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Exploring the Importance of Performance Audits in the Public Sector

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Abstract

This article explores the value of auditing performance information in the public sector. It also examines the impact of performance auditing on public policy. The piece looks into public arguments generated by performance audit results. This paper, in particular, gathers information through a review of the literature on performance auditing. It outlines the major obstacles in conducting performance audits, as well as the potential for performance audits to improve public administration. Similarly, demonstrates that the public auditor is not the only profession capable of conducting performance audits, but may work together with other fields of expertise. In terms of performance audit restrictions, "Lack of collaboration and dedication from auditees in conducting a performance audit" was identified as the most significant obstacle. The paper examines performance audits in the public sector by reviewing secondary data and drawing on the author's personal experiences and insights. The four criteria of identification, screening, eligibility, and inclusion are used by "the Preferred Reporting Items for Systematic reviews and Meta-Analyses (PRISMA)" item checklist to select pertinent data for the research project. Giving to the findings, auditors believe that the effectiveness factor should be included in performance audits, and that public sector auditors should be given the opportunity to influence policy decisions. In addition, performance audits are believed to improve transparency and enable more economical, efficient, and effective use of public resources. This article is one of few studies on public sector auditing particularly on performance auditing in the context of a developing country such as South Africa.

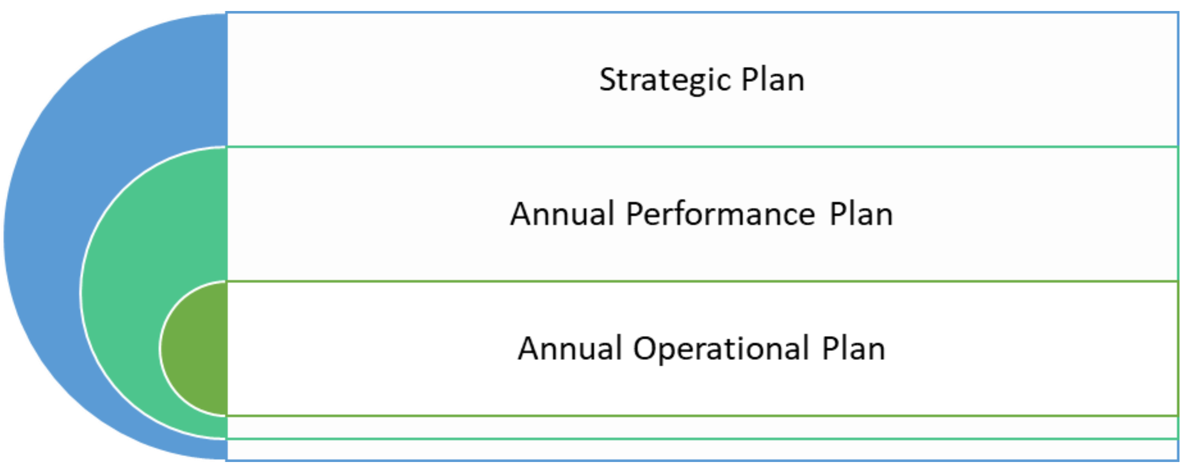
Keywords: *Public Sector Auditor; Unqualified Opinion; Qualified Opinion; Disclaimer of Opinion, Adverse Opinion*

Introduction

Performance audits is an important aspect of effective governance in the South African public sector. Auditing aims to increase accountability and serve as a responsive mechanism for the use of public resources. The purpose for implementing performance auditing is to measure organisational performance, which is achieved by strengthening management and business procedures inside public organisations. According to M'soka, (2008), audit is based on quality improvement plans, promote better service delivery, reducing poverty and creating possibilities to improve people's livelihoods. On the other hand, another significant aspect of performing performance audits is to encourage and improve transparency. In addition, performance audits are technique for holding the organisation accountable for how it manages and uses public cash and other resources.

In South Africa, the Office of Auditor General (AGSA) is tasked with regulating and prescribing procedures for conducting performance audits of public institutions across the *three spheres of government* (at the municipal, provincial, and national levels). According to Gomez and Padia (2014), the Auditor-General sets policies, standards, and recommendations for planning, carrying out, and reporting on performance audits in the public sector. According to these authors, when utilized effectively, performance audits can be a useful instrument in boosting effectiveness, efficiency, and economy in public institutions. Performance audits are undertaken to examine whether stakeholders receive a return on their investment and value for money from public services. Performance audits are used to examine if public institutions are taking sufficient and suitable actions and or activities in carrying out their mandates. The discipline of performance auditing is still in its early stages in South African public sector, as AGSA audits are only recently implemented.

