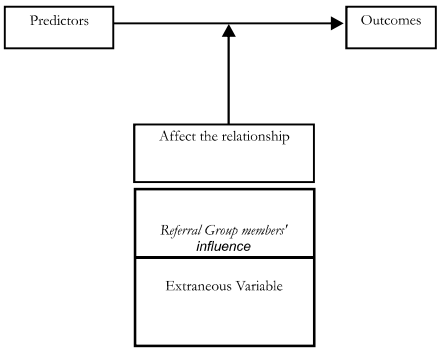
The parameters of the study have exhibited in the Table 1 as well as in Fig. 2. The predictors (independent variables), outcomes (dependent variables) and the extraneous variable (influence of referral group members)which probably could influence the strength of the relationships between predictors and outcomeshave been controlled by conducting the interviews separately.

Table 1: Variables of the Study*

Predictors	Outcomes	Extraneous
Technical Factors	Government Audit	*Influence of Referral group members*
Independence Factors		
Administrative Factors		
Government Audit	Corruptions Prevention	
	Accounting Reforms	

*Source: Authors

Fig. 2: Sets of variables for studying government audit proprieties (Source: Authors)



3.4 Significance Level

The study has assumed 95% confidence about the likely behavior of the study population based on statistical results of the samplesi. e., the significance level (α) has taken as 5%.

3.5 Selection of Statistical Tests

The choice of appropriate statistical tests have based on hypotheses, objectives of the study, type of data and sample size; which have been summarized in the following tables, exclusively complied by the researchers of the present study.

Table 2: Choice of Tests*

Tests	Variables						Purposes	Null Hypotheses
	Predictors			Outcomes				
	Name	Measurement	No.	Name	Measurement	No.		
Multiple Regressions	Technical, Independence and Administrative Factors	Categorical (Nominal)	3	Government audit quality	Continuous (Interval)	1	To estimate the impact of three predictors on an outcome.	H_{01}
Simple Regression	Technical Factors	Continuous (Interval)	1	Government audit quality	Continuous (Interval)	1	To predict the value of an outcome based on the value of a predictor.	H_{01a} H_{01b} H_{01c}
	Independence Factors	Continuous (Interval)	1					
	Administrative Factors	Continuous (Interval)	1					
Simple Regression	Government audit	Continuous (Interval)	1	Corruptions Prevention	Continuous (Interval)	1	To predict the value of an outcome based on the value of a predictor.	H_{02}
Pearson's Correlation & Simple Regression	Government audit	Continuous (Interval)	1	Accounting Reforms	Continuous (Interval)	1	To measure the strength and direction of association that exists between a predictor and an outcome.	H_{03}
							To predict the value of an outcome based on the value of a predictor.	

*Authors' compilation

Table 3: Assumptions Hold for Selected Tests**

Tests	Type	Rationale
Pearson's Correlation	Parametric	Interval Data, linearly related, Sample size (n)>30, sampling distribution is bivariate and normally distributed.
Simple Regression	Parametric	Interval Data, linearly related, sample size (n)>30, sampling distribution is multivariate and normally distributed.
Multiple Regressions	Parametric	Interval Data, linearly related, sample size (n)>30, sampling distribution has bivariate form which has normally distribution.

**Authors' compilation

3.6 Research Validities

The study has taken appropriate steps to counter the internal validity threats (e.g., the respondents have chosen randomly, have surveyed in different points of time), external validity threats (have been kept the results of the study within the study population) along with different research validities e.g., internal (statistical results), construct (items of the data collection tool), contents (how the items have addressed study objectives), instrument (applied scaling techniques), concurrent (similarity or deviation from prior studies) and conclusions (generalizations of results in wider sense) have tested.

4. Findings

4.1 Descriptive Statistics

The descriptive (sample) statistics of the study have explained using mode (for nominal scale), means and standard deviations (for interval scale).

The study has reported that majority of the respondents are men (84.1 percent), married (68.8 percent), oscillated in the age group of 26-35 years (53.4 percent), graduates (68.2 percent), service holders (49.4 percent), general (36.5 percent) and Hindu by religion (86.5 percent). Moreover, 71.2 percent respondents have perceived that technical factors have affected government audit whereas 81.8 percent and 79.2 percent respectively have perceived that independence and administrative factors also have affected government audit.

