# Effect of Value for Money Audit on Fraud Prevention in the Nigerian Public Sector

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**Abstract**

*Increasing concern and awareness of government activities by its citizens brought about the widening of the scope of governmental auditing over the years by the demand for independent verification of information to the extent that it can no longer be limited to the audit of financial operation, but value for money audit which ensures that the activities and programs are carried out at low cost and high standard. The study examined the effect of value for money audit on fraud prevention in the Nigeria public sector. Lack of fraud preventive measuresput in place in the public sector affect the overall achievement of goals by the managers in the public sector brought the need of this paper. The specific objectives were the aim was to ascertain whether government auditing achieves the purposes for which programs are authorizes and funds released economically and efficiently in accordance with applicable law and regulations and to find out whether in the process if value for money audit have any effect on fraud prevention in the Nigeria public sector. A study and survey of previous works was carried out, it was found that value for money audit play a vital role in promoting the effectiveness and efficiency of activities in the public sector, therefore helps in fraud prevention. There is a significant effect of the value for money audit in fraud Prevention, detection and control in public sector. Value for money audit plays a vital role in promoting the effectiveness and efficiency of activities in the public sectors. Fraud in the public sector is reduced drastically through efficient operation of audit roles. The study recommends that value for money audit should be mandatory requirement under statutes in all public sector organisations because of its effect in fraud prevention. It also recommend that government should support the implementation of policies formulated to enhance value for money audit in the public sector.*

Keywords: Value for Money, Audit, Fraud Prevention, Public Sector

## 1. INTRODUCTION

Strong internal controls, including maintaining a robust internal control environment, are the best way public sector organizations can mitigate fraud. However, even a strong internal control environment cannot guarantee that no frauds will take place within organizations. Implementation of further lines of defence, such as an efficient and effective internal audit function, is important. Large corporate scandals and frauds have shaken both the private and public sectors over recent decades. The negative effects of these frauds are significant but difficult to quantify and measure. Their impact is often damaging both financially and reputationally to organizations and is therefore not widely publicized. Frauds are often very difficult to uncover. Despite increased fraud prevention and detection methods, many frauds still are only accidentally discovered after going on for prolonged periods. Governments and organizations have increased their efforts to address fraud risks, driven by the global growth of fraud occurrence; the demands of a burgeoning regulatory environment; citizen increasing dissatisfaction with the scale of the fraud and corruption as well as amplified requirements from external and internal auditors. More than ever organizations are focused on establishing appropriate risk assessment processes and plans, and implementing fraud awareness programs, together with prevention and detection measures. This study examines the effect of value for money audit on fraud prevention in the public sector. It describes the technique and procedures in conducting value for money audit and it effect in fraud prevention in the public sector.

Fraud Prevention has become increasingly important to managers of various governments in an organization. In general, fraud has always weakened investors' confidence in both private and public sector investment. This is because fraud against an organization reduces the net income and services to be provided to people in the case of public sector. However, conducting value for money audit which is concerned with the economy and efficiency of an organization and the effectiveness of achieving its desired objective, although,its main objective is not fraud prevention, but in the process of conducting the audit, fraud prevention measures are put in place within the organisation.  Auditing is seen to play an intermediary function in between management and the resources of the organization. It is also fundamental to any business either the public or private sector. In the early 1970s, the role of the state auditors began to change dramatically. Changes began in USA, Canada, and in several European countries. The representative of the people started demanding information on the efficiency and effectiveness of public expenditure. In Nigeria no specific legislation has been put in place to empower auditors to carryout value for money audit. However, the 1999 constitution section 88 (2) empowered both the two federal house and the state house of assembly to conduct investigation to expose corruption, inefficiency or waste on the execution or administration of law within the legislative competence and in the disbursement or administration of fraud appropriated by it.

## 2. LITERATURE REVIEW

### 2.1 Conceptual Framework

#### 2.1.1 Concept of Value for Money Audit

The term value for money audit is a new entrant in public sector auditing literature, though the various aspects of the concept have been relatively observed in the process of accountability in the public sector. Johnson (1996) noted that the concept is currently the subject of much discussion in the public sector, some taking the view that it presents a new concept aimed at checkmating the public office holders. As public sector officers became more conscious of the need to ascertain the actual utilization of resources, the concept of value for money started to emerge. Ene (2000) indicated that value for money involves the appraisal of pursuit of the economy's efficiency and effectiveness in utilization of organizational resources. In Nigeria, the concept became very pronounced because of the economic depression experienced since the 1980s. Government's emphasis shifted from expenditure control towards value for money as the need for effective utilization of economic resources became imminent (Ene, 2000). However, Okwoli (2004) stated that the concept of value for money audit has not gained the required level of recognition in Nigeria, though it lies within the jurisdiction of internal control, which is a management device for effective operation of the organization. Consequently, the framework of value for money encompasses; Economy, Efficiency and Effectiveness.