In fact, prior audit, the public sector developed its plans in accordance to the Department of Performance Monitoring and Evaluation (DPME, 2019), prescripts and other applicable oversight bodies. The plans serve as the foundation for tracking financial and non-financial performance on quarterly and annual basis. The plan includes crucial aspects for tracking performance information, such as programme outcomes, outputs, indicators, and targets. Furthermore, these plans (Strategic Plan, Annual Performance Plan, and Annual Operational Plan) are presented to the oversight structure for approval and adoption prior implementation. The figure below demonstrates the connections on governance planning processes, strategic plan, annual performance plan and annual operational plan within the public sector.



Figures 1. Governance planning processes, Source: Author’s construction based on information from literature

The above figure elaborates on the governance processes undertaking on planning in the public sector and how it is implemented. The revised framework for the strategic plans and annual performance plans, 2019 serves as an important document for planning and budgetary processes, hence the framework itself, including the generic formats for strategic plans and annual performance plans. Organisations must comply with legal requirements by developing and submitting a five-year planning horizon strategic plan that details the planned implementation of projects and programs, the implications for resources, and other required information. The additional mandate is that every organisation creates and presents an annual performance plan that includes projections for the next two years, in line with the medium-term expenditure framework (MTEF) period, and, where applicable, quarterly, and annual performance targets for both the MTEF and the current fiscal year. Additionally, it is critical to ensure that the budget documents, yearly and quarterly reports, annual performance plans, and strategic plans all connect with one another in terms of reporting.

Legislative and policy mandates

Policies and laws are important forces behind the creation of performance data. There are numerous laws governing performance audits: Section 195 of the Republic of South Africa Constitution emphasizes the development of efficient and effective use of public resources in the framework of public administration. Section 38 (1) of the Public Finance Management Act of 1999 mandates the Accounting Officer of a government institution to maintain effective, efficient, and transparent financial management, risk management, and internal control systems. Furthermore, Section 20 (3) of the Public Audit Act 25 of 2004 empowers the Auditor General to report on whether the audited public institution's resources were acquired economically and used efficiently and effectively. The Batho Pele Principle, a White Paper on the Transformation of Public Services, includes 'value for money' as one of its eight principles. This principle holds public service departments accountable for providing cost-effective and efficient service to republican citizens. It is clearly evident that performance audits are founded on three (3) important principles: economy, efficiency, and effectiveness. Figure below illustrate key pieces of legislations, policies and frameworks which governs performance audit in the public sector.