Government Accounting in Practice is the name labeled for Factor 1 which has 9 items with average means 4.17 and average SD .752, with means ranging from 3.97 to 4.39. Factor 2 has been assigned the name of *Government Internal Audit Uniqueness*having 7 items with average means 4.05 and average SD .705, with means ranging from 3.82 to 4.26.The third factor has been labeled with the name *Government Audit & Fraud Preventions* has 7 items incorporated having average means 4.01 and average SD .656, with means ranging from 3.95 to 4.25. Factor 4 has been assigned the name of *Required Reforms in Government Accounting* has therein 6 items with average means 3.97 and average SD .698, with means ranging from 3.77 to 4.22. The last factor has been assigned the name of *Audit Expectations* having 8 items with average means 4.06 and average SD .618, along with means ranging from 3.85 to 4.36.

4.2 Factor Analysis

The study has run Factor analysis for data reduction, data clustering as well as for accessing its extended benefits for further analysis (Field, 2000). The reliability and the degree of consistency between the items have been tested using Cronbach's alpha scores for all the retained items put together (.844)and sampling adequacy (.740)has been

tested using Kaiser-Mayer-Olkin (KMO).The outcomes exceeding the benchmark of .6 giving the rationale for applying Factor analysis as scholars have advised (Kaiser & Rice, 1974; Hair et al. 2010).The overall significance of the correlation metrics have tested with Bartlett Test of Sphericity (approx. Chi square =1667.176 and significance at .000) has validatedthe adequacy of data set, i.e., in other words, the significant chi-square score has affirmed that the matrix unlikely be an identity matrix. Further, the Cronbach's alpha scores of pre-test have supported to drop four items having the scores less than .5. The excluded items included: political corruption is considered a major impediment to economic development (.452), government audit may have led to a stronger electoral disciplining effect (.396), audit failures occurred due to the professional negligence and due to applied audit techniques (.483) and audit failures have been take place as the internal auditors were untrained with the fraud detection techniques (.391).

Table 4: Total Variance Explained*

(Factors: GovernmentAccounting in Practice, Government Internal Audit Uniqueness, Government Audit & Fraud Preventions, Required Reforms in Government Accounting and Audit Expectations)

Factors	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	8.015	25.18	25.18	7.302	21.18	21.18	7.302	19.12	19.12
2	6.127	19.07	44.25	5.148	17.11	38.29	5.148	16.39	35.51
3	4.338	14.16	58.41	3.220	13.48	51.77	3.220	12.23	47.74
4	2.849	9.36	67.77	2.115	7.89	59.66	2.115	10.91	58.65
5	1.224	6.69	74.46	1.039	3.57	63.23	1.039	4.58	63.23

*Primary data

In Table 4 the summarized Eigen values of the extracted five factors have been reported. Eigen values above 1, as advocated by the scholars (Ho, 2006) have been retained representingapproximately 74.46 percent of the variables; an adequate percentage for taking inferences (Pett, Lackey & Sullivan, 2003).

4.3 Inferential Statistics

Different inferential Statistics- set of numerical techniques have been used to test the null hypotheses based on primary data for estimating the likely behaviour of the study population from which those samples have been randomly selected.

4.3.1 Multiple Regressions

To assess the impacts of three predictors on the outcome (audit quality) it has applied Multiple Regressions and the results have been summarized in Tables 5 and 6 respectively.