#### 2.1.2 Value for Money Audit Framework

According to Okonkwo (2001), economy is the organization study of the process by which scarce resources are allocated among alternative and competing wants with the objective of obtaining a maximum satisfaction of these wants. Nnamocha (2002), economy is an organized scientific study of the process by which scarce resources which has alternative uses are allocated among competing wants with the objective of maximizing welfare. Auditors try to determine whether the resources have been acquired in the right amount, right place at the right time, of the right kind and at the right cast. These presume that there are standards available to judge whether consideration of economy were kept in view in acquiring resources. With respect to efficiency, Alugbuo (2004), opined that efficiency is all about minimizing waste in the process of transforming inputs into outputs and in delivering them to customers. Efficiency is important because it helps keep down the cast of producing outputs. The guidelines of efficiency are usually spelt out through various policy instruments such as budgets. It's often necessary for auditors to develop such standards or criteria if they do not exist. Therefore, auditors often have to work with the auditee management and other specialist, to identify or develop efficiency standards or criteria. Furthermore, Norbert (1999) refers to effectiveness as the degree to which the resulting outputs satisfied predetermined organizational objectives. Effectiveness is also the end results of the total management process for an organization are being effective. By being effective, an organization should be able to provide outputs that customers and the publics in the external environment will desire value and accept and afford. Effectiveness includes being able to meet budgeted targets. The type of interrelationship between among these three elements is that all of them should be in place before the assessment of value for money can be said to be complete. Right things should be done using the right method at the minimum cast. Also the application of value for money concept to auditing leads to the concept of value for money (VFM) audit. It is applicable to both the private and public sector, but more emphasis has been placed on its application to the public sector. Value for money audit recognizes that the primary responsibility for securing value for money lies with the management of the spending agency or establishment. Developed countries have given legislative backing to value for money audit while such backing is found to be lacking in developing countries. In seeking if the 1999 constitution has made any legislative commitment to the concept of value for money audit, Afemike (2004) concluded that: in spite of the poor state of legislative commitment to the value for money audit, it has been observed that the auditor- general of the federation has included it in his scope of responsibilities. Johnson (1999) opined that value for money auditing is a blend of both conventional auditing, that is, as far as economy and efficiency are concerned and management consulting (in the area of effectiveness audit). In countries where there are specific statutory provisions, on the functions of the government auditor, the responsibilities of the auditor general are well stated to include value for money, whereas in the absence of such provisions, the auditor general will at best be doing what he understands to be his responsibilities. Consequently the audit queries issues to the accounting officers may be misconstrued and not treated in the most appropriate manner.

According to Johnson1999 concept of value for money in public sector should be put to the best possible use and that those who conduct public business should be accountable for the economical, efficient and effective management of the resources entrusted to them. Public sector managers have an obligation to demonstrate that resources such as people, goods and money are used as productively as possible, which is, with due regard for value for money, in achieving the intended results. Although there may be no reason to believe that problems exist, an objective review and resulting recommendation can be of benefit to the organization being reviewed. A value for money audit has a broader scope than a financial statement audit. It calls for a variety of techniques in examining both financial and management controls and could well require a multidisciplinary audit team. The more obvious areas covered by value for money auditing are the following: Financial planning, budgeting and controlling, Human resource management (that is, planning, development, and appraisal), Planning, acquisition and utilization of physical assets such as properties, plant and equipment and the development of management information systems necessary to plan, operate and control an organization. A value for money audit may be conducted by internal auditors reporting to management or by external auditors providing an independent report to those to whom management is recognized as being accountable. These may be legislators, elected representatives, senior administrators and the general public. This statement is directed to the external auditor and the term "value for money audit" in the rest of this statement as defined in tone with the recommendation of the public account committee.