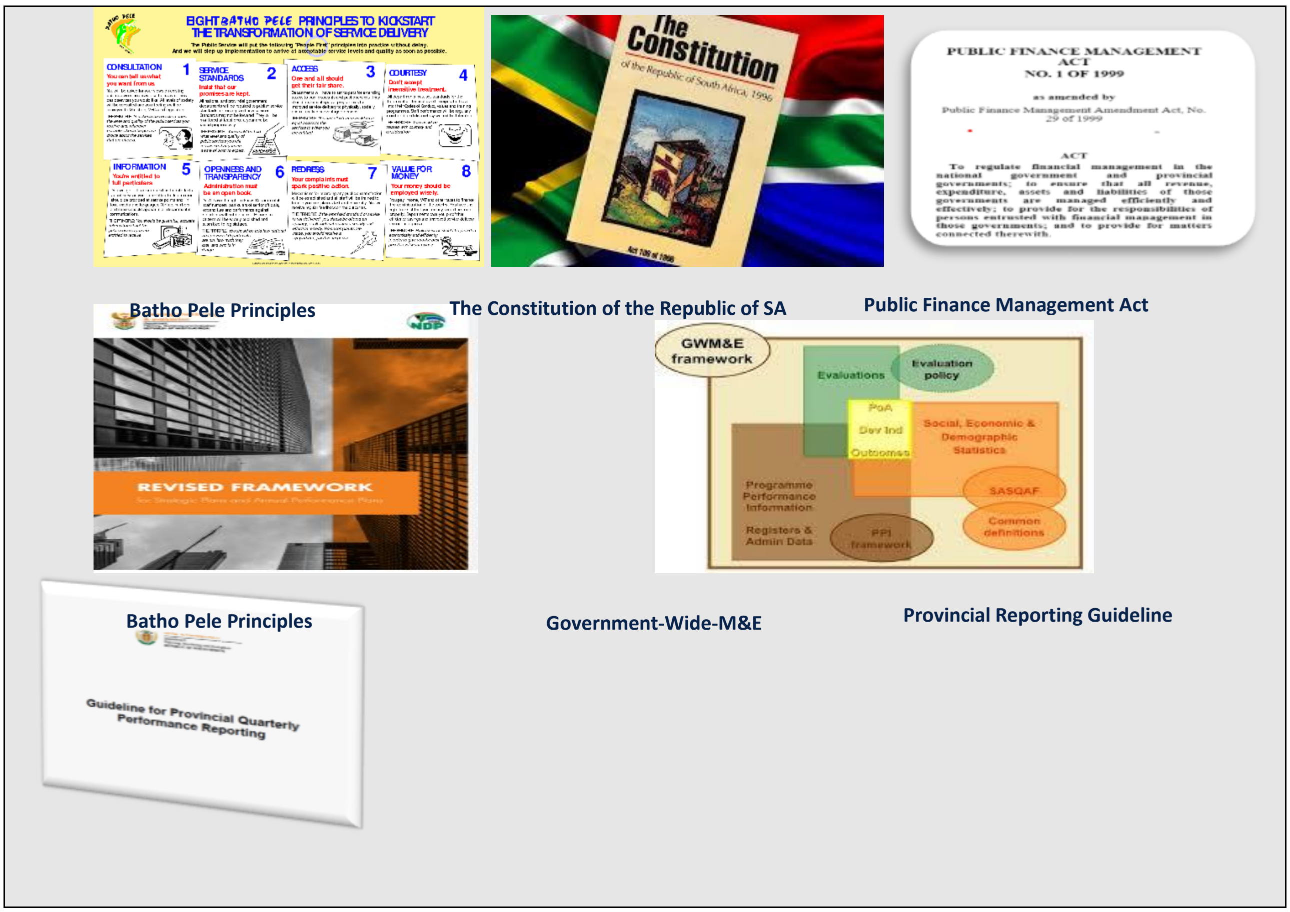


Figure 2. Key legislations, policy guidelines, Source: Author's construction based secondary data

The aforementioned policy standards serve as a framework for the collection of performance data, which is subject to oversight by several oversight bodies and performance audits. The Republic of South Africa's Constitution, which is the ultimate law of the land, also provides for additional laws pertaining to performance monitoring and planning in each of the three layers of government.

THEORETICAL FRAMEWORK

Conceptualization

Within the public sector, there are several definitions that are commonly used for performance reviews. According to some definitions, a performance audit is an impartial, independent, and trustworthy performance assessment conducted by SAIs that examines whether government programs, activities, systems, operations, and organisations are operating in accordance with the principles of economy, efficiency, and effectiveness, or if they could be improved (INTOSAI, 2019). Given the researchers' interest in investigating the significance of performance audit, the following concepts are considered to be essential:

- **Performance auditing:** This is an impartial, unbiased, and trustworthy assessment of whether or not organisation projects, programs, operations, systems, activities, or entities are following the best practices for economy, efficiency, and effectiveness, and whether or not there is opportunity for improvement (Afrosai-E Information Technology Audit Guideline, 2017).
- **Auditor:** An auditor is a person authorized to review and verify the accuracy of financial records and ensure that companies comply with tax laws. They protect businesses from fraud, point out discrepancies in accounting methods and, on occasion, work on a consultancy basis, helping organisations to spot ways to boost operational efficiency. Auditors work in various capacities within different organisations (The Institute of Internal Auditors, 2006).
- **Audit:** The International Standard on Auditing has no definition of an audit in the traditional sense. According to the definition provided in ISA 200, the goal of a financial statement audit is to give the auditor the ability to determine if the financial statements were prepared in compliance with a certain financial reporting framework in all material aspects (Hayes, 2005). According to the International Organisation of Supreme Audit Institutions (INTOSAI, 2013), performance audit is "an independent, objective and reliable examination of whether organisation undertakings, systems, operations, programmes, activities or organisations are operating in accordance with the principles of economy, efficiency, effectiveness and whether there is room for improvement". Gildenhuis and Ross (2015) provide an extension of this definition from the South African Institute of Chartered Accountants (SAICA), which indicates that performance audit should include "a confirmation that appropriate managerial measures have been implemented to achieve the desired improvement".
- **Audit report:** Some authors (Dopuch et al., 1987; Czernkowski et al., 2009) contend that since the audit report's view on the activity's continuation is based on information that is available to the public, it can be predicted using interim financial statements. It's a report that summarizes the financial situation of a business and is created by an auditor. Auditors then release this document to the public for consumers and investors to have a view on accountability. While audits may be mandatory, organisations also request them. Organisations seeking to find fiscal areas that could improve or those hoping to find investors may be interested in having an audit performed for their business.