Table 5: Model Summary*

Model	R	R^2	Adjusted R^2	Standard error of estimate	Change Statistics					Durbin-Watson
					R^2 Change	F Change	df_1	df_2	Sig. F Change	
1	.522	.393	.388	70.11	.577	112.33	1	168	.001	1.91
2	.889	.875	.851	67.81	.312	104.75	2	166	.000	

*Primary data

From the Table 5, in Model 1 it has used technical factor as predictor and in the Model 2 independence factor and administrative factor have been applied to assess their combined effects on the government audit.Amongst the different methods of measuring goodness of fit of the multiple regressions model, the square of the multiple correlation coefficients R^2 and adjusted R^2 have been chosen, in line with the advices of the scholars (Draper & Harry, 1998).The first column (R) has indicated the association-i.e., the simple correlation between the first predictor and the outcome calculated as.422.The second column (R^2) has been valued as.393 i.e., 39.3percent of the outcome has been represented by thetechnical factor.In Model 2, the R^2 value has been raised to.851 which has indicated the addition of the remaining two predictors (Independence factor and Administrative factor) have contributed46.3 percent(.851-.388)of the outcome. In both of the models the third columns (adjusted R^2) have produced values which are close to the values of R^2, indicating the models have been derived from the study population. In change statistics details, R^2has been changed from 0 to.577,and that of in model 2 to.312 with significant F-ratios ($p<.05$). Finally, the Durbin-Watson test has indicated a score of 1.91i.e., close to 2 which has validated the assumption of independent error.

Table 6: ANOVA Results*

Model		Sum of Squares (SS)	d. f.	Mean Square [SS/d. f.]	F	Sig.
Model 1	Regression	235789.31	1	235789.31	89.71	.000*
	Residual	866715.15	168	5159.01		
	Total	1102504.46	169			
Model 2	Regression	715789.23	3	238596.41	102.36	.000*
	Residual	574890.22	166	3463.19		
	Total	1290679.45	169			

Predictor: (Constant), Technical factor *Primary data

Predictors: (Constant), Independence factor, Administrative factor Outcome:Audit quality

Table 6 has reported the analysis of variance (ANOVA) results which have pointed out the improvement in the model fitness through F ratio. The ratio has increased from89.71 to 102.36,significant at p<.05; have supported likely to reject $H_{01,}$and it has probably to conclude that the three factors have significant impacts on the government audit quality. The findings have correlated with the literature as far as the influence of these predictors on the outcome has been concerned (Li et al., 2011; Dwivedi, 2011).

4.3.2 Simple Regression (For testing $H_{01a,}$ H_{01b}&H_{01c})

To predict the individual effects of technical, independence and administrative factors on the government audit quality, it has applied Simple Regression and comparative results have been presented in Table 7.

Table 7: Comparative Model Summary Results[a*]

Factors	Model	R	R^2	Adjusted R^2	Standard error of estimate
Technical	1	.522[a]	.393	.388	70.11
Independence	1	.649[a]	.296	.289	68.58
Administrative	1	.594[a]	.017	.013	62.94

[a.]Predictors: (Constant), Three Factors *****Primary data

Table 8: Comparative ANOVA[b] Results*

Factors	Model	Sum of Squares (SS)	d. f.	Mean Square (MS)	F	Sig.
	Col. 1	Col. 2	Col. 3	Col. 4 [Col. 2/ Col. 3]	Col. 5	Col. 6
Technical	Regression	208759.13	1	208759.13	94.75	.000*
	Residual	786245.33	168	4680.03		
	Total	995004.46	169			
Independence	Regression	198576.22	1	198576.22	95.11	.001*
	Residual	804597.59	168	4789.27		
	Total	1003173.81	169			
Administrative	Regression	775341.04	1	775341.04	96.02	.003*
	Residual	987569.38	168	5878.38		
	Total	1762910.42	169			

*Primary data

In Table 7, the column R has represented the simple correlation between the three factors with the government audit quality and the results have indicated for the independence factor the association is strongest. The R^2 values have shown the factors have explained 39.3, 29.6 and 17 percent of the variability of the outcome respectively. The results have also affirmed the highest level of importance of technical support such as on the job training and resource allocations for improving the government audit quality supporting related literature (Bronson, Masli& Schroeder, 2014). Further, Table 8 has presented the comparative Analysis of Variance (ANOVA) results which have shown whether the models are significantly better or not than mean value for predicting the outcomes. Based on the significant results ($p<.05$) the study has likely to reject all the three sub-null hypotheses and to conclude that all the three factors significantly impacted the government audit quality.

4.3.3 Simple Regression (For testing H_{02})

To predict the effect of government audit inpreventing corruptions the study has run simple regression analysis.