### 2.1.3 Concept of fraud

According to Zimbelman and Albrecht (2012), fraud can be defined as a generic term, and embraces all the multi-furious means which human ingenuity can devise, which are resorted to by one individual, to get an advantage over another by false representations. This includes surprise, trickery, cunning and unfair ways by which another is cheated. Similarly, Singleton and singleton (2010) also reveal that entities or government needs to define fraud and make it part of ethics or fraud policy, and ensure all employees have to sign their acknowledgment of understanding and accepting to abide by it. Oyadonghan (2008) sees fraud as the use of deception for unlawful gain and unjust advantage. Association of Certified Fraud Examiners (2008) classifies fraud as occupational fraud and abuse, financial statement fraud. Occupational fraud and abuses (employee frauds) are act of use of employee's occupation for personal gain via the deliberate theft or misuse of the employer's resources or assets; while financial statements fraud is the deliberate act of misrepresentation of the financial reports through the intentional misstatement or omission of amounts or disclosure in financial statements so as to deceive the users. Based on various definitions of fraud above, we can conclude that fraudulent activities involve deception in any form to gain advantages of the victim who suffers financial damage. The definition of The Association of Certified Fraud Examiners (ACFE) addresses fraudulent activities that are prevalent in most public sectors.

## 2.2 Empirical Discussion

Alwardat and Benamraoui (2014) found out that value for money auditing has become key in oversight over public sector services with emphasize on accountability; and has influence on management styles used in public sector organisations, though there is a contrary view that it constrains management of public sector services.Chezue (2013), focusing on the National Audit Office of Tanzania to find out the cause andeffects of misuse of resources that led to negative impact to communities, and underminéddevelopment projects of the country. He collected primary and secondary data throughobservation, participation, interviews, examination of documents, and inspection. He found out that value for money auditing is not a popular approach among public officials, value for money auditors were few with no universal criteria for evaluating the 3e's and auditees' fear of victimisation. Kristin (2013), focused on the Auditor General in Norway and studied accountability and usefulness of Value for Money auditing. She probed the influence of VFMA by analysing data from a survey of 353 civil servants who had experienced value for money audits. Her findings discounted the assumption of accountability paradox (assertion that enhanced accountability can erode organizational performance), and rejected the assumption that accountability enhances performance as the two variables are dissociated. She also concluded that civil servants perceive that value for money auditing hold ministries to account to some extent, which is not the case. By exploring the dilemmas between accountability and organizational learning, she contributes to the impact of value for money auditing relevant to evaluations with an accountability approach. In addition, Kristin's (2013) observed that little evidence exist that VFMA has an effect or contributes to effectiveness, the efficiency, and accountability of public sector. She also offered that state administrations contest VFMA mandate on effectiveness; creating room for management failure that undermine public accountability in various countries. Nasstrom and Persson (2016), studied value for money audits – factors affecting audit impact in Sweden with a focus on human perception; through a cross sectional comparative qualitative study involving 23 interviews spread across three value for money audits, examination of public documents, benchmarked with earlier studies and theories. They concluded that audit impact is complex and mainly affected by usefulness and quality of value for money audits. Eze and

Ibrahim (2015), examined value for money auditing as a veritable tool for expenditure management using a desktop analytical approach and arrived at two contradictory conclusions, that is; that lack of value for money auditing processes affect the smooth running and growth of an entity, and also that determining how economical, efficient and the extent of objectives realisation is still a subject of debate in most jurisdictions. Bawole and Ibrahim (2015) are of the view that VFMA has failed to attain economy, efficiency, and effectiveness in the few developed countries where it has achieved improved aspects of public sector performance; with instances of anti - innovation, expectation gaps, and unnecessary systems being attributed to it. According to Eze (2015), as VFMA enhance service quality accountability to taxpayers so does it also weaken accountability in the short term due to its long term orientation; creating a gap of variations between what is measured and what is actually done. Sarmento (2010), is of the view that audits impose accountability demands on government appointed officials at the expense of public accountability; besides dimming transparency via their recommendations of complex administrative apparatus (Padia & Vuuran; 2012). Gideon and Tawanda (2012), in their study on Zimbabwe government auditing institutions found out that VFMA reports' recommendations do not stimulate corrective measures from the accounting officers. This could be because as Justesen and Skaerbaek (2010) note, such reports model and present possibilities of improvements and the need for change.