Performance Audit Tactic

A significant aspect of the research process is deemed to be the performance audit approach. Before going into great depth about this strategy, it's vital to think about whether performance audits carried out by internal and external auditors differ in any way. The regularity audit, sometimes referred to as the external audit or financial audit, focuses on complying with financial regulations and laws, accounting systems and procedures, and financial statements (De Loor, 1999).

Internal audits, on the other hand, are primarily focused on enhancing the way risks are managed and the value they will provide to the organisation's operations (The Institute of Internal Auditors, 2012). But regardless of who conducts the audit, the discipline of performance auditing is centered on the ideas of economical and cost-effective resource acquisition and effective and efficient use of those resources

(SAICA, 2006 & INTOSAI, 2004). The manner in which the external auditors and the internal auditors conduct the execution of the audit should, therefore, differ slightly in terms of technique.

Results from performance audits are communicated in the form of reports to senior management of public institutions, as well as stakeholders. Management's duty would thus be to identify ineffective or non-existent managerial measures in a program, as well as corrective measures that must be implemented to allow public institutions to strengthen their operations and control environment. This is why Gildenhuis and Ross (2015), suggest that the findings of performance audits should "act as a catalyst for change" by improving the operations and business processes of public institutions, hence increasing accountability measures. Performance audits are significant because they assess the organisation's compliance with policies, practices, and principles. Another essential necessity of performance audit is to analyze the availability of strong monitoring and evaluation systems, risk management and internal controls in place to respond to program weaknesses and queries. Experts utilise a variety of approaches, including financial and performance audits, to monitor the use of public funds and ensure public transparency. In contrast to evaluation, which sometimes serves the interests of the client, performance auditing is ethical and intended to hold the public administration accountable. (Arthur, Rydland & Amundsen, 2012). However, many researchers have questioned if auditing genuinely helps to enhance the public sector or if it is simply a set of verification rituals (Power, 1997).

DISCUSSION AND RESULTS

Types of performance audits

There are many types of performance audits, such as *efficiency audit, program effectiveness audit, performance management capacity audit, performance information audit, risk assessment, best practice review, and general management review*. The importance of performance auditing necessitates a focus on its particular control component developed to carry out an impartial evaluation of the operations of the activity, on the programs, as well as systems of organisations in terms of their performance economy, effectiveness, and efficiency, alongside the advancement of performance and organisational improvement. Regularly performance audit evaluations concentrate on all three E's: efficiency, economy and effectiveness. This type of audit examines:

a) "*the economy* of administrative activities in accordance with sound administrative principles and practices, as well as management policies;

b) *the efficiency* of utilization of human, financial, and other resources, including examination of information systems, performance measures and monitoring arrangements, and procedures followed by audited entities for remedying identified deficiencies; and

c) *the effectiveness* of performance in relation to achievement of the objectives of the audited entity and the audit of the actual impact of activities compared with the intended impact".

Aspects of Audit

It is critical to note that there are three aspects of audit, namely audit of financial statements, audit of reporting on predetermined objectives and audit of compliance with legislation.

Audit of financial statements: Material misstatements must not be included in the financial statements that are submitted for auditing. Information that is missing or inaccurate in the financial statements is referred to as a misstatement. Inaccurate or partial transaction classification is one example, as is the inaccurate assignment of values to assets, liabilities, or financial commitments and responsibilities. An audit of financial statements aims to provide an audit opinion regarding whether the financial statements accurately depict the auditees' financial situation at year end and their operational performance for that year. (Goicoechea, Gómez-Bezares, & Ugarte, 2021). Figure below illustrate the types of audit opinions expressed by the auditors.