Table 9: Model Summary Results[a*]

Model	R	R^2	Adjusted R^2	Standard error of estimate
1	.547[a]	.491	.445	61.25

[a]Predictor: (Constant), Government Audit *****Primary data

In Table 9, the column R has represented the simple correlation between government audit and corruption preventionswhich has computed as .547, having just one predictor. The R^2 value has been calculated as .491 i.e., it has implied that government audit has explained 49.1 percent variationsin corruption preventions.

Table 10: ANOVA[b] Results*

Model	Sum of Squares (SS)	d. f.	Mean Square (MS)	F	Sig.
Col. 1	Col. 2	Col. 3	Col. 4 [Col. 2/ Col. 3]	Col. 5	Col. 6
Regression	211125.21	1	211125.21		
Residual	803157.30	168	4780.69	89.37	.000*
Total	1014282.51	169			

[b]Outcome Variable: Corruption preventions ***** Primary data

Table 10 has presented the Analysis of Variance (ANOVA) resultswhich have shown whether this model is significantly better or not than mean value for predicting the outcome.The column 4,Mean Square has been calculated dividing col. 2 by col. 3 andin column 5 the F ratio has indicated a significantvalue ($p<.05$) and the results of the model havebeen reported as[$F(1, 169) = 4780.69, p=.000$].Based on the results the study has likely to reject the null hypothesis (H_{02})and to concludethat the government audit has significantly impacted in corruption preventions, in corollary with literature (Omar &AbuBakar, 2012).

Table 11: Correlations between Government Audit and Accounting Reforms*

Predictor	Outcome	Significance Value (p)	Correlation Value (r)
Government Audit	Accounting Reforms	.004**	.711

* Primarydata, **p<.05

To assess the associations between the government audit and accounting reforms it has run the Pearson's correlation analysis (Table 11) which have indicated a significant relationship (r =.711,p=.004, p<.05) based on which the study likely to reject the second hypothesis and to conclude that the government audit likely to have significant impacts on the accounting reforms have been probably found as true.

4.3.4 Simple Regression (For testing H_{03})

The study has run Simple Regression to assesshow the government audit has channelized the accounting reforms. The results have been summarized in the following two Tables.

Table 12: Model Summary Results[a*]

Model	R	R^2	Adjusted R^2	Standard error of estimate
1	.670[a]	.523	.517	59.38

[a]Predictor: (Constant), Government Audit *Primary data

In Table 12, the column R has represented the simple correlation between the government audit and corruption preventions which has computed as .670, having just one predictor. The R^2 value has been calculated as .523 i.e., it has implied that the government audit has explained 51.7 percent variations in accounting reforms.

Table 13: ANOVA[b] Results*

Model	Sum of Squares (SS)	d. f.	Mean Square (MS)	F	Sig.
Col. 1	Col. 2	Col. 3	Col. 4 [Col. 2/ Col. 3]	Col. 5	Col. 6
Regression	209783.50	1	209783.50		
Residual	864570.35	168	5146.25	92.81	.001*
Total	1074353.85	169			

b. Outcome Variable: Accounting reforms *Primary data

Table 13 has presented the Analysis of Variance (ANOVA) results which have shown whether this model is significantly better or not than mean value for predicting the outcome. The 4th column Mean Square has calculated dividing col. 2 by col. 3 and in column 5 the F ratio has indicated a significant value ($p<.05$) and the results of the model have been reported as [$F (1, 169) = 5146.25$, $p=.001$]. Based on the results the study has likely to reject the H_{03} and to conclude that the government audit has significantly impacted in channelizing the accounting reforms, in tune with the prior study (Warren, 2014).