Agbo and Aruomoaghe (2014) examined performance audit as a tool for fighting corruption in the Nigerian public sector administration: A study of government ministries and local government councils in Edo and Delta States. The objectives of the study were to determine if the resources are being managed with due regard to economy, efficiency and effectiveness and whether accountability requirements are being met reasonably. The data for the study were collected with the aid of questionnaire while Pearson's correlation co-efficient was used for data analysis. The findings showed that performance audit could be an effective tool in curbing corruption. The recommendation was that performance audit report should be made public and stringent punishment should be melted on offenders to serve as deterrent to others. Olurankinse (2012) empirically examined measures and strategies aimed at checking wasteful expenditure and keeping budget in line with global practice. Data were collected using structured questionnaires administered to 500 budget officers and accounting officers in various units of government in Ondo State, Nigeria. Analysis of data was done using descriptive statistics with the aid of SPSS version 20.0. The result of the analysis revealed that people who are concerned with budget formulation are not fully carried along and this accounted for the inadequacy of budget formulation. Besides, there is lack and disrespect for due process because of low level of compliance with budget provisions. In terms of monitoring and implementation, result showed that budgets are not well monitored and not fully implemented and this is evident in so many uncompleted and abandoned projects. In another study Tanko *et al.* (2010) examine value for money audit in Nigeria local government councils. The objective of the study was to evaluate whether taxpayers funds are being utilized economically efficiently and effectively. The data for the study were collected with instrumentality of questionnaire while Chi-square was used for analysis data. The findings indicate that the managements of the local government areas do not follow due process in contract award and this has negative impact on the concept of value for money audit. The recommendation was that due process must be followed strictly in both contract award and implementation.

## 2.3 Theoretical Framework

### 2.3.1 Public Interest Theory

This study is anchored on public interest theory propounded by Iyoha, Gberevbie, Iruonagbe and Egharevba in the year, 2015 during their research work titled Cost of Governance: In Whose Interest? The theory is of the view that government is seen to be made up of individuals whose desire it is to serve the public by doing what is “right’. In this context, the government becomes an instrument that will or should improve the welfare of the society. The assumptions of this theory are that the society does not expect any unintended and unexpected consequences of government actions to arise in the course of the discharge of responsibilities. Hence, individuals in government being rational should be able to provide answers to a number of questions such as: what is the right cost of governance? Does current output correlate with level of spending, could more be achieved to improved capital projects. Recurrent expenditure is minimized with current spending, and could the same output be achieved with less spending? The theory is applicable to this study considering the fact that government is expected to provide for the welfare of members of the general public in all ramifications. Government is expected to be proactive, to put in place measures to prevent fraud in the public sector.

## 3. METHODOLOGY

The research design is exploratory in nature and the method employed in this study is the secondary source of data collection. Secondary data refers to data that have already been collected for some other purpose. Yet, such data is very useful for the research purpose. The data were generated from journals, texts books, seminar reports, library, government audit reports and recommendations.

## 4. RESULT AND DISCUSSION

Public sectors according to Adams (2014) are all organizations that are not privately established and operated but which are owned, run as well as financed by the government on behalf of the public. This implies that all the activities of public sectors are governed by government’s pronouncements and constitutions. Adams (2014) lists out regulatory framework of Public sector which includes the constitution of the Federal Republic of Nigeria, the 1979 as amended 1989 and 1999, the Finance (control and management) Act of 1958, the Audit Ordinance of 1956 and the Financial Regulation and Revenue Allocation Laws. With many policies made by government, frauds of different degrees and forms still persist in various public sectors. Government should aim at fraud prevention not just detection. Fraud prevention saves government from huge investigation cost. According to Zimbelman and Albrecht (2012), an environment where fraud is prevented, there would not be detection and investigation costs. Some of the result of value for money audit, is fraud prevention in the public sector.