Figure 3. Types of Audit opinions, Source: Author's construction based secondary data

The figure above provides an accurate and professional report on the reasonable assurance of the financial records of an organisation, regardless of any potential for misconduct. A report on an audit may occur in several distinct forms for an organisation. Using the same approaches, auditors identify the type of audit based on the review results. These reports provide information about the status and validity of the financial health of an organisation to clients and enterprises. Despite having a similar format, each of these reports present differing audit results based on whether or not the organisation follows acceptable financial processes. The auditors can express one of the following audit opinions:

- **Clean Audit Outcome:** There are no significant findings about the reporting of performance targets or non-compliance with laws, and the financial statements are free from major misstatements (or, to put it another way, a financially unqualified audit opinion).
- **Unqualified opinion:** Financial statements accurately portray the organisation's financial situation and results in all material aspects. A clean report indicates that the auditors detected no deficiencies in the financial statements of the organisation and that the organisation is fully compliant with the generally accepted accounting principles, or GAAP, standards. It's often referred to as a "unqualified audit opinion" for instance, because the auditors determine the organisation does not need to change or rectify anything to enhance its financial situation.
- **Qualified opinion:** The financial statements contain substantial inaccuracies or omissions. Readers should be cautious of the statements. The reasons for the qualified opinion are stated.
- **Adverse opinion:** The financial statements do not accurately depict the financial position, operating results, and changes in financial status in accordance with widely accepted accounting principles. The rationale for the bad opinion is given.
- **Disclaimer of opinion:** Disclaimers occur when an auditor stops working on an audit in the middle of the process. Disclaimers may be necessary due to severe scope constraints, material question regarding the firm's going-concern status, or difficulties within the subject company itself. A disclaimer opinion letter briefly describes the auditor's reason for throwing in the towel.

Audit of reporting on predetermined objectives: According to the law, auditees must submit these annual performance reports for auditing and report based on their stated objectives. Using specified criteria, our audit of predetermined objectives aims to ascertain whether the performance presented in the annual performance report against auditees' predetermined objectives is relevant and trustworthy in all material aspects. Therefore, it is imperative that the performance data that is given be true, correct, and complete.

Audit of compliance with legislation: The tasks auditees are tasked with performing in the service of the public are outlined in legislation, along with any limitations or restrictions on them, the general goals that must be met, and the procedures to be followed in order to preserve each citizen's Due Process rights. Every year, we are obligated by the Public Audit Act to conduct an audit of the legal compliance pertaining to financial matters, financial management, and related areas. The audit report includes information about significant non-compliance. Identifying and thoroughly disclosing any unauthorized, irregular, as well as pointless and wasteful, expenses incurred is necessary for auditees to improve accountability. Generally speaking, these costs are a consequence of breaking the law.

Importance of External Internal Audit in the Public Sector

According to Noori & Rashid (2017), internal and external audits are a valuable resource for the board and help the audit committee functions more effectively. External auditors usually work in conjunction with organisation agencies. They are tasked with providing objective and public opinions about the organisation's financial statements and whether they fairly and accurately represent the organisation's financial position.

The provision of more accurate and certified information requires the involvement of an external auditor (Oyedeji et al., 2017). When it comes to roles, internal and external auditors play very different roles. Separately, the role of the internal auditor is to carry out an internal audit for the organisation’s directors, whereas the external auditor's sole responsibility is to confirm that the financial statements are accurate and fair (Desai et al., 2011). As defined by Hightower (2009), internal audit consists of a number of mechanical and practical processes, including audits, licenses, and amendments for the Organisation's operations. A strong internal control system ensures the accuracy of data pertaining to finances from the accounting system, which is crucial for many management decisions that rely on it. This information serves as the basis for these decisions. Stronger internal controls also have an impact on how audits are carried out; they lower the chance of distortion and, as a result, auditing risk (Bagher & Narges, 2015).

Likewise, organisations are required by law to carry out external audits, but not to carry out internal audits or maintain independence in the process of internal auditing (Bame-Aldred et al., 2013). Internal auditors are hired by organisations to provide in-house, independent, and objective evaluations of financial and operational business activities, including corporate governance. They report their findings, including tips on how to better run the business, back to senior management. Organisation auditors maintain and examine records of organisation agencies and of private businesses or individuals performing activities subject to organisation regulations or taxation. Auditors employed through the organisation ensure revenues are received and spent according to laws and regulations. They detect embezzlement and fraud, analyze agency accounting controls, and evaluate risk management. Forensic auditors specialize in crime and are used by law enforcement organisations.