The study has applied inferential statistics to test the null hypotheses for estimating about the study population. It has applied Multiple Regression to test the first hypothesis and the results have pointed out significant effects of technical, independence and administrative factors on the government audit severally and jointly hence the first hypothesis likely has to be rejected. In addition to joint impact assessments, the individual impacts of the three factors have also been evaluated by running Simple Regression analysis. The significant results have also conceded the impacts of the technical, independence and administrative factors on the government audit quality hence likely to reject all the three sub null hypotheses. To assess the role of the government audit in the prevention of corruptions it has applied Simple regression and the significant outcome has provided evidence to likely reject the second hypothesis,i.e., in other words, the research hypothesis probably be accepted. To measure the associations between the government audit and accounting reforms, it has used Pearson's Correlation coefficient which has indicated a significant result. Furthermore, the trend indicated by significant Correlation coefficient outcome has also been affirmed by the significant result of the Simple Regression test and based on these the study has likely to reject the third hypothesis and has concluded that the government audit probably has significant impacts in the government accounting reforms.

Contemporary literature has indicated that primarily internal audit has an assurance function and internal auditors are expected to carry out the function by providing reasonable assurance of the internal control system of the auditee government organizations. Ideally, internal audit has been identified as the third line of defense; the risk control and compliance oversight function as the second line of defense whereas the bureaucratic and administrative control of the government organizations as the first line of defense for protecting the public funds. Interestingly, internal audit with its limited scope unlikely to provide a reasonable assurance regarding risk identification and evaluation process and their adequacy and effectiveness. Further, the reviews of administrative and operational decisions have also been excluded from the ambit of the internal audit. Accordingly, the study has opened up a new vista for posterior research whether the government internal auditors have been compelled with transfer-phobia or political pressure to submit unqualified reports like their counterparts in corporate sectors who have been probably practicing the same in fear of losing their auditee clients.

5. Conclusion

The study has intended to assess the role of the government audit based on a recent judgment delivered by the Division Bench of the Hon'ble HC of Tripura expressing doubts about the Internal Audit Directorate's audit reports on MGNREGA scheme implemented by the RD blocks of the state. Reviewing the prior studies it has constructed three research hypotheses and a conceptual model and thereafter adopting a cross-sectional research design with a self-administered interview schedule it has gathered primary data from the randomly chosen 170 sample respondents. The scale consistency i.e., the reliability (by Cronbach's Alpha scores), sample adequacy (by Kaiser-Meyer-Olkin test) and the nature of the matrix whether an identity matrix or not (by Bartlett's test of Sphericity) have been tested based on the raw data collected by conducting a pilot study. Moreover, Factor analysis has clubbed the items into five factors which have been assigned appropriate titles. The null hypotheses have been tested using different inferential statistics and have

indicated significant results and banking upon which the research hypotheses likely have to be accepted. To sum up, in line with Zhao's (2005) three categories of influencing factors on the government audit quality the study has set a research hypothesis as well as three sub-hypotheses; further, it has assumed that the government audit has an influence in preventing corruptions and in the introduction of reforms in the government accounting system. The significant results have supported to likely reject the null hypotheses and all the research hypotheses probably have to be accepted.

In course of personal interviews the respondents have unequivocally expressed their concerns about the validity and integrity of the audit reports which have been submitted by the state's Audit Directorate. They have apprehended about the ill-nexus between the political leaders and few corrupt top bureaucrats which might have been forced the auditors to compromise with their audit processes, applied techniques and even for preparing unqualified audit reports. Moreover, the respondents have alleged that the tendency of over dependency on bureaucrats, drawing and disbursement officers' inadequate funds management knowledge and acumen, deficit in on the job training, their blind relying on cashiers, irregular updating of books of accounts, lack of digitalization, *lahelahe* (which means 'go slow' in Assamese) attitudes in office automation and traditional cash basis of accounting system have been identified as pivot factors for such debacle in government accounting. Although corruptions in government departments unlikely be entirely eliminated but broad public support, vigilant civil society and dogged investigators could create phobia in the minds of the perpetrators along with stringent rules and strict adherence to that are the need of the hour. Moreover, even though public sentiment against the government audit failures in preventing corruptions in the public funds management have been highlighted in the current study, the auditors likely to point out the opportunities for corruptions. They could identify the areas where documentary evidence are inadequate, could resort to participatory auditing in the situations of collusion between the citizen and public functionary, could insist for public disclosure guidelines for addressing the discretionary power of the public functionaries and could extend cooperation to the investigators in course of special audit. The stated efforts by the government auditors, if adopted would likely to prevent the corruptions and would restore the lost public confidence on government audit.