### Public Sector Audit: Institutional and Statutory Arrangements

The office of theAuditor-General for the Federation was created by Section 85 of the 1999 Constitution of Federal Republic of Nigeria, with that, the importance of government auditing was clearly seen. The Auditor General office is saddled with the responsibility of ensuring that there is accountability by the executive arm to the legislative arm for the proper administration of the activities, functions, operations and programmes of the government and its various agencies. The Accountant General of the Federation isrequired by the Audit Act of 1958 to furnish the Auditor-General for the Federation with the nation's financial statements not later than seven months after the close of each financial year. Theinstitutional arrangement further requires the Public Accounts Committee of the Federal legislativeHouse to deliberate on the Auditor-General’s report and make comprehensive reports andrecommendations to the whole House. At the state level, a similar arrangement is put in placewith the Commissioner for Finance, Accountant-General of the State, Auditor-General for the State, and the Public Accounts Committee of the State House of Assembly performing similar roles as their counter parts at the Federal level. The essence is to extract accountability from the executive to the legislative arm.These institutional arrangements appear not to have sufficient legal backing for Value-for-Money Audit; hence the concept is at its embryonic stage in Nigeria when compared with situations in advanced economies of Canada, United Kingdom, Norway, France and the Netherlands. Although Section 88(2) (b) of the 1999 Constitution of the Federal Republic of Nigeria empowers each Legislative House (the National Assembly and the House of Representatives) to conduct investigations, the powers enable the Houses to exercise oversight function on the Executive arm and expose corruption, inefficiency or waste in execution or administration of laws within each Houses' legislative competence and in the disbursement or administration of funds appropriated by it. Similar powers of investigation are conferred on the State House of assembly by Section *128(2) (b).* These constitutional provisions have been considered to be too narrow to constitute sufficient statutory commitment to Value for Money Audit. Highlighting this point, Afemikhe (2003) testifies that the 1999 Constitution did not expressly empower the Auditor-General to carry out Value-for-Money Audits although the later had defined his responsibility to include carrying out financial, regulatory and Value-for-Money Audit.

**Audit, Internal Auditing and Internal Auditor**

The idea of audit/auditing emanated from the ancient civilization of Romans and Egyptians. The term "audit" was carried from a Latin word "audore" meaning "to hear" (Anosike, 2009). The idea and origin of stewardship accounting came from ancient times, where wealthy men, business promoters or owners employed ''stewards" to manage their properties and account for them. The account of an estate or domain, were checked over by those in authority. "Such practice brings a lot of suspicion amongst stewards and the estate owners. This in fact gives rise to modern auditing. In the early days of auditing the prime qualification for the position of auditor was "reputation", a man known for this integrity and independence of mind would be sought for this honoured position. The matter of technical skill, ability is entirely secondary. The word auditor soon acquired a secondary meaning i.e. section 358, sub section 1.6 of companies and allied matters decree (C A M D) of (1990); defines an auditor as an accountant who has undergone training and a member of recognized accountancy bodies resident in Nigeria, established from time to time by act or decree and who is carrying on professional practice.According to Azubuike (2005: 84) internal audit is the function of records, appraising the producers and organization of a business and review effectiveness of the system of internal check. Okereke (2000: 24) defines internal auditing as a control function aimed at evaluating the adequacy and effectiveness of other control. In an organization, the internal audit function is carried out specially the assigned staff called the internal auditors. The power and authority of the internal auditor depends to a large extent on management and level of incumbent in the management structure. According to Okereke (2000:24) internal constitute, the evaluation of the internal control system of an organization which include internal checks (that is checking of the day to day transaction) it operates continuously as part of the routine system where the work of one person is proved to be independent to the work of another, the objective being easily prevention and detection of fraud.

**Procedures For value for Money**

Value for money is the concept that seeks the maximization of the use of scares resources for the welfare of the public by ensuring that activities and programs are carried out at low cost and high standards. In other to achieve this phenomenon, three elements are usually covered and these are: economy efficiency and effectiveness. These were the key elements of the view expressed by both the United States comptroller- general and the United Kingdom comptroller- general and auditor- general about three decades ago. The value for money audit suggest those procedures designed to assist management establish necessary control to ensure that the desired objectives are met at the desired level of efficiency and effectiveness. Though this emphasis cost saving but that may not be the overriding objectives. Value for money may not be applied to both private and public enterprise, but it is particularly relevant in the public sector. Its application in the public sector is designed to provide to the oversight bodies an assessment of the performance of the operating arm with information, observation and recommendations designed to promote answerable, honest and productive government. It encourages accountability and best practices. The procedure for value for money is to access the economy, efficiency and effectiveness with which government acquires and applies the resources to benefit the wellbeing of the citizens. Economy does not necessarily imply the cheapest price while the measure of effectiveness is subjective, often involving the perception of the recipient of government services. The value for money audit may not be sensitive to certain political realities such as labour agitation. For instance, where the value for money review clearly reveals over-staffing in public services, some other non-financial consideration may shape government reaction to a recommendation to downsize staff strength. However, a value for money review will certainly focus on the areas of: Corporate structure, Information systems, Management style, Authorization procedures, Segregation of duties, Resource utilization and Effective supervision.