For the purpose of monitoring and ensuring that the assets of an organisation are properly protected from potential risks, internal auditing processes are essential. They also confirm that a company's operations comply with established policies and procedures. Here are five lenses through which we examine the importance of internal auditing and how it helps an organisation to comply with widely accepted frameworks and regulations: it offers objective insight; it increases operational efficiency; it assesses organisational controls; it evaluates risks and protects assets; and it ensures legal compliance.

- **Provides Objective Insight:** It is impossible to audit your own work if there isn't a clear conflict of interest. The internal auditor or team cannot be responsible for any operations in order to maintain objectivity. It is appropriate to cross-train staff members in different departments for auditing purposes in situations when smaller businesses are impacted by resource restrictions.

The organisation gains benefit from the internal audit function because it offers an impartial and objective perspective.

- **Improves Operations Efficiency:** By conducting an unbiased assessment of your organisation's policies and processes, you can be confident that you are adhering to them correctly and that they effectively reduce the particular risks facing your business. One may find recommendations for improving the efficacy and efficiency of your processes by continuously assessing and analyzing them. This will eventually help your company to place more trust in its procedures than in its people.
- **Evaluates Risks and Protects Assets:** Using a methodical risk assessment, an internal audit program helps management and stakeholders identify and prioritize risks. A risk assessment can assist in finding any environmental deficiencies and enable the implementation of a remediation strategy. One can monitor and record any changes to the environment and make sure that any hazards are mitigated with the support of your internal audit program (Feifeng et al., 2020).
- **Assesses Controls:** Internal auditing is advantageous since it enhances the organisation's control environment by evaluating effectiveness and efficiency. Internal auditing provides answers to queries such as: Are your controls operating as intended? Do they effectively reduce risk? Controls are only beneficial if they are assisting your company in achieving its objectives.
- **Ensures Compliance with Laws and Regulations:** One can guarantee compliance with all applicable laws and regulations by conducting internal audits on a regular basis. Additionally, knowing that you are ready for your next external audit will help you feel more at ease. Internal auditing is a crucial and worthwhile activity for your organisation since it helps you gain the trust of your clients and prevent expensive fines associated with non-compliance.

The Benefits of Performance Audit

The enhancement of governance efficiency is a significant advantage of conducting performance audits. This framework conceptualizes anti-corruption, transparency, and accountability as the cornerstones of good and/or clean governance, which is linked to governance efficiency. According to Banushi (2019), effective interaction among all parties involved in governance is essential to strong governance practices. As a result, performance auditing has emerged as a crucial and essential procedure for raising public sector performance. According to Banushi (2019), maintaining the equilibrium of economy, effectiveness, and efficiency while operating in the most optimal and structured manner is one of the public sector's benefits of performance auditing. Measuring the breadth of human and financial resources, as well as service delivery systems becomes crucial for performance audits in the public sector. Therefore, it is essential that increased institutional performance leads to better service delivery, which in turn leads to increased social welfare. This makes it easier in ensuring that the resources allocated are used for the desired objectives. Section 20 (3) of the Public Audit Act 25 of 2004 in South Africa provides authority to the Auditor General to report on the cost-effectiveness and efficient and effective utilization of the resources acquired by the audited public institution.

According to Mpehle & Qwabe (2006), performance auditing looks at the availability of reliable monitoring and evaluation mechanisms for keeping an eye on an institution's performance. Another advantage of auditing is that it addresses the ethical problem by attempting to advance ethical governance. The concept of ethical governance, which is linked to the professionalism of public servants who follow the 1997 Code of Conduct for Public Servants' code of ethics, is promoted by means of performance auditing. Guidelines for the effective, efficient, open, and accountable use of public resources are provided by the public servant code of conduct (Mpehle & Qwabe, 2006). It is evident that ethical governance and the application of codes of conduct in the public sector are closely related to performance audits. The figure below illustrate the benefits of auditing.

Figure 4. Benefits of auditing, Source: Author's construction based secondary data

The figure above illustrates benefits of auditing; hence the organization must schedule routine internal audits in order for accounting experts or auditors to spot dishonest behavior or compliance obstacles before they damage the organisation's reputation. This is necessary for achieving good governance.