The study has duly acknowledged few **limitations** prior to wider generalizations. *Firstly*, the study has intended to assay the relevance of the government audit in the light of the recent Hon'ble Tripura HC verdict, hence other pertinent aspects of the government audit have been excluded from the scope of the current study. *Secondly*, the study being a perception study in its nature has used a self-administered interview schedule instead of adopting or adapting any other established questionnaire to collect the primary data. Moreover, the use of 5-point Likert scale might have attracted central tendency problem as few respondents could have put tick mark on the 'neutral' box. *Thirdly*, due to parsimony and shortage of time it has taken small study jurisdiction, study duration, study population as well as small sample size of just 170 respondents. *Fourthly*, aligned with the objective it has framed only three research hypotheses and has tested their null forms to assess the government audit role in Tripura and other hypotheses have not been generated. *Fifthly*, it has unambiguously meant by the government audit as the annual audit carried out by the Internal Audit Directorate of the Finance Department, Government of Tripura but not the audit carried out by the office of the Auditor general (AG)- Tripura, a wing of the Comptroller General of Audit (CAG), Government of India. *Sixthly*, as far as accessing the secondary data has been concerned, it has retained only academic e-journals but not any professional journals primarily written for practitioners e.g., The Chartered Accountant. *Seventhly*, the different inferential statistics which have used for testing the hypotheses have their inherent limitations which might have reduced the power of the statistical tests. *Finally*, in spite of taking appropriate preventive measures, the possibility of partial biased responsesunlikelyis entirely ruled out.

The study has several **practice implications** for the stakeholders of the government audit. *Firstly*, the study has raised questions on the existence of Internal Audit Directorate and the relevance of its audit reports, in a period of exposure of scams through other means like RTI replies and by Hon'ble Tripura HC's interventions in response to admitted PIL. *Secondly*, the consistent audit failures have raised severe doubts on the independence of the auditors, their capabilities in fraud detection and prevention, quality of audit works and preparation of qualified reports. *Thirdly*, the study has also indicated the professional negligence by the few bureaucrats as it has been evidenced from the Division Bench's verdict for carrying out audit by the independent private firms as well as prosecution of few perpetrators for financial scams. *Fourthly*, it has pointed out loopholes in the government accounting system, funds management, officials' lack of financial literacy and training in the context of the government funds management. *Fifthly*, statistical results have validated that the government audit has significant role in preventing corruptions in the government departments which, has its evidence at least the prosecution of a block development officer (BDO) in 2014 based on the audit report, but such audit consistency unfortunately has been failed in subsequent years. *Sixthly*, it has highlighted the importance of regular training for accounting staffs and auditors for proper management of public money and implementation of the multiple welfare schemes. *Seventhly*, the policy makers may use the reports for framing or amending policies on the auditors' training with more emphasis on the fraud detections and preventions techniques, on assaying the financial propriety of transactions and the like. *Eighthly*, the study has indicated about the weak monitoring system, lack of information networks, budget supervision which have likely been significantly contributed in breeding corruptions.*Finally*, different stakeholders e.g., the common men may use the report for enhancing their awareness levels while accessing any government scheme related benefits and to protect themselves from being cheated by the corrupt officials.

The study has prepared a **road map for further studies**. *Firstly*, the excluded variables of the study e.g., quality control of the audit process, different causes of corruptions in the government sector, auditors compensation (as good number of auditors are working in fixed pay) and its effect on the audit quality may be incorporated in future studies. *Secondly*, in future accessing the audit reports comparative vertical and horizontal studies between different RD blocks and government schemes may be carried out. *Thirdly*, studies may be attempted to investigate where frauds have been reported to unearth the causes of audit failure and to suggest the preventive mechanism. *Fourthly*, the political context of the government audit having a strand of the audit practices need to be investigated in detail. *Finally*, the scope of the government audit, commonly applied techniques and training manuals need to be evaluated in an era of rapidly changing technology, regulations and exposure of scams in the government departments by conducting surveys as well as accessing the government databases with an intention of identifying the mechanism for building a fraud-proof robust internal control system- resulting ethical quality audit practices.

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