**Value for money audit as a tool of fraud Prevention**

Fraud is an intentional act by one or more individuals among management, changed with governance, employees, or third parties involving the use of deception to obtain an unjust or illegal advantage Anosike (2009). Government and Management responsibility towards fraud prevention is to design and put in place measures that will work towards prevention rather thangovernment spendingpublic resources in detection and investigation. Value for money audit is one of such measures. The variety of techniques, procedures and the multidisciplinary audit team involve in carrying out value for money audit covers some steps to take in fraud prevention in the public sector. Is not every fraud committed that can be detected by an auditor. But, an auditor can put measures in place to prevent fraud from taking place.Because value for money review focus on the areas of: Corporate structure, Information systems, Management style, Authorization procedures, Segregation of duties, Resource utilization and Effective supervision. However, when the auditor encounters evidence that material fraud may exist, it is discussed with the appropriate management level. The auditor attempt to obtain sufficient evidence as to the existence is effects of this abnormally by extending his auditing procedure. It would be seen that audit gives reasonable assurance in value for money audit as way of fraud prevention.

**Preventive Measures of fraud in the public sector**

Fraud Prevention involves creation of a culture of honesty, openness and assistance, and eliminating opportunities for fraud to occur (Zimbelman & Albrecht, 2012). Singleton andSingleton (2010) are in agreement with statement by saying: one key to successful fraud prevention is to focus on organization’s culture and make free or low fraud environment. Thiscan be achieved through positive modelling and labelling of tone at the top and if other elements of fraud can be dealt with. Below are some measures to prevent fraud;

i. Understand your organization and industry: Explore key drivers of revenue and related benchmarks, be active in the budget process and evaluate historical trends.
ii. Brainstorm with department heads, key members of management, external and internal auditors to identify fraud risks: Review material weaknesses, compliance findings, and control deficiencies related to the financial and single audits. Also consider decentralized operations. Examples of control weaknesses that contribute to fraud include: lack of internal controls, lack of management review, override of existing controls, poor tone at the top, and lack of competent personnel.
iii. Assess the tone at the top and the entity’s culture: It is imperative that organizations set an appropriate tone at the top, one that demonstrates a commitment to honesty and ethical behaviour.
iv. Create a whistle-blower policy: Establishing a whistle-blower hotline and/or policy is critical. History has shown that the initial detection of fraud most often occurs through a tip followed by management review, internal audit, or by accident.
v. Understand the objective of a financial audit and a forensic audit: The Association of Certified Fraud Examiners reports that less than 10% of frauds are discovered as a result of a financial audit conducted by an independent accounting firm. That is because a financial auditor is required to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error. There is a risk that, even though an audit is properly planned, material misstatements may not be detected. Whereas, the objective of a forensic audit is to determine whether fraud has/is occurring and to determine who is responsible.

According to carl and Richard (2005), internal audit professional should play an integral role in the organization fraud fighting effort, reports also indicates that fraud scheme was identified by internal auditors at more than twice the rate of external auditors. These proactive measures can serve as an integral part of the internal auditor's regime in fraud prevention, detection control and reporting.

## 5. CONCLUSION AND RECOMMENDATIONS

This study was carried out to examine the effect of value for money audit on fraud prevention in the public sector. Having, done with a careful examination of available secondary materials, the following points were obvious. From the findings it was discovered that value for money audit in the public sector plays a vital role on fraud prevention, although the aim of value for money audit is not to prevent fraud but its ripple effect helps in fraud prevention. The technique and procedures involve in conducting value for money audit helps to put in place preventive measures against fraud in the public sector. Value for money audit involves checking the internal control system put in place in an organisation and one of the ways for fraud prevention in an organisation is putting up a good internal control system. In carrying out value for money audit, auditors identify areas where performance need to be improved, where controls are weak, suggest solutions and then help to implement the suggested solutions. The result is fraud prevention in such areas. Value for money audit also plays a vital role in promoting the effectiveness and efficiency of activities in the public sectors. Fraud in the public sector could be prevented through efficient operation of audit roles. Value for money audit report helps to provide new ideas for management in public sector organisation to plan and put in place fraud preventive measures in areas that are needed. Value for money audit helps to save resources for an organisation, it is economical put fraud prevention measures in place that spending hard resources to pay dictation and investigations. Given the foregoing, the study recommends that value for money audit should be mandatory requirement under statutes in all public sector organisations because of its effect in fraud prevention. Public auditors should have audit policy memorandum that would contain standing matters that could help to achieve value for money audit objective, because of the role it plays on fraud prevention.Also, that government should support the implementation of policies formulated to enhance value for money audit in the public sector.

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