METHODOLOGY

Performance audits in the public sector were the source of secondary analysis used in this article. For the purpose of validating a research area, secondary analysis uses pre-existing material (books, journals, newspapers, visualizations, etc.). Generating new knowledge on a particular study topic while simultaneously advancing previously held knowledge is the main objective of secondary research.

The screening procedure is summarized in the PRISMA flow diagram. To assess and report on the literature review, the researchers used the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) method. PRISMA flow diagram and checklist were used in the study. PRISMA collects and analyzes data from the studies that were included in the review, as well as employs statistical and methodical methods to identify and evaluate relevant research. The amount of citations and journal impact factors were amongst the specified criteria used to filter the papers found for eligibility and relevancy. The authors evaluated the quality of the sources using the PRISMA checklist, and only the most pertinent studies were included in the publication. In order to refine the search results, a number of filters were also used. For example, a time range was given in order to weed out articles that didn't fall inside the designated window. The PRISMA flow diagram, which offers four phased criteria to help the writers in their research—identification, screening, eligibility, and inclusion—is shown in the diagram below.

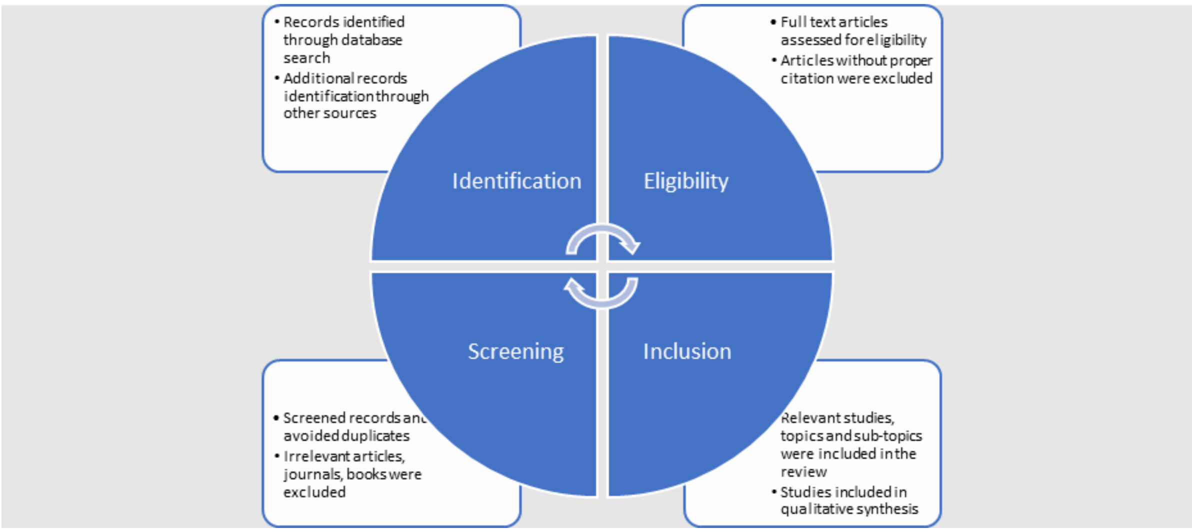


Figure 5. Methodology: PRISMA Tool Applied, Source: Author's construction based secondary data

RESULTS AND DISCUSSION

Results

Significance of Performance Audits

The secondary analysis of performance audits in the public sector, conducted using the PRISMA methodology, underscored the crucial role these audits play in enhancing accountability, transparency, and efficiency within public institutions. Performance audits go beyond financial audits by assessing the effectiveness and efficiency of government programs and services, thereby ensuring that public resources are used optimally.

Trends and Patterns

1. **Enhanced Accountability and Transparency:** The analysis revealed a strong emphasis on the importance of performance audits in promoting accountability and transparency. Public sector audits help to ensure that government agencies are held accountable for their performance and decision-making processes. This is particularly significant in fostering public trust and confidence in governmental operations.
2. **Technological Integration:** Another key finding was the growing integration of advanced data analytics and information technology in performance audits. This trend is transforming how audits are conducted, enabling auditors to handle vast amounts of data more efficiently and extract actionable insights that can lead to improved decision-making and resource allocation.
3. **Holistic Evaluation:** The studies highlighted the move towards more comprehensive and holistic evaluations. Modern performance audits increasingly focus on a wide array of factors, including the social and environmental impacts of public programs, rather than just financial performance. This broader scope allows for a more nuanced understanding of the effectiveness and impact of government initiatives.
4. **Best Practices and Standardization:** The secondary analysis identified several best practices in performance auditing, including the adoption of standardized methodologies and frameworks. This standardization helps in maintaining consistency, reliability, and comparability across different audits, making the findings more robust and actionable.

Methodological Insights

The application of the PRISMA methodology ensured a thorough and systematic review of the existing literature on public sector performance audits. By following a structured approach, the researchers were able to sift through a vast amount of data and identify the most relevant and high-quality studies. The PRISMA flow diagram and checklist played a pivotal role in this process, guiding the researchers through the phases of identification, screening, eligibility, and inclusion.

Quality of Studies

The quality assessment using the PRISMA checklist revealed that only a subset of the initially identified studies met the stringent inclusion criteria. These high-quality studies provided a solid foundation for the secondary analysis, ensuring that the findings were based on robust and credible evidence. Factors such as citation counts and journal impact factors were critical in determining the relevance and significance of the studies.

Discussion

Advancements in Public Sector Performance Audits

The findings from this secondary analysis highlight significant advancements in the field of public sector performance audits. The increasing emphasis on accountability and transparency reflects a growing recognition of the importance of performance audits in ensuring good governance. By evaluating not just financial compliance but also the efficiency and effectiveness of public programs, performance audits provide a comprehensive assessment of government operations.

Role of Technology

The integration of technology in performance audits is a noteworthy trend that has significant implications for the future of auditing in the public sector. Advanced data analytics and information technology are revolutionizing the audit process, making it more efficient and effective. These technologies enable auditors to analyze large datasets, identify patterns and anomalies, and provide more detailed and accurate assessments of government programs.

Comprehensive Evaluations

The shift towards holistic evaluations is another critical development. By considering a wide range of factors, including social and environmental impacts, performance audits can provide a more complete picture of the effectiveness of public programs. This broader scope is essential for addressing complex and multifaceted public sector challenges and ensuring that government initiatives deliver their intended outcomes.

Best Practices and Standardization

The identification of best practices and the move towards standardization are important for enhancing the quality and consistency of performance audits. Standardized methodologies and frameworks ensure that audits are conducted systematically and that their findings are comparable across different contexts. This standardization is crucial for building a body of evidence that can inform policy and practice in the public sector.

Implications for Practice and Policy

The findings of this study have several important implications for practice and policy in the public sector. For practitioners, the insights into emerging trends and best practices can guide the design and implementation of more effective performance audits. The emphasis on accountability, transparency, and the use of advanced technologies can help auditors improve the quality and impact of their work. For policymakers, the study highlights the critical role of performance audits in promoting good governance. By supporting rigorous and comprehensive performance audits, policymakers can ensure better management of public resources and improved public services. The findings suggest that policies that enhance the capacity of auditors and encourage the adoption of advanced technologies can significantly improve the effectiveness of performance audits.

Limitations and Future Research

Despite the robustness of the PRISMA methodology, there are some limitations to this study. One limitation is the potential for publication bias, as studies with significant or positive findings are more likely to be published and included in the review. Additionally, the reliance on secondary data means that the findings are dependent on the quality and comprehensiveness of the original studies. Future research could address these limitations by incorporating primary data collection and expanding the scope of the review to include a wider range of sources. Longitudinal studies could provide deeper insights into the long-term impacts of performance audits in the public sector. Additionally, research into the specific challenges and opportunities associated with the integration of advanced technologies in performance audits could further enhance understanding in this area.

CONCLUSION

Therefore, performance audits are a crucial instrument for enhancing openness and accountability in the use of public funds. Citizens are able to assess if public institution programs are value the money through accountability and openness. Collaboration between the auditor, the auditee, or the public institution being audited, and other stakeholders is necessary for performance auditing to be successful. Effectiveness, efficiency, and economy are the three primary non-negotiable elements of performance auditing, as the discussion has shown. Performance auditing is a legally mandated technique that represents democratic and lawful methods of exerting pressure on public service organisations to expedite the delivery of services. Public institution auditing should be an unbiased, independent, and objective process with defined roles and duties all along the way. An audit process's determinants include the execution of audit action plans and the accessibility of reliable monitoring and assessment tools. A crucial component of the audit is cooperation with seamless communication channels throughout the entire duration, as this helps to cut through red tape and prevent shortcomings with scope limitation.